# METRO REGIONAL TRANSIT AUTHORITY
# SUMMIT COUNTY

## SINGLE AUDIT

## FOR THE YEAR ENDED DECEMBER 31, 2017

Dave Yost • Auditor of State

**METRO REGIONAL TRANSIT AUTHORITY**
**SUMMIT COUNTY**
**DECEMBER 31, 2017**

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**METRO REGIONAL TRANSIT AUTHORITY**
**SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED DECEMBER 31, 2017**

| **Federal Grantor/** ***Pass Through Grantor*** **Program / Cluster Title** | **Federal CFDA Number** | **Federal Grant Number** | | **Total Federal Expenditures** |
|---|---|---|---|---|
| **U.S. Department of Transportation** | | | | |
| **Direct Programs:** | | | | |
| Federal Transit Cluster | | | | |
| Urbanized Area Formula Grants | 20.507 | OH-04-0024 | $ | 86,766 |
| Urbanized Area Formula Grants | 20.507 | 1235-2017-2 | | 2,880,000 |
| Urbanized Area Formula Grants | 20.507 | OH-2016-063 | | 33,611 |
| Urbanized Area Formula Grants | 20.507 | OH-2016-064 | | 2,612,096 |
| Total Federal Transit Cluster | | | | 5,612,473 |
| Total US Department of Transportation | | | | 5,612,473 |
| **Total Expenditures of Federal Awards** | | | $ | 5,612,473 |

See accompanying Notes to the Schedule of Expenditures of Federal Awards

# NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## 2 CFR 200.510(b)(6)
## FOR THE YEAR ENDED DECEMBER 31, 2017

### NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Metro Regional Transit Authority (the Authority's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### NOTE C - SUBRECIPIENTS

The Authority passes certain federal awards received from **U.S. Department of Transportation** to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Authority reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Authority has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The Authority did not provide funds to subrecipients during the audit period.

### NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Metro Regional Transit Authority
Summit County
416 Kenmore Boulevard
Akron, Ohio 44301

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Metro Regional Transit Authority, Summit County, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 24, 2018.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

September 24, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Metro Regional Transit Authority
Summit County
416 Kenmore Boulevard
Akron, Ohio 44301

To the Board of Trustees:

***Report on Compliance for the Major Federal Program***

We have audited the Metro Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Metro Regional Transit Authority's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

***Basis for Qualified Opinion on Federal Transit Cluster***

As described in finding 2017-001 in the accompanying schedule of findings, the Authority did not comply with requirements regarding Special Tests and Provisions-School Bus Operations applicable to its Federal Transit Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the Authority to comply with requirements applicable to this program.

***Qualified Opinion on Federal Transit Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Federal Transit Cluster* paragraph, the Metro Regional Transit Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Federal Transit Cluster* for the year ended December 31, 2017.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2017-002. Our opinion on *the* major federal program is not modified with respect to this matter.

The Authority's responses to our noncompliance findings are described in the accompanying schedule of findings and corrective action plan. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses**,** described in the accompanying schedule of findings as item 2017-001.

The Authority's response to our internal control over compliance findings is described in the accompanying corrective action plan. We did not audit the Authority's responses and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the Metro Regional Transit Authority (the Authority) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our unmodified report thereon dated September 24, 2018. We conducted our audit to opine on the Authority's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

September 24, 2018

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**METRO REGIONAL TRANSIT AUTHORITY**
**SUMMIT COUNTY**

**SCHEDULE OF FINDINGS**
**2 CFR § 200.515**
**DECEMBER 31, 2017**

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| ***(d)(1)(i)*** | **Type of Financial Statement Opinion** | Unmodified |
| ***(d)(1)(ii)*** | **Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?** | No |
| ***(d)(1)(ii)*** | **Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?** | No |
| ***(d)(1)(iii)*** | **Was there any reported material noncompliance at the financial statement level (GAGAS)?** | No |
| ***(d)(1)(iv)*** | **Were there any material internal control weaknesses reported for major federal programs?** | Yes |
| ***(d)(1)(iv)*** | **Were there any significant deficiencies in internal control reported for major federal programs?** | No |
| ***(d)(1)(v)*** | **Type of Major Programs' Compliance Opinion** | Qualified |
| ***(d)(1)(vi)*** | **Are there any reportable findings under 2 CFR §200.516(a)?** | Yes |
| ***(d)(1)(vii)*** | **Major Programs (list):** | Federal Transit Cluster Urbanized Area Formula CFDA #20.507 |
| ***(d)(1)(viii)*** | **Dollar Threshold: Type A\B Programs** | Type A: > $ 750,000<br>Type B: all others |
| ***(d)(1)(ix)*** | **Low Risk Auditee under 2 CFR § 200.520?** | No |

## 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**1. Special Tests and Provisions- School Bus Operations**

| | | | |
|---|---|---|---|
| **Finding Number** | 2017-001 | | |
| **CFDA Title and Number** | Federal Transit Cluster Urbanized Area Formula CFDA#20.507 | | |
| **Federal Award Identification Number / Year** | 2017 | | |
| **Federal Agency** | U.S. Department of Transportation | | |
| **Compliance Requirement** | Special Tests and Provisions- School Bus Operations | | |
| **Pass-Through Entity** | None | | |
| **Repeat Finding from Prior Audit?** | Yes | **Finding Number? (if repeat)** | 2016-002 |

NONCOMPLIANCE AND MATERIAL WEAKNESS

**49 C.F.R. Part 605** establishes that as part of the annual certifications and assurances required by the Federal Transit Authority (FTA), a recipient must enter into an agreement with the FTA stating that the recipient will not engage in school bus operations exclusively for the transportation of students and school personnel in competition with private school bus operators, unless it demonstrates to the FTA Administrator any one of the exceptions listed in 49 C.F.R. section 605.11 applies and the Administrator concurs. Indicators of prohibited exclusive school bus service are:

a. Bus schedules that only operate one way to schools in the morning and the other way from schools in the afternoon.
b. Destination signs that say “school bus,” “school special” or a school name.
c. Buses that have flashing lights and swing arms like standard yellow school buses.
d. Bus stop signs that say “school.”
e. Bus stops that are located on school property away from general public thoroughfares.

However, all recipients can operate “tripper service,” which is defined as regularly scheduled public transportation service that is open to the public, and designed or modified to accommodate the needs of school students and personnel, using various fare collections or subsidy systems. Buses used in “tripper service” are required to be clearly marked as open to the public and should not carry designations such as “school bus” or “school special.” All routes traveled by tripper buses must be within a grantee or operator’s regular route service as indicated in their published schedules.

The Metro Regional Transit Authority (the Authority) operated three routes on behalf of schools that were not published as regularly scheduled public transportation routes on the Authority's website. Also, these routes had stops that were located on school premises and the routes only operated one way to the schools in the morning, and the other way from the schools in the afternoon. The Authority did not obtain approval from the Federal Transit Authority to establish and operate these routes.

The Authority was not aware of the aforementioned requirements and has not established controls to ensure their routes comply with the Code of Federal Regulations.

The Authority should obtain approval from the FTA to operate busing routes for the transportation of students and school personnel. If approval is not obtained, the Authority should only provide students with “tripper service” as defined in 49 C.F.R. part 605.

The Authority has since ceased the operation of these routes.

**Official’s Response:** See Corrective Action Plan.

## 2. Schedule of Expenditures of Federal Awards

| | | | |
|---|---|---|---|
| **Finding Number** | 2017-002 | | |
| **CFDA Title and Number** | Federal Transit Cluster-Urbanized Area Formula CFDA#20.507 | | |
| **Federal Award Identification Number / Year** | 2017 | | |
| **Federal Agency** | U.S. Department of Transportation | | |
| **Compliance Requirement** | Other | | |
| **Pass-Through Entity** | None | | |
| **Repeat Finding from Prior Audit?** | No | **Finding Number? (if repeat)** | N/A |

NONCOMPLIANCE

**2 C.F.R. § 1200.1** gives regulatory effect to the Department of Transportation for **2 C.F.R. § 200.510(b)** which states the auditee must also prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee’s financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

The Authority prepared the Schedule of Expenditures of Federal Awards (the Schedule), but failed to accurately report federal expenditures for the Federal Transit Cluster. A federal expenditure for buses was originally reported as 80% of the total invoice, however, per the grant agreement, the total federal reimbursement maximum was limited to $2,880,000, which is the amount that should have been reported on the Schedule. This resulted in the Authority overstating Federal Transit Cluster grant expenditures by $383,942.

Inaccurate completion of the Schedule could lead to inaccurate reporting of federal expenditures by the Authority. Adjustments were made to the Authority's Schedule as noted above.

The Authority should implement monitoring procedures to help ensure proper reporting of federal expenditures, which includes reporting the proper amount of expenditures; federal awarding agencies; pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Source documentation should additionally be maintained to support the Authority's Schedule. Further, a final review of the Schedule should be completed to ensure the Schedule is accurately completed.

**Official's Response:** See Corrective Action Plan.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**2 CFR 200.511(b)**
**FISCAL YEAR ENDED DECEMBER 31, 2017**

| Finding Number | Finding Summary | Status | Additional Information |
|---|---|---|---|
| 2016-001 | Finding for Recovery – Public Funds Illegally Expended | Fully corrected | None |
| 2016-002 | 49 CFR Part 605 – School Bus Operations | Partially Corrected | Repeated as finding 2017-001, however as of June 2018, the route was canceled. |



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METRO REGIONAL TRANSIT AUTHORITY

**CORRECTIVE ACTION PLAN**
**2 CFR § 200.511(c)**
**DECEMBER 31, 2017**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|---|---|---|---|
| 2017-001 | In order to correct the school services (school trippers) issue, we have canceled the route as of June 2018. | June 2018 | Angela Neeley |
| 2017-002 | Federal Schedule amounts will be based on actual grant funding amounts allocated and not just the basic 80% of the total expense. | October 2018 | Angela Neeley |



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For fiscal years ending December 31, 2017 and 2016


SERVING SUMMIT COUNTY, OHIO

# METRO Regional Transit Authority

**ANNUAL FINANCIAL REPORT**

For the Fiscal Years Ended December 31, 2017 and 2016

Robert DeJournett
President
Board of Trustees

Angela Neeley
Interim Executive Director/
Secretary-Treasurer

Prepared by:
The General Administration Department
Angela Neeley
Director of Finance/Secretary-Treasurer

Summit County, Ohio

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# METRO Regional Transit Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended December 31, 2017 and 2016

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### *Operating Information*

# Introductory Section

METRO **CAFR** 2017

# Introductory Section – 2017

The Introductory Section includes the Authority's transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, and a Reporting Entity Profile.

METRO
METRO REGIONAL TRANSIT AUTHORITY

September 24, 2018

Robert DeJournett, President,
and Members, Board of Trustees
METRO Regional Transit Authority
and Residents of Summit County, Ohio:

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the METRO Regional Transit Authority ("METRO" or "Authority") for the fiscal year ended December 31, 2017.

This report was prepared by the Finance Department of the METRO Regional Transit Authority and represents METRO's commitment to provide accurate, concise and high-quality financial information to the Board of Trustees, interested parties and residents in METRO's service area.

This report contains financial statements and statistical data which provide full disclosure of all of METRO's material financial operations. The financial statements, supplemental schedules, statistical information, and all data contained herein are the representations of METRO's management. METRO's management bears the responsibility for the accuracy, completeness and fairness of this report. For a summary of financial activities, please review the management's discussion and analysis located in the financial section should be reviewed.

The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the fifteenth consecutive year The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



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METRO's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the financial statements contained within this comprehensive annual financial report include only the accounts and transactions of METRO. A discussion of METRO's reporting entity is included in Note 1 to the financial statements.

METRO was created under Chapter 306 of the Ohio Revised Code by resolution of the City of Akron, Ohio adopted originally in 1969 and amended on January 28, 1991 to transform the three-city transit system to a countywide transit system. METRO's service area covers 419.92 square miles in Summit County. Express service to downtown Cleveland, Ohio is also provided.

## Operations and Funding

METRO has a ½ of 1 percent continuous sales tax. Voters approved a ¼ of 1 percent sales and use tax in November 1990 that permitted METRO to expand to a countywide system. In March 2008 the voters approved an additional ¼ of 1 percent sales and use tax to maintain and expand service levels.

## Facilities

METRO has facilities that are located at:

* 416 Kenmore Boulevard - METRO's main administration and maintenance facility.
* 414 Kenmore Boulevard – Bus Barn, North
* 412 Kenmore Boulevard – Fuel and wash lanes
* 410 Kenmore Boulevard – Bus Barn, South
* 631 South Broadway – Robert K Pfaff Transit Center located in downtown Akron that provides ticket sales and customer information, passenger amenities, and the facility includes a Greyhound terminal. The facility also provides connection to Portage Area Regional Transportation Authority, Stark Area Regional Transit Authority and to the University of Akron on their Roo Express
* 2340 Romig Road –Rolling Acres Transfer Center (Southwest Akron)
* 465 Ghent Road – James Fisher Park and Ride lot (West Akron)
* 2600 Creekside Drive – Park and Ride lot (Twinsburg)
* 1280 Independence Avenue – Independence Turn Around (Northwest Akron)

## Services

METRO provides fixed route and demand response (SCAT) service in the County of Summit, Ohio and Express Service into downtown Cleveland, Ohio.

## Management, Board of Trustees

METRO is managed by a Board of Trustees, which is vested by Ohio law with the powers necessary to manage METRO. The legislation and agreements establishing METRO provide for a twelve-member board serving three-year terms. The Board members are appointed by five different governmental agencies. The City of Akron has six seats, the County of Summit has three, and the cities of Barberton, Cuyahoga Falls and Stow have one each.

## Administration

The administration of METRO, subject to the policies and supervision of its Board of Trustees, is directed by an Executive Director. The Executive Director is under contract to the Board of Trustees. The Executive Director selects the remaining senior administrative staff. An organizational chart, which depicts the key functional responsibilities, is shown on page 9 of this Introductory Section.

# ECONOMIC CONDITION AND OUTLOOK

## General

Summit County (METRO's primary service area) is located in northeast Ohio, and the City of Akron is located near the center of the county and is the county seat. The Primary Akron Metropolitan Statistical Area (PMSA) consists of Summit and Portage Counties. The 2010 PMSA population was 703,200. Summit County represents 78% of the two counties' total population.

Summit County is served by diversified transportation facilities. Interstate I-77 runs north and south through the county while I-76 crosses east and west through the county. The Ohio Turnpike crosses the northern portion of the county. A total of five interstate highways, one U.S. highway and seventeen state highways are located in the county.

The Summit County unemployment rate for 2017 was 4.9%, compared with a national average of 4.1%.

Once known as the "Rubber Capital of the World", Akron has moved forward into the world of liquid crystal and polymer research, development, and technology. More than 400 companies in the area are at work on one aspect or another of polymers, creating what is now referred to as the "Polymer Valley." The University of Akron supports the industry with both a College of Polymer Engineering and a specialized laboratory and research facility accessible by Akron area business partners.

## Population

Population in METRO’s principal service area since 1960 has been as follows:

| YEAR | AKRON | SUMMIT COUNTY |
|---|---|---|
| 1960 | 290,351 | 513,569 |
| 1970 | 275,425 | 553,371 |
| 1980 | 238,177 | 524,472 |
| 1990 | 223,019 | 514,990 |
| 2000 | 217,074 | 542,899 |
| 2010 | 199,110 | 541,781 |

## Employment

The following table shows comparative unemployment statistics for Summit County, the State of Ohio and the United States for the last five years:

Average Unemployment Rates (last five years)

| Year | Summit County | Ohio | U.S. |
|---|---|---|---|
| 2013 | 6.9% | 7.3% | 7.4% |
| 2014 | 5.8% | 5.6% | 6.2% |
| 2015 | 5.7% | 4.9% | 5.3% |
| 2016 | 5.0% | 5.0% | 5.5% |
| 2017 | 4.9% | 4.9% | 4.1% |

# MAJOR INITIATIVES

## Recent Developments

Highlights of the 2017 year of operations include the following:

- Purchase of eight large buses for $4,079,928
- Purchase of land at 336 Kenmore Blvd for potential new admin/maintenance building
- Several construction in progress projects which include (including prior years disbursements):
    - $3,050,904 for Avail auto vehicle locator system equipment
    - $3,093,430 Public CNG fuel station
    - $2,842,837 driveway concrete resurfacing
    - $1,686,868 South bus barn addition
    - $146,120 South bus barn addition for gas detection system
    - $166,395 17 Shelters
    - $46,217 Montrose layover ramp/railing mobility access
    - $122,277 Akron secondary railroad rehab project
    - $601.383 Canton railroad crossings upgrade

- Construction of south bus barn expansion was completed in 2017
- Provided 4,885,178line service passenger trip on METRO
- Provided 265,833 demand response passenger trips on SCAT

## Future Projects

METRO continues to implement its long-range plan. This plan was developed to provide METRO with a strategy for implementing capital and operational projects. The portion of the long-range plan for 2018 includes:

- Purchase eight large buses and twelve small buses
- Replace five supervisor vehicles
- Upgrade or replace bus stops
- Rehabilitate boiler and HVAC systems
- Upgrade radio/camera system
- Upgrade computer systems
- Upgrade rail bridges
- Other potential projects include an additional ten small buses, rehabilitation of transit hubs near Chapel Hill and upgrades of other facilities of Metro RTA.

The total project cost approved for capital projects approved by the board for 2018 is $7.2 million. The total project cost for potential projects identifies is estimated at $6.7 million.

# FINANCIAL INFORMATION

## Internal Control Structure

The management of METRO is responsible for establishing and maintaining an internal control structure designed to ensure that METRO's assets are protected from loss, theft, or misuse. Its responsibility is also to ensure that accurate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In developing and evaluating METRO's accounting system, emphasis is placed on the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the protection of assets against loss from unauthorized use or disposition, and the reliability of financial records used to prepare financial statements. The concept of "reasonable assurance" recognizes that the cost of the control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits require estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that METRO's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management also believes that the data, as presented herein, is accurate in all material respects, that it presents fairly the financial position, results of operations and cash flows of METRO, and that all disclosures necessary to enable the reader to obtain an understanding of METRO's financial affairs have been included.

## Acknowledgment

This report would not have been possible without the determination and high standards of the entire staff of the Accounting Department. METRO wishes to thank all who contributed to this project.

Angela M. Neeley

Angela Neeley
Director of Finance
Interim Executive Director/
Secretary-Treasurer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Metro Regional Transit Authority**

**Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**December 31, 2016**

Christopher P. Morrill

Executive Director/CEO

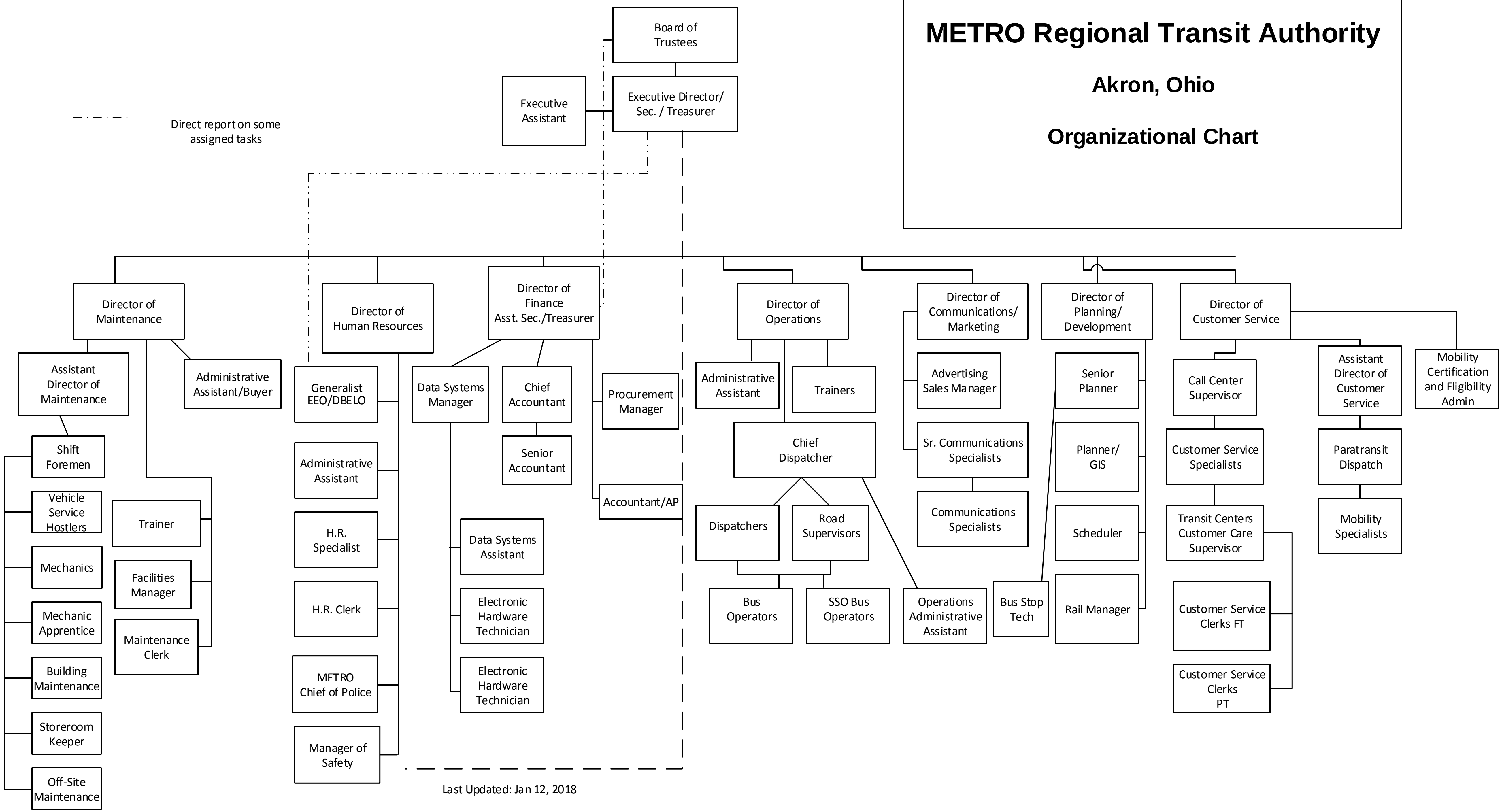
# METRO Regional Transit Authority

Board of Trustees and Administration as of May 3, 2018

# METRO Regional Transit Authority

## Akron, Ohio

## Organizational Chart




Last Updated: Jan 12, 2018

SUMMIT COUNTY, OHIO


Summit County is located in the northeastern portion of the State of Ohio and was named because it was the highest point along the Erie-Ohio canal.

The County consists of twenty-two municipalities (cities and villages) and nine townships. The seat of the county government is in the City of Akron.

# Financial Section – 2017

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Financial Statements, other Required Supplementary Information (RSI) and other financial schedules.

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## INDEPENDENT AUDITOR'S REPORT

Metro Regional Transit Authority
Summit County
416 Kenmore Boulevard
Akron, Ohio 44301

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Metro Regional Transit Authority, Summit County, Ohio (the Authority), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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www.ohioauditor.gov

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Metro Regional Transit Authority, Summit County, Ohio, as of December 31, 2017 and 2016, and the changes in financial position and its cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dave Yost

**Dave Yost**
Auditor of State
Columbus, Ohio

September 24, 2018

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METRO REGIONAL TRANSIT AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2017 and 2016

As the financial management team for the METRO Regional Transit Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2017 and 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

## Financial Highlights for 2017

- The Authority has a net position of $120.17 million. This was a decrease of $6.3 million from 2016. The net position results from the difference between total assets and deferred outflows of $165.34 million and total liabilities and deferred inflows of $45.17 million.

- Current assets of $54.85 million primarily consist of non-restricted Cash and Cash Equivalents of $12.87 million; Sales and Use Tax receivable of $7.47 million and long-term investments of $22.21 million.

- Current liabilities of $4.83 million primarily consist of accrued payroll and payroll liabilities of $3.7 million, accounts payable of $0.96 million and other liabilities of $0.18 million.

- Noncurrent liabilities of $40.1 million consist of a Net Pension Liability. This liability was recorded in 2017 to reflect the changes required by GASB 68. Please review the notes to the financial statements for additional information.

METRO's overall financial picture is in a very good position. With the economy continuing to recover, sales tax increases have allowed a growth to the overall revenue while maintaining a strong fiscal control over cost. These two factors have allowed METRO to continue to increase service while also rebuilding our fund balance.

## Financial Highlights in 2016

- The Authority has a net position of $126.51 million. This was an increase of $3.15 million from 2015. This net position results from the difference between total assets and deferred outflows of $159.68 million and total liabilities and deferred inflows of $33.18 million.

- Current assets of $54.0 million primarily consist of non-restricted Cash and Cash Equivalents of $29.94 million; Sales and Use Tax receivable of $7.54 million and long-term investments of $11.73 million.

- Current liabilities of $4.3 million primarily consist of accrued payroll and payroll liabilities of $2.7 million, accounts payable of $1.2 million and other liabilities of $0.4 million.

- Noncurrent liabilities of $28.3 million consist of a Net Pension Liability. This liability was recorded in 2016 to reflect the requirements of GASB 68. Please review the notes to the financial statements for additional information.

**Basic Financial Statements and Presentation**

METRO accounting records are maintained on the accrual basis. The activities are accounted for in a single enterprise (Proprietary-type) fund.

## Budgetary Controls

The annual accrual-basis operating budget and capital budget are proposed by METRO management and adopted by the Board of Trustees in a public meeting. The annual budget is prepared using overall guidelines established after consideration of METRO's long-range financial plan.

All capital and operating items exceeding $100,000 receive Board approval prior to purchase. The long-range plan, updated annually, projects sources over the next five years and establishes service levels and growth commensurate with such revenue limits.

METRO maintains budgetary control by not permitting total operating expenses and expenditures for individual capital projects to exceed their appropriations without approval by the Board of Trustees. Management ensures that expenses and capital expenditures stay within the total appropriation. On a monthly basis, the Board reviews budget variations. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees.

## Financial Reporting

The financial statements presented by the Authority are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets, except land, Construction-in-progress and Right-of-way, are capitalized and depreciated over their estimated useful lives.

The Statement of Net Position presents information on all the Authority's assets, liabilities and deferred outflows and inflows, with the difference between them reported as net position. Over time, increases and decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The net position increases when revenues exceed expenses. Increases in assets and/or deferred outflows without a corresponding increase to liabilities and/or deferred inflows results in increased net position, which indicate improved financial position.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the year. This statement summarizes operating revenues and expenses along with non-operating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is classified into four categories 1) Cash flows from operating activities, 2) Cash flows from non-capital financing activities, 3) Cash flows from capital and related financing activities, and 4) Cash flows from investing activities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found on pages 31-54 of this report.

In 2016, approximately $9 million of current assets were misclassified as cash and cash equivalents instead of investments.

## Financial Analysis of the Authority

## Condensed Summary of Net Position

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Current assets | $ 54,852,466 | $ 53,985,142 | $ 53,453,816 |
| Other noncurrent assets | 10,646 | 17,161 | 59,602 |
| Capital assets, net of accumulated depreciation | 93,767,594 | 94,402,997 | 89,241,815 |
| Total assets | 148,630,706 | 148,405,300 | 142,755,233 |
| Deferred outflows - Pension | 16,712,033 | 11,275,196 | 3,485,891 |
| Total assets and Deferred Outflows | 165,342,739 | 159,680,496 | 146,241,124 |
| Current liabilities | 4,834,116 | 4,340,464 | 3,376,229 |
| Non-current liabilities | 40,097,180 | 28,288,044 | 19,171,267 |
| Total liabilities | 44,931,296 | 32,628,508 | 22,547,496 |
| Deferred inflows | 238,638 | 546,580 | 336,801 |
| Total liabilities and Deferred Inflows | 45,169,934 | 33,175,088 | 22,884,297 |
| Net position: | | | |
| Investment in capital assets | 93,767,594 | 94,402,997 | 89,241,815 |
| Unrestricted net position | 26,405,211 | 32,102,411 | 34,115,012 |
| Total net position | $ 120,172,805 | $ 126,505,408 | $ 123,356,827 |

In 2015, the Authority implemented the accounting standard for pension plans. As a result of implementing the new accounting standard, the Authority is reporting a significant net pension liability, related deferred inflows of resources and an increase in expenses related to pension for this fiscal year which have a negative effect on net position. In addition, the Authority is reporting deferred outflows of resources, which has a positive consequence on net position. The increase in pension expense is the difference between the contractually required contributions and the pension expense resulting from the change in the net pension liability that is not reported as deferred inflows or outflows. To further explain the impact of this new accounting standard on the Authority's net position, additional information is presented below.

| | 2017 | 2016 |
|---|---|---|
| Deferred outflow of resources - pension | $ 16,712,033 | $ 11,275,196 |
| Deferred inflow of resources - pension | (238,638) | (546,580) |
| Net pension liability | (40,097,180) | (28,288,044) |
| Impact of GASB 68 on net position | $ (23,623,785) | $ (17,559,428) |

By far, the largest portion of the Authority's net position reflect net investment in capital assets (e.g., line service and Paratransit buses, operating facilities including our administrative/maintenance office, Robert K Pfaff Transit Center, Rolling Acres Transfer Center and our banked railroad property) less any related debt used to acquire those assets that may still outstanding. The Authority uses these capital assets to provide public transportation service for Summit County citizens. These assets are not available to liquidate liabilities or to cover other spending. For additional information please reference Note 4.

Equity related to capital acquisitions is reflected in the line item "Net investment in capital assets". The equity includes funding provided by the Federal Transit Administration (FTA) and the State of Ohio Department of Transportation (ODOT). The Authority's investment in capital assets, net of accumulated depreciation, was $93.8 million as of December 31, 2017, a decrease of $0.6 million from 2016 as capital asset expenditures represented less than depreciation expense and asset write-offs during the year. The equity portion of the capital assets related to the FTA cannot be liquidated to provide a source of cash flow, as any premature sale would require repayments to both the FTA for their remaining equity in capital assets.

Major capital asset expenditures during 2017 included the following:

- Purchase of eight large buses for $4,079,928
- Purchase of land at 336 Kenmore Blvd for potential new admin/maintenance building
- Several construction in progress projects which include (including prior years disbursements):
    - $3,050,904 for Avail auto vehicle locator system equipment
    - $3,093,430 Public CNG fuel station
    - $2,842,837 driveway concrete resurfacing
    - $1,686,868 South bus barn addition
    - $146,120 South bus barn addition for gas detection system
    - $166,395 17 Shelters
    - $46,217 Montrose layover ramp/railing mobility access
    - $122,277 Akron secondary railroad rehab project
    - $601,383 Canton railroad crossings upgrade

The Authority's investment in capital assets, net of accumulated depreciation, was $94.4 million as of December 31, 2016, an increase of $5.2 million from 2015 as capital asset expenditures represented more than depreciation expense and asset write-offs during the year.

The equity portion of the capital assets related to the FTA and ODOT cannot be liquidated to provide a source of cash flow, as any premature sale would require repayments to both the FTA (approximately $10.1 million) and ODOT (approximately $1.7 million) for their remaining equity in capital assets.

Major capital asset expenditures during 2016 included the following:

- Purchase of eight (8) small buses and eleven (11) large buses
- Purchase /construction of seven (7) bus shelters
- Refurbish two (2) buses
- Purchase land adjacent to the property for potential expansion

## Condensed Summary of Revenues, Expenses and Changes in Net Position

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| **OPERATING REVENUES:** | | | |
| Passenger fares | $ 3,792,434 | $ 4,100,559 | $ 4,428,054 |
| Advertising and concessions | 473,562 | 475,218 | 417,915 |
| **Total Operating Revenues** | 4,265,996 | 4,575,777 | 4,845,969 |
| **OPERATING EXPENSES** | | | |
| Labor | 22,725,196 | 22,055,895 | 20,586,041 |
| Fringe benefits | 18,026,874 | 14,801,005 | 11,736,750 |
| Materials and supplies | 3,749,300 | 3,296,138 | 2,764,074 |
| Fuel | 1,687,304 | 1,545,394 | 2,683,857 |
| Services | 2,861,282 | 2,317,013 | 2,516,684 |
| Utilities | 956,330 | 739,511 | 913,740 |
| Casualty and liability | 1,691,192 | 1,450,188 | 1,262,850 |
| Purchased transportation service | 1,763,857 | 1,718,313 | 1,229,441 |
| Miscellaneous | 616,331 | 683,718 | 560,366 |
| **Total Operating Expenses excluding depreciation** | 54,077,666 | 48,607,175 | 44,253,803 |
| **OPERATING LOSS BEFORE DEPRECIATION** | (49,811,670) | (44,031,398) | (39,407,834) |
| Depreciation Expense | (10,369,813) | (9,374,581) | (8,628,338) |
| **OPERATING LOSS** | (60,181,483) | (53,405,979) | (48,036,172) |
| **NON-OPERATING REVENUES (EXPENSES):** | | | |
| Sales tax revenue | 46,668,426 | 46,784,297 | 44,896,182 |
| Federal, State and local assistance | 6,083,199 | 6,009,135 | 5,230,038 |
| Lottery ticket sales revenue | 127,034 | - | - |
| Interest income | 113,554 | 236,441 | 146,698 |
| Other | 726,133 | 638,241 | 868,155 |
| **Total Non-Operating Revenues - net** | 53,718,346 | 53,668,114 | 51,141,073 |
| **CAPITAL GRANT REVENUE** | | | |
| Capital contributions | 130,534 | 2,886,446 | 4,921,502 |
| CHANGE IN NET POSITION | (6,332,603) | 3,148,581 | 8,026,403 |
| Net Position, Beginning Balance | 126,505,408 | 123,356,827 | 131,734,054 |
| Cumulative effect of change in accounting principle | - | - | (16,403,630) |
| Net Position, Ending Balance | $ 120,172,805 | $ 126,505,408 | $ 123,356,827 |

## Financial Operating Results

## Revenues

**Sales Tax** revenues decreased 0.2% over the previous year. This is a sales and use tax of ½ of 1% on all goods and services sold in Summit County. There is no limit on its duration. Sales tax increased due to a higher sales and services provided in Summit County.

**Passenger fares** are comprised of farebox revenues, tickets sales, special transit fares and contracts with the University of Akron and the Akron Board of Education. METRO also has additional contracts with local governmental agencies to provide Paratransit service. The decrease in passenger fares of 7.5% in 2017 compared to 2016 can be attributed to a decrease in the sale of tickets and passes from a decrease in ridership.

**Federal assistance** funds are received from the Federal Transit Administration for certain items that are classified as capital assistance. Capital assistance, as defined by the FTA, includes preventive maintenance, leases, planning, and other operating items that are part of capital projects. The level of funding received in 2017 was 38% lower than 2016. This decrease was due to decreased federal funding received in 2017.

**State assistance** funds are generally from fuel tax refunds. In 2017, aside from fuel tax refunds, the Authority received $686,166 in general state assistance mainly from Ohio Rail Development and Public Utilities Commission, which effectively increased total state assistance by 315% over 2016.

**Interest Income** consists of income from interest paid on investments. Interest income was down 52% in 2017 compared to 2016. This was due to a lower interest rate.

**Other Revenue** consists of revenue from the sale of obsolete assets, gain disposal of assets, alternative fuel rebate, rebates/refund and all other miscellaneous revenue. In 2017 there was a 24% increase compared to 2016 due to an increase in other non-transportation income, of which $414,182 was due to the IRS CNG rebate/refund.

In 2017, the Authority received $1,157,820 in Medicaid Transition Sales Tax. This is an aid program created by House Bill 49 to replace the sales tax revenue loss from the state's repeal of sales tax on Medicaid health insuring corporations.

## Operating Expenses

Total operating expenses, excluding depreciation, increased in 2017 by 11% compared to 2016. The increase in 2017 was due to primarily the net pension liability expense and an increase in the cost of labor, materials and supplies, health insurance and purchase transportation.

**Labor and Fringe Benefits** are METRO's major expense items. Wages were up 3% in 2017 due to wage increases and hiring of additional Operators to expand bus service. Fringe benefits were up 22% in 2017 due to pension liability adjustments.

**Material and Supplies** were up 14% in 2017 compared to 2016 due to an increase in inspection and maintenance expense and a grant that was passed through to another entity for purchases of supplies.

**Services** were up 23% in 2017 compared to 2016 due to the increase in outside consultant services.

**Utilities** were up 29% in 2017 compared to 2016 due to higher electric bills.

**Casualty and Liability** were 17% higher in 2017 due to increased premiums.

**Purchased Transportation** increased 3% in 2017 compared to 2016. This is due to an increase in the use of purchase transportation for passenger trips and normal rate increases paid to the sub-contractors.

**Miscellaneous Expenses** were down 0.9% in 2017 due to lower costs for media, travel and meetings.

The Authority's total revenue was $58.1 million in 2017. This is a 0.4% decrease over 2016.

The Authority's total operating expenses, excluding depreciation, was $54.1 million in 2017. This is an increase of 11% over 2016 due to an increase in labor, fringe benefits and pension expense liability. The Authority's total operating expenses, excluding depreciation, was $48.6 million in 2016. This is an increase of 10% over 2015 due to in an increase in labor, fringe benefits and purchased transportation service.

Depreciation expense increased by 11% to $10.4 million in 2017 due to the completion of $12.9 million construction-in-progress projects. This compares with an increase of 9% to $9.4 million in 2016 which only had $0.14 million construction-in-progress projects completed during the period.

## Condensed Summary of Cash Flows

Net cash used for operating activities increased by $2.3 million in 2017 as a result of a increases in expenses for goods and services and wages. Net cash used for operating activities increased by $2 million in 2016 as a result of increases in expenses for goods and services. In 2017 net cash from non-capital financing activity increased by $405,121 due to an increase in operating grants received. In 2016 net cash from non-capital activity increased by $2.5 million due to an increase in sales tax revenue and operating grants and other assistance. Cash and cash equivalents decreased in 2017 by $17.1 million. It also decreased by $1.9 million in 2016.

## Condensed Summary of Cash Flows (Continued)

| CASH FLOWS FROM OPERATING ACTIVITIES: | 2017 | 2016 | 2015 |
|---|---|---|---|
| Cash received from customers | $ 3,828,469 | $ 4,082,946 | $ 4,472,530 |
| Cash received from others for miscellaneous services | 473,562 | 475,218 | 417,915 |
| Cash payments to suppliers for goods and services | (15,384,590) | (11,402,645) | (12,558,247) |
| Cash payments to employees for services | (33,738,051) | (35,648,699) | (32,839,235) |
| Net cash used in operating activities | (44,820,610) | (42,493,180) | (40,507,037) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Sales taxes received | 46,739,006 | 46,672,601 | 44,634,271 |
| Operating grants and other assistance received | 6,083,199 | 6,009,135 | 5,220,038 |
| Other non-operating revenues | 712,753 | 575,135 | 860,030 |
| Lottery ticket sales | 127,034 | 0 | 0 |
| Net cash provided by non-capital financing activities | 53,661,992 | 53,256,871 | 50,714,339 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Capital grants received | (5,827,582) | 2,886,446 | 4,921,502 |
| Acquisition and construction of capital assets | (9,734,410) | (14,535,763) | (11,933,550) |
| Sale of capital assets | 13,380 | 63,106 | 8,125 |
| Net cash used in capital and related financing activities | (15,548,612) | (11,586,211) | (7,003,923) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Cash proceeds from sale of investments - net | (10,477,872) | (1,348,479) | (24,729) |
| Interest received from investments | 113,554 | 236,441 | 146,698 |
| Net cash used in by investing activities | (10,364,318) | (1,112,038) | 121,969 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (17,071,548) | (1,934,558) | 3,325,348 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 29,939,097 | 31,873,655 | 28,548,307 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 12,867,549 | $ 29,939,097 | $ 31,873,655 |

## Capital Asset and Debt Administration

### Capital Assets

The Authority's investment in capital assets amounts to $93.8 million as of December 31, 2017, a decrease of $0.6 million over 2016. The Authority's investment in capital asset was $94.4 million as of December 31, 2016, an increase of $5.2 million over 2015. Capital assets include land, construction-in-progress, building & building improvements, infrastructure, right-of-way, transportation and other equipment.

Additional information on capital asset activity can be found in Note 4 to the financial statements.

## Long-term Debt

The Authority has no outstanding debt, except for the Net Pension Liability and compensated absences, as of December 31, 2017. Additional information on long-term debt activity can be found in Note 3 to the financial statements.

## Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, METRO Regional Transit Authority, 416 Kenmore Boulevard, Akron, OH 44301.

# METRO REGIONAL TRANSIT AUTHORITY
## STATEMENT OF NET POSITION
## DECEMBER 31, 2017 and 2016

| ASSETS | 2017 | 2016 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 12,867,549 | $ 29,939,097 |
| Investments | 22,207,756 | 11,729,884 |
| Receivables: | | |
| Sales taxes | 7,467,461 | 7,538,041 |
| Federal Assistance | 5,924,670 | - |
| Trade and other | 306,125 | 342,160 |
| Accrued interest | 33,446 | |
| Materials and supplies inventory | 1,701,817 | 1,383,906 |
| Prepaid expenses | 4,343,642 | 3,052,054 |
| Total current assets | 54,852,466 | 53,985,142 |
| NONCURRENT ASSETS | | |
| Other Noncurrent Assets | 10,646 | 17,161 |
| CAPITAL ASSETS | | |
| Land | 4,480,558 | 4,288,301 |
| Construction in Progress | 2,654,169 | 12,862,210 |
| Buildings and building improvements | 56,656,461 | 45,132,114 |
| Infrastructure | 8,270,373 | 7,669,000 |
| Right-of-ways | 10,653,206 | 10,653,206 |
| Transportation equipment | 72,675,757 | 70,082,155 |
| Other equipment | 11,848,480 | 8,413,410 |
| Total capital assets | 167,239,004 | 159,100,396 |
| Less: accumulated depreciation | (73,471,410) | (64,697,399) |
| Capital Assets - net | 93,767,594 | 94,402,997 |
| Total noncurrent assets and capital assets | 93,778,240 | 94,420,158 |
| DEFERRED OUTFLOW | | |
| Deferred outflows | 16,712,033 | 11,275,196 |
| TOTAL ASSETS AND DEFFERED OUTFLOWS | $ 165,342,739 | $ 159,680,496 |

METRO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 961,527 | $ 1,230,686 |
| Accrued payroll | 3,010,572 | 2,501,344 |
| Accrued payroll taxes | 684,542 | 244,108 |
| Other estimated liability | 1,000 | 1,000 |
| Other liabilities | 176,475 | 363,326 |
| Total current liabilities | 4,834,116 | 4,340,464 |
| NONCURRENT LIABILITIES: | | |
| Net Pension Liability | 40,097,180 | 28,288,044 |
| Total noncurrent liabilities | 40,097,180 | 28,288,044 |
| Total liabilities | 44,931,296 | 32,628,508 |
| DEFERRED INFLOWS | | |
| Deferred inflows | 238,638 | 546,580 |
| Total deferred inflows | 238,638 | 546,580 |
| NET POSITION: | | |
| Investment in capital assets | 93,767,594 | 94,402,997 |
| Unrestricted | 26,405,211 | 32,102,411 |
| Total net position | 120,172,805 | 126,505,408 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | $ 165,342,739 | $ 159,680,496 |

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| OPERATING REVENUES: | | |
| Passenger fares | $ 3,792,434 | $ 4,100,559 |
| Advertising and concessions | 473,562 | 475,218 |
| Total operating revenues | 4,265,996 | 4,575,777 |
| OPERATING EXPENSES | | |
| Labor | 22,725,196 | 22,055,895 |
| Fringe benefits | 18,026,874 | 14,801,005 |
| Materials and supplies | 3,749,300 | 3,296,138 |
| Fuel | 1,687,304 | 1,545,394 |
| Services | 2,861,282 | 2,317,013 |
| Utilities | 956,330 | 739,511 |
| Casualty and liability | 1,691,192 | 1,450,188 |
| Taxes | 149,207 | 172,240 |
| Purchased transportation service | 1,763,857 | 1,718,313 |
| Miscellaneous | 467,124 | 511,478 |
| Total operating expenses excluding depreciation | 54,077,666 | 48,607,175 |
| OPERATING LOSS BEFORE DEPRECIATION EXPENSE | (49,811,670) | (44,031,398) |
| DEPRECIATION EXPENSE: | | |
| On assets acquired with capital grants | 10,352,725 | 9,341,906 |
| On other assets | 17,088 | 32,675 |
| Total depreciation expense | 10,369,813 | 9,374,581 |
| OPERATING LOSS | (60,181,483) | (53,405,979) |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Sales tax revenue | 46,668,426 | 46,784,297 |
| Federal non-operating grants and reimbursements | 2,530,192 | 4,683,361 |
| State non-operating grants, reimbursements, and special fare assistance | 686,166 | 165,441 |
| Medicaid Transition Sales Tax | 1,157,820 | - |
| Student fare and other assistance | 1,709,021 | 1,160,333 |
| Lottery ticket sales revenue | 127,034 | - |
| Interest income | 113,554 | 236,441 |
| Gain from disposal of assets | 13,380 | 63,106 |
| Other | 712,753 | 575,135 |
| Total Non-Operating Revenues - net | 53,718,346 | 53,668,114 |
| NET INCOME BEFORE CAPITAL CONTRIBUTION | (6,463,137) | 262,135 |
| Capital Contributions | 130,534 | 2,886,446 |
| Increase (decrease) in Net Position | (6,332,603) | 3,148,581 |
| Net Position, Beginning Balance | 126,505,408 | 123,356,827 |
| Net Position, Ending Balance | $ 120,172,805 | $ 126,505,408 |

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | $ 3,828,469 | $ 4,082,946 |
| Cash received from others for miscellaneous services | 473,562 | 475,218 |
| Cash payments to suppliers for goods and services | (15,384,590) | (11,402,645) |
| Cash payments to employees for services | (33,738,051) | (35,648,699) |
| Net cash used in operating activities | (44,820,610) | (42,493,180) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Sales taxes received | 46,739,006 | 46,672,601 |
| Operating grants and other assistance received | 6,083,199 | 6,009,135 |
| Rent, rail and other non-transportation revenue | 712,753 | 575,135 |
| Lottery ticket sales | 127,034 | - |
| Net cash provided by non-capital financing activities | 53,661,992 | 53,256,871 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital grants received | (5,827,582) | 2,886,446 |
| Acquisition and construction of capital assets | (9,734,410) | (14,535,763) |
| Sale of capital assets | 13,380 | 63,106 |
| Net cash used in capital and related financing activities | (15,548,612) | (11,586,211) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash proceeds from sale of investments - net | (10,477,872) | (1,348,479) |
| Interest received from investments | 113,554 | 236,441 |
| Net cash used in investing activities | (10,364,318) | (1,112,038) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (17,071,548) | (1,934,558) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 29,939,097 | 31,873,655 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 12,867,549 | $ 29,939,097 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITES: | | |
| Operating loss | $ (60,181,483) | $ (53,405,979) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 10,369,813 | 9,374,581 |
| Change in assets and liabilities: | | |
| (Increase) decrease in Accounts receivable - trade | 36,035 | (17,613) |
| (Increase) decrease in Materials and supplies inventory | (317,911) | 55,100 |
| (Increase) decrease in Prepaid expenses | (1,291,588) | (1,043,196) |
| (Increase) decrease in Other current assets | 6,515 | 42,441 |
| Increase (Decrease) in Accounts payable, accrued payroll, accrued payroll taxes and other liabilities | 493,652 | 964,235 |
| (Increase) decrease in deferred outflows of resources (pension) | (5,436,837) | (7,789,305) |
| Increase (decrease in net pension liability | 11,809,136 | 9,116,777 |
| Increase (decrease in deferred inflows of resources (pension) | (307,942) | 209,779 |
| NET CASH USED IN OPERATING ACTIVITIES | $ (44,820,610) | $ (42,493,180) |

See accompanying notes to the financial statements.

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## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – METRO Regional Transit Authority (“METRO” or the “Authority”) was created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in Summit County, Ohio. As a political subdivision it is distinct from, and is not an agency of, the State of Ohio or any other local governmental unit. The Authority is not subject to federal or state income taxes.

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of .25 percent, .5 percent, 1 percent, or 1.5 percent if approved by a majority of the electors residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State of Ohio and summit County. During 1990, the voters of Summit County approved a 0.25 percent sales and use tax with no limit on its duration. In 2008 the voters of Summit County approved an additional 0.25 percent sales and use tax with no limit on its duration for a total of 0.5 percent.

The Authority is managed by a 12-member Board of Trustees and provides virtually all mass transportation within Summit County.

Reporting Entity – The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board (“GASB”) regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units nor is it considered a component unit of any other entity.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor is any other organization accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code.

Basis of Accounting – The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange Transactions - The Authority has also complied with the provisions of Statement No. 33 of the Governmental Accounting Standards Board ("GASB") regarding the Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue. Accordingly, during the years ended December 31, 2017 and December 31, 2016, $130,534 and $2,886,446 in capital contribution were recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Authority.

The Authority will continue applying all applicable pronouncements issued by the GASB.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity, at date of purchase, of three months or less to be cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

Investments – The Authority's investments are stated at fair value.

Materials and Supplies Inventory – Materials and supplies inventory is stated at cost (average cost method). Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

Capital Assets – Capital Assets are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred. Property over $5,000 is capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| Description | Years |
|---|---|
| Building and Building Improvements | 20-40 |
| Infrastructure | 20-30 |
| Transportation equipment | 5-12 |
| Other equipment | 3-10 |

Net Position is displayed in three components as follows:

<u>Investment in Capital Assets</u> – This consists of capital assets, net of accumulated depreciation. There were no the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets in 2017 and 2016.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Classifications of Revenues

The Authority has classified its revenues as either operating or non-operating. Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares, advertising, and concession revenue. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants and contracts.

Recognition of Revenue and Receivables

The Federal Transit Administration ("FTA") and the Ohio Department of Transportation ("ODOT") provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement period.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expenditure has been made and the revenue is available. Capital grant funds received in advance of project costs being incurred are recorded as liabilities.

Compensated Absences

The Authority accrues vacation and sick pay benefits as earned by its eligible employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. In the event an employee retires they are reimbursed for accumulated sick leave, otherwise accumulated sick leave is forfeited.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority's deferred outflows of resources relate to pension as explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources relate to pension as explained in Note 6.

Passenger Fares

Passenger cash fares are recorded as revenue at the time services are performed.

Net Pension Liability and Pension Expense

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

The current accounting standard requires the Authority to report their proportionate share of the net pension liability using the earning approach to pension accounting instead of the funding approach as previously used. The funding approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. Under the standards, the net pension liability equals the Authority proportionate share of the pension plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The unfunded portion of this benefit of exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the plan.

There is no repayment schedule for the net pension liability. The Authority has no control over the changes in the pension benefits, contributions rate, and return on investments affecting the balance of the net pension liability. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statue does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

Budgetary Accounting and Control

The Authority's annual budget is prepared on the accrual basis of accounting as permitted by law. The Authority maintains budgetary control by not allowing total expenditures to exceed total appropriations without the approval of the Board of Trustees.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool ("STAR Ohio"), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

Deposits

***Custodial credit risk*** is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Authority's policy is to deposit money with financial institutions that are able to abide by laws governing insurance and collateral of public funds.

The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instruments, contract, or obligation itself (Commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

2. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2017, the carrying amount of the Authority's cash deposits was $12,414,622 and the bank balance was $12,826,871. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures", as of December 31, 2017, none of the Authority's bank balance was exposed to custodial credit risk. At December 31, 2017, the Authority had $2,600 in petty cash.

At December 31, 2016, the carrying amount of the Authority's cash deposits was $20,743,532 and the bank balance was $20,785,316. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures", as of December 31, 2016, none of the Authority's bank balance was exposed to custodial credit risk. At December 31, 2016, the Authority had $2,275 in petty cash.

The Board of Trustees has designated $10,563,248 in 2017 and $9,043,289 in 2016 as contingencies for future use that are included in cash and cash equivalents.

Investments at December 31, 2017 are summarized as follows:

| | | | Investment Maturities | | | |
|---|---|---|---|---|---|---|
| Moody | Description | Fair value | One year or less | More than one year and less than three years | Three years or more | Percentage of total investment |
| | Repurchase agreements | $ 320,672 | $ 320,672 | $ - | $ - | 1% |
| Aaa-mf | Money Market Mutual Fund | 129,655 | 129,655 | - | - | 1% |
| | Various negotiable certificates of deposit | 6,746,419 | 2,564,920 | 3,686,469 | 495,030 | 30% |
| | US Treasury notes | 4,872,572 | 249,023 | 1,270,584 | 3,352,965 | 22% |
| | Ohio local government bonds | 1,173,171 | 252,703 | 920,468 | - | 5% |
| | Government Sponsored Enterprise Bonds: | | | | | |
| Aaa | Federal Farm Credit Bank | 1,661,599 | - | 1,092,285 | 569,314 | 7% |
| Aaa | Federal Home Loan Bank | 3,305,279 | 999,363 | 100,127 | 2,205,789 | 15% |
| Aaa | Federal Home Loan Mortgage Corporation | 1,460,948 | 224,964 | 1,235,984 | - | 6% |
| Aaa | Federal National Mortgage Assn | 2,987,768 | 399,651 | 2,367,856 | 220,261 | 13% |
| | | $ 22,658,083 | $ 5,140,951 | $ 10,673,773 | $ 6,843,359 | 100% |
| | Percentage by Maturity | 100% | 23% | 47% | 30% | |

## 2. DEPOSITS AND INVESTMENTS (Continued)

Investments at December 31, 2016 are summarized as follows:

| Rating Moody | Description | Fair value | Investment Maturities: One year or less | More than one year and less than three years | Three years or more | Percentage of total investment |
|---|---|---|---|---|---|---|
| Aaa | Repurchase Agreements | $ 150,000 | $ 150,000 | $ - | $ - | 1% |
| Aaa | Money Market | 94,181 | 94,181 | - | - | 0% |
| | U.S. Treasury Bonds | 1,995,125 | - | 1,495,875 | 499,250 | 10% |
| | U.S. Treasury Notes | 3,701,932 | 249,775 | 1,442,036 | 2,010,121 | 18% |
| | U.S. Government Agencies | 4,831,129 | 599,334 | 1,661,195 | 2,570,600 | 23% |
| Various | Certificate of Deposits | 8,545,895 | 3,710,271 | 2,593,119 | 2,242,505 | 41% |
| Various | Ohio Municipal Obligations | 1,604,912 | 432,016 | 1,172,896 | - | 8% |
| | | $ 20,923,174 | $ 5,235,577 | $ 8,365,121 | $ 7,322,476 | 100% |
| Percentage by Maturity | | 100% | 25% | 40% | 35% | |

***Custodial Credit Risk*** for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the Authority must meet a set of prescribed standards and be periodically reviewed. The investments in the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC) and commercial paper are held by the counterparty's trust department or agent and not in the Authority's name. All of the Authority's negotiable certificates of deposit are registered securities.

***Credit Risk*** is addressed by the Authority's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The Authority's investments in FHLMC, FFCB, FNMA and FHLB bonds are registered and carry a rating Aaa by Moody's.

2. DEPOSITS AND INVESTMENTS (Continued)

***Concentration of Credit Risk*** is the possibility of loss attributed to the magnitude of the Authority's investment in a single issuer. 41.5% of the Authority's investments are in FFCB, FNMC, FHLMC and FHLB , with negotiable CDs making up 30% of all investments. The portfolio of negotiable CDs consists of CDs each from different financial institutions ranging in values up to $250,000 (less than 5% individually of the total investments). The table above summarizes the Authority's percentage of investments at year end. The Authority's investment policy requires diversification of the portfolio and indicates that investments shall be diversified to eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of security. The policy includes certificates of deposit and money market accounts as investments even when they are not considered an investment for financial reporting purposes. The policy requires: a) the total par amount invested in a combination of commercial paper and banker's acceptances may not exceed 25% of the total invested funds at the time of purchase; and b) no more than 50% of the portfolio shall be invested in securities with maturities that exceed two years.

***Interest rate risk***: The Authority has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Authority, and that an investment must be purchased with the expectation that it will be held to maturity.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the Authority's recurring fair value measurement as of December 31, 2017 and 2016. All investments of the Authority are valued using quoted market prices (Level 1 inputs).

All of the Authority's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The Authority's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

## 3. LONG TERM OBLIGATIONS

During fiscal year 2017, the following changes occurred in long term obligations:

### A. Compensated Absences

| | 2017 | 2016 |
|---|---|---|
| Beginning Balance | $ 1,348,125 | $ 1,191,263 |
| Liability Earned | 1,670,005 | 1,378,725 |
| Liability Paid | (1,568,914) | (1,221,863) |
| Ending Balance | $ 1,449,216 | $ 1,348,125 |
| Due Within One Year | $ 1,449,216 | $ 1,348,125 |

The Authority accrues compensated absences based on the estimated amounts employees are entitled to according to Authority's policies. Vacation time is earned in the current year and eligible to be used by the employee in the following year. Any unused vacation benefits that are eligible to be used in a given year are paid to the employee at the end of the year. An employee that separates from employment with the Authority is paid any vacation time unused during the current period and any vacation time earned during the year. Sick time is earned in the current year and eligible to be used by the employee as soon as it is earned. Any unused sick time is carried over and is useable in the future. An employee that retires from employment with the Authority is paid 25% of available sick time; otherwise all time is forfeited for any other termination of service. Compensated absences are not reported separately on the financial statements, they are included as part of accrued payroll.

### B. Net Pension Liability

The long-term obligation with regards to net pension liability at December 31, 2017 and 2016 follows:

| | January 1 | Increase | Decrease | December 31 | Due w/in 1 yr |
|---|---|---|---|---|---|
| 2017 | $28,288,044 | $11,809,136 | - | $40,097,180 | - |
| 2016 | 19,171,267 | 9,116,777 | - | 28,288,044 | - |

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016

## 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

| Description | Balance 1/1/2017 | Additions | Disposals | Balance 12/31/2017 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 4,288,301 | $ 192,257 | $ - | $ 4,480,558 |
| Right-of-ways | 10,653,206 | - | - | 10,653,206 |
| Construction-in-progress | 12,862,210 | 2,654,169 | (12,862,210) | 2,654,169 |
| Total Capital Assets Not Being Depreciated | 27,803,717 | 2,846,426 | (12,862,210) | 17,787,933 |
| Capital Assets Being Depreciated | | | | |
| Building & building improvements | 45,132,115 | 11,622,610 | (98,264) | 56,656,461 |
| Infrastructure | 7,669,000 | 601,373 | - | 8,270,373 |
| Transportation equipment | 70,082,155 | 4,079,928 | (1,486,326) | 72,675,757 |
| Other equipment | 8,413,409 | 3,446,283 | (11,212) | 11,848,480 |
| Total Capital Assets Being Depreciated | 131,296,679 | 19,750,194 | (1,595,802) | 149,451,071 |
| Less Accumulated Depreciation | | | | |
| Building & building improvements | (18,941,028) | (2,459,219) | 98,264 | (21,301,983) |
| Infrastructure | (6,333,261) | (240,018) | - | (6,573,279) |
| Transportation equipment | (31,979,635) | (6,836,439) | 1,486,326 | (37,329,748) |
| Other equipment | (7,443,475) | (834,137) | 11,212 | (8,266,400) |
| Total Accumulated Depreciation | (64,697,399) | (10,369,813) | 1,595,802 | (73,471,410) |
| Total Capital Assets Being Depreciated, Net | 66,599,280 | | | 75,979,661 |
| Total Capital Asset, Net | $ 94,402,997 | | | $ 93,767,594 |

## 4. CAPITAL ASSETS – (continued)

Capital asset activity for the year ended December 31, 2016 is as follows:

| Description | Balance 1/1/2016 | Additions | Disposals | Balance 12/31/2016 |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 4,283,301 | $ 5,000 | $ - | $ 4,288,301 |
| Right-of-ways | 10,653,206 | - | - | 10,653,206 |
| Construction-in-progress | 5,226,588 | 7,781,170 | (145,548) | 12,862,210 |
| Total Capital Assets Not Being Depreciated | 20,163,095 | 7,786,170 | (145,548) | 27,803,717 |
| Capital Assets Being Depreciated | | | | |
| Building & building improvements | 45,144,709 | - | (12,595) | 45,132,115 |
| Infrastructure | 7,702,623 | 79,555 | (113,178) | 7,669,000 |
| Transportation equipment | 66,992,703 | 6,709,359 | (3,619,907) | 70,082,155 |
| Other equipment | 8,451,652 | 119,968 | (158,210) | 8,413,409 |
| Total Capital Assets Being Depreciated | 128,291,687 | 6,908,882 | (3,903,890) | 131,296,679 |
| Less Accumulated Depreciation | | | | |
| Building & building improvements | (16,881,781) | (2,071,141) | 11,894 | (18,941,028) |
| Infrastructure | (6,158,182) | (288,257) | 113,178 | (6,333,261) |
| Transportation equipment | (29,256,271) | (6,330,323) | 3,606,959 | (31,979,635) |
| Other equipment | (6,916,733) | (684,860) | 158,118 | (7,443,475) |
| Total Accumulated Depreciation | (59,212,967) | (9,374,581) | 3,890,149 | (64,697,399) |
| Total Capital Assets Being Depreciated, Net | 69,078,720 | | | 66,599,280 |
| Total Capital Asset, Net | $ 89,241,815 | | | $ 94,402,997 |

## 5. PURCHASED TRANSPORTATION SERVICES

During 2017 and 2016, the Authority had a contract with a local transportation company to provide transit services within Summit County for elderly and disabled passengers. Expenses under this contract amounted to $1,763,857 and $1,718,313 in 2017 and 2016, respectively. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

## 6. DEFINED BENEFIT PENSION PLANS

### Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-– between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable.

6. DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Public Employees Retirement System

The Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the combined plan is a cost sharing, multiple employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

6. DEFINED BENEFIT PENSION PLANS (Continued)

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| **State and Local** | **State and Local** | **State and Local** |
| **Age and service requirements:** | **Age and service requirements:** | **Age and service requirements:** |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| **Formula:** | **Formula:** | **Formula:** |
| 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

6. DEFINED BENEFIT PENSION PLANS (Continued)

| | State and Local | |
|---|---|---|
| | 2017 | 2016 |
| **Statutory maximum contribution rates** | | |
| Employer | 14.00 % | 14.00 % |
| Employee | 10.00 % | 10.00 % |
| **Actual contribution rates** | | |
| Employer: | | |
| Pension | 13.00 % | 12.00 % |
| Post-employment health care benefits | 1.00 | 2.00 |
| Total employer | 14.00 % | 14.00 % |
| Employee | 10.00 % | 10.00 % |

The Authority’s contractually required contribution was $3,013,184 for 2017. Of this amount, $239,870 is reported as accrued payroll taxes.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | OPERS | |
|---|---|---|
| | 2017 | 2016 |
| Proportion of the pension liability - prior measurement date | 0.163314 % | 0.158951 % |
| Proportion of the pension liability - current measurement date | 0.176575 % | 0.163314 % |
| Change in proportionate share | 0.013261 % | 0.004363 % |
| Proportionate share of net pension liability | $ 40,097,180 | $ 28,288,044 |
| Pension expense | $ 9,077,540 | $ 4,150,331 |

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

6. DEFINED BENEFIT PENSION PLANS (Continued)

| | OPERS 2017 | OPERS 2016 |
|---|---|---|
| **Deferred outflows of resources** | | |
| Differences between expected and actual experience | $ 54,349 | |
| Net difference between projected and actual earnings on pension plan investments | 5,971,395 | 8,314,918 |
| Changes of assumptions | 6,359,904 | |
| Employer contributions subsequent to the measurement date | 3,013,184 | 2,613,080 |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | 1,313,201 | 347,198 |
| Total deferred outflows of resources | $ 16,712,033 | $ 11,275,196 |
| **Deferred inflows of resources** | | |
| Differences between expected and actual experience | $ 238,638 | $ 546,580 |
| Total deferred inflows of resources | $ 238,638 | $ 546,580 |

$3,013,184 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ending December 31: | OPERS |
|---|---|
| 2018 | $ 5,710,602 |
| 2019 | 5,755,713 |
| 2020 | 2,168,932 |
| 2021 | (175,036) |
| Total | $ 13,460,211 |

6. DEFINED BENEFIT PENSION PLANS (Continued)

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Wage inflation | 3.25 percent |
| Future salary increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA | 3 percent, simple |
| Investment rate of return | 7.5 percent |
| Actuarial cost method | Individual entry age |

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

6. DEFINED BENEFIT PENSION PLANS (Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month.

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

6. DEFINED BENEFIT PENSION PLANS (Continued)

| | 2016 | | 2015 | |
|---|---|---|---|---|
| Asset class | Target allocation | Weighted average long-term expected real rate of return (arithmetic) | Target allocation | Weighted average long-term expected real rate of return (arithmetic) |
| Fixed income | 23.00% | 2.75% | 23.00% | 2.31% |
| Domestic equities | 20.70% | 6.34% | 20.70% | 5.84% |
| Real estate | 10.00% | 4.75% | 10.00% | 4.25% |
| Private equity | 10.00% | 8.97% | 10.00% | 9.25% |
| International equities | 18.30% | 7.95% | 18.30% | 7.40% |
| Other investments | 18.00% | 4.92% | 18.00% | 4.59% |
| Total | 100.00% | 5.66% | 100% | 5.27% |

***Discount Rate*** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

| | 1% Decrease (6.50%) | Current discount rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Employer proportionate share of the net pension liability | $ 61,257,399 | $40,097,180 | $22,463,872 |

7. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

7. POSTEMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contribution allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2017, 2016 and 2015 were $241,441, $458,435 and $427,599 respectively; 92.36% has been contributed for 2017 and 100% for 2016 and 2015. $18,452 representing the unpaid contribution for the year 2017 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

8. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance in the statements of revenues and expenses for the years ended December 31, 2017 and 2016, are listed in the table below. The actual revenue was higher than what was on the financial statements because the revenue for capital grant expenditures was posted at net.

8. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE (Continued)

| | 2017 | 2016 |
|---|---|---|
| FEDERAL: | | |
| FTA Maintenance and Other Assistance | $ 2,530,192 | $ 4,683,361 |
| FTA Capital Contribution | 130,534 | 2,879,981 |
| Total | $ 2,660,726 | $ 7,563,342 |
| STATE: | | |
| State Capital Contribution | - | 6,465 |
| ODOT Fuel Tax Reimbursement | 143,170 | 165,441 |
| General Assistance from the State | 542,996 | - |
| Total | $ 686,166 | $ 171,906 |

9. RISK MANAGEMENT

Since December 31, 1994, the Authority has been a member of the Ohio Transit Risk Pool (OTRP), a joint self-insurance pool, created pursuant to Section 2744.081 of the Ohio Revised Code. OTRP has been in existence since 1994 and operates pursuant to By-Laws and a Board of Trustees. OTRP provides self-insurance through risk retention and the group purchase of property and liability coverage from A-rated, or greater, commercial carriers.

During the loss year of 2017, OTRP provided to the Authority commercial property coverage with limits of $200,000,000. The pool retained the first $100,000 of these losses. For auto-physical damage the pool provided $50,000,000 in coverage and retained $250,000. For crime the pool provided $4,000,000 in coverage. METRO's deductible for property coverage is $1,000 except for physical damage which was $25,000. For Auto Liability, General Liability, E&O and EBL the pool provided $10,000,000 per occurrence. For each of these lines the pool retained $2,000,000 per occurrence. METRO's deductible for all liability claims was $5,000 for 2017 and 2016.

OTRP provides to the Treasurer of the Authority a bond as is required by Ohio law.

As of January 1, 2017, the Authority has met all obligations to OTRP. The Authority pays OTRP through an initial contribution for purchased insurance and quarterly payments for their self-insured loss and administrative costs. The Authority's contribution percentage for 2017 was 29.448%. In 2016, the Authority's contribution rate was 28.651%.

9. RISK MANAGEMENT (Continued)

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. There has not been a reduction in coverage from the prior year and claims have not exceeded the coverage in any of the past three years.

The Authority pays the State of Ohio Worker's Compensation System a premium based on a rate per $100 of salaries. The Authority's contributions allocated to fund Worker's Compensation benefits for the years ended December 31, 2017, 2016 and 2015 were $542,388, $731,465 and $361,733, respectively. The full amount has been contributed for those years.

10. CONTINGENCIES

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreements. These grants are subject to audit by the grantor agencies and disallowed claims resulting from these audits could become a liability of the Authority.

At December 31, 2017, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

11. SUBSEQUENT EVENTS/PENDING LITIGATION

The Authority has evaluated subsequent events for potential recognition and/or disclosure through the date of the financial statements. Management believes that any ongoing litigation in the normal course of business will not materially affect the Authority's financial results or financial position.

# Required

# Supplemental

# Information

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# Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Proportionate Share of the Net Pension Liability

Last Four Years (1)

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| **Ohio Public Employees Retirement System (OPERS) - Traditional Plan** | | | | |
| Authority's proportion of the net pension liability | 0.176575% | 0.163314% | 0.158951% | 0.158951% |
| Authority's proportionate share of the net pension liability | $ 40,097,180 | $ 28,288,044 | $ 19,171,267 | $ 18,738,252 |
| Authority's covered employee payroll | $ 21,775,667 | $ 20,524,750 | $ 19,455,183 | $ 18,486,369 |
| Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll | 184.14% | 137.82% | 98.54% | 101.36% |
| Plan fiduciary net position as a percentage of total pension liability | 77.25% | 81.08% | 86.45% | 86.36% |

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

# Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Contributions

Last Five Years (1)

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Ohio Public Employees Retirement System (OPERS) - Traditional Plan** | | | | | |
| Contractually required contribution | $ 3,013,184 | $ 2,613,080 | $ 2,462,970 | $ 2,334,622 | $ 2,403,228 |
| Contributions in relation to contractually required contribution | (3,013,184) | (2,613,080) | (2,462,970) | (2,334,622) | (2,403,228) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Authority covered employee payroll | $ 23,178,338 | $ 21,775,667 | $ 20,524,750 | $ 19,455,183 | $ 18,486,369 |
| Contributions as a percentage of covered employee payroll | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |

(1) Information prior to 2013 is not available.

**Ohio Public Employees Retirement System (OPERS) - Traditional Plan**

Changes in benefit terms:  There were no changes in benefit terms from the amounts reported.

Changes in assumptions:  There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2017.  See the notes to the basic financials for the methods and assumptions in this calculation.

# Statistical Section

# Financial Trend Information

# 2017
## (Unaudited)

# METRO Regional Transit Authority

## NET POSITION BY COMPONENT

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 1

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| NET POSITION | | | | | |
| Net Investment in capital assets | $ 93,767,594 | $ 94,402,997 | $ 89,241,815 | $ 85,936,603 | $ 77,054,974 |
| Unrestricted (Deficits) | 26,405,211 | 32,102,411 | 34,115,012 | 45,797,451 | 41,056,282 |
| TOTAL NET POSITION | $ 120,172,805 | $ 126,505,408 | $ 123,356,827 | $ 131,734,054 | $ 118,111,256 |

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| NET POSITION | | | | | |
| Net Investment in capital assets | $ 70,595,408 | $ 59,730,829 | $ 55,228,863 | $ 49,737,003 | $ 47,352,867 |
| Unrestricted (Deficits) | 34,217,925 | 25,266,420 | 17,872,667 | 16,062,506 | 7,952,567 |
| TOTAL NET POSITION | $ 104,813,333 | $ 84,997,249 | $ 73,101,530 | $ 65,799,509 | $ 55,305,434 |

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 2

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | | |
| Passenger fares | $ 3,792,434 | $ 4,100,559 | $ 4,428,054 | $ 4,941,683 | $ 4,998,875 |
| Advertising and concessions | 473,562 | 475,218 | 417,915 | 443,133 | 451,535 |
| **TOTAL OPERATING REVENUE** | 4,265,996 | 4,575,777 | 4,845,969 | 5,384,816 | 5,450,410 |
| **OPERATING EXPENSES** | | | | | |
| Labor | 22,725,196 | 22,055,895 | 20,586,041 | 19,024,350 | 17,836,348 |
| Fringe benefits | 18,026,874 | 14,801,005 | 11,736,750 | 10,086,226 | 9,886,508 |
| Materials and supplies | 5,436,604 | 4,841,532 | 5,447,931 | 5,745,162 | 6,041,098 |
| Services | 2,861,282 | 2,317,013 | 2,516,684 | 2,712,750 | 2,198,643 |
| Utilities | 956,330 | 739,511 | 913,740 | 691,099 | 539,188 |
| Casualty and liability | 1,691,192 | 1,450,188 | 1,262,850 | 1,268,181 | 1,163,565 |
| Taxes | 149,207 | 172,240 | 183,769 | 194,698 | 228,390 |
| Purchased transportation service | 1,763,857 | 1,718,313 | 1,229,441 | 807,710 | 611,026 |
| Miscellaneous | 467,124 | 511,478 | 376,597 | 413,348 | 453,314 |
| **TOTAL OPERATING EXPENSES BEFORE DEPRECIATION EXPENSE** | 54,077,666 | 48,607,175 | 44,253,803 | 40,943,524 | 38,958,080 |
| **OPERATING LOSS BEFORE DEPRECIATION EXPENSE** | (49,811,670) | (44,031,398) | (39,407,834) | (35,558,708) | (33,507,670) |
| Depreciation expense | 10,369,813 | 9,374,581 | 8,628,338 | 9,231,103 | 8,513,768 |
| **OPERATING LOSS** | (60,181,483) | (53,405,979) | (48,036,172) | (44,789,811) | (42,021,438) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Sales tax revenue | 46,668,426 | 46,784,297 | 44,896,182 | 43,346,649 | 39,769,341 |
| Federal operating grants and reimbursements | 2,530,192 | 4,683,361 | 4,243,338 | 4,826,204 | 4,718,920 |
| State operating grants and special fare assistance | 686,166 | 165,441 | 177,512 | 251,223 | 218,943 |
| Student fare and other assistance | 1,709,021 | 1,160,333 | 809,188 | 545,528 | 434,480 |
| Medicaid transition sales tax | 1,157,820 | - | - | - | - |
| Lottery ticket sales revenue | 127,034 | - | - | - | - |
| Interest income | 113,554 | 236,441 | 146,698 | 102,124 | 35,095 |
| Interest expense | - | - | - | (3,350) | (10,250) |
| Gain (Loss) from disposal of assets | 13,380 | 63,106 | 8,125 | 26,883 | 46,064 |
| Other | 712,753 | 575,135 | 860,030 | 262,865 | 473,903 |
| **NON-OPERATING REVENUES/EXPENSES - NET** | 53,718,346 | 53,668,114 | 51,141,073 | 49,358,126 | 45,686,496 |
| **CAPITAL CONTRIBUTIONS** | | | | | |
| Capital Contributions | 130,534 | 2,886,446 | 4,921,502 | 9,054,483 | 9,837,865 |
| **CHANGE IN NET POSITION** | (6,332,603) | 3,148,581 | 8,026,403 | 13,622,798 | 13,502,923 |
| Net Position, Beginning Balance | 126,505,408 | 123,356,827 | 131,734,054 | 118,111,256 | 104,608,333 |
| Cumulative effect of change in accounting principle* | - | - | (16,403,630) | - | - |
| Net Position, Ending Balance | $ 120,172,805 | $ 126,505,408 | $ 123,356,827 | $ 131,734,054 | $ 118,111,256 |

Source: METRO's audited annual financial statements

* GASB 68 implemented during 2015

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 2 (continued)

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| **OPERATING REVENUES:** | | | | | |
| Passenger fares | $ 4,846,581 | $ 4,207,746 | $ 4,004,439 | $ 3,758,642 | $ 3,867,029 |
| Advertising and concessions | 405,113 | 398,486 | 363,317 | 275,014 | 266,370 |
| **TOTAL OPERATING REVENUE** | 5,251,694 | 4,606,232 | 4,367,756 | 4,033,656 | 4,133,399 |
| **OPERATING EXPENSES** | | | | | |
| Labor | 16,649,367 | 15,729,019 | 14,808,947 | 14,424,006 | 12,809,410 |
| Fringe benefits | 10,108,654 | 10,490,896 | 9,359,814 | 8,463,897 | 8,086,016 |
| Materials and supplies | 6,259,905 | 6,083,212 | 5,676,943 | 5,405,463 | 5,519,828 |
| Services | 2,349,651 | 2,320,702 | 2,331,548 | 2,342,761 | 1,307,801 |
| Utilities | 539,714 | 582,260 | 573,273 | 582,685 | 536,138 |
| Casualty and liability | 1,099,473 | 1,166,261 | 1,264,872 | 975,060 | 850,567 |
| Taxes | 273,560 | 276,498 | 250,354 | 229,918 | 218,819 |
| Purchased transportation service | 834,256 | 1,374,797 | 1,209,177 | 1,057,824 | 1,147,559 |
| Miscellaneous | 467,333 | 401,032 | 441,111 | 355,603 | 305,665 |
| **TOTAL OPERATING EXPENSES BEFORE DEPRECIATION EXPENSE** | 38,581,913 | 38,424,677 | 35,916,039 | 33,837,217 | 30,781,803 |
| **OPERATING LOSS BEFORE DEPRECIATION EXPENSE** | (33,330,219) | (33,818,445) | (31,548,283) | (29,803,561) | (26,648,404) |
| Depreciation expense | 6,920,312 | 6,397,734 | 6,237,556 | 6,446,278 | 5,937,844 |
| **OPERATING LOSS** | (40,250,531) | (40,216,179) | (37,785,839) | (36,249,839) | $ (32,586,248) |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | | |
| Sales tax revenue | 39,686,825 | 36,279,210 | 34,521,101 | 33,616,287 | 25,052,152 |
| Federal operating grants and reimbursements | 5,962,190 | 5,998,391 | 4,123,465 | 3,655,202 | 4,548,257 |
| State operating grants and special fare assistance | 260,230 | 629,962 | 829,767 | 1,003,295 | 1,017,883 |
| Student fare and other assistance | 487,357 | 852,768 | 1,099,910 | 1,033,958 | 878,272 |
| Interest income | 73,074 | 92,127 | 55,230 | 14,130 | 110,763 |
| Interest expense | (15,000) | (19,234) | (24,072) | (19,050) | (44,784) |
| Gain (Loss) from disposal of assets | (75,107) | 54,422 | 6,990 | 22,533 | 8,809 |
| Other | 562,911 | 366,555 | 441,795 | 310,553 | 252,897 |
| **NON-OPERATING REVENUES/EXPENSES - NET** | 46,942,480 | 44,254,201 | 41,054,186 | 39,636,908 | $ 31,824,249 |
| **CAPITAL CONTRIBUTIONS** | | | | | |
| Capital Grant Contributions | 12,919,135 | 7,583,812 | 6,059,733 | 7,107,006 | 10,742,855 |
| **CHANGE IN NET POSITION** | 19,611,084 | 11,621,834 | 9,328,080 | 10,494,075 | 9,980,856 |
| Net Position, Beginning Balance | 84,997,249 | 73,101,530 | 65,799,509 | 55,305,434 | 41,554,962 |
| Cumulative effect of change in accounting principle | - | 273,885 | (2,026,059) | - | - |
| Net Position, Ending Balance | $ 104,608,333 | $ 84,997,249 | $ 73,101,530 | $ 65,799,509 | $ 55,305,434 |

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## Revenue and Operating Assistance - Comparison to Industry Trend Data

Last Ten Years

(Unaudited)

TABLE 3

### TRANSPORTATION INDUSTRY (1):

| | OPERATING AND OTHER REVENUE | | | OPERATING ASSISTANCE | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| YEAR | PASSENGER | OTHER (2) | TOTAL | LOCAL | STATE | FEDERAL | TOTAL | REVENUES |
| 2008 | 31.3% | 6.4% | 37.7% | 29.5% | 25.8% | 7.0% | 62.3% | 100.0% |
| 2009 | 31.5% | 5.8% | 37.4% | 29.0% | 25.3% | 8.2% | 62.6% | 100.0% |
| 2010 | 32.1% | 5.4% | 37.5% | 28.1% | 25.0% | 9.4% | 62.5% | 100.0% |
| 2011 | 32.8% | 4.9% | 37.7% | 28.2% | 24.3% | 9.8% | 62.3% | 100.0% |
| 2012 | 32.5% | 4.6% | 37.1% | 28.4% | 25.6% | 8.9% | 62.9% | 100.0% |
| 2013 | 32.5% | 3.8% | 36.3% | 28.7% | 26.1% | 8.9% | 63.7% | 100.0% |
| 2014 * | | | | | | | | |
| 2015 * | | | | | | | | |
| 2016 * | | | | | | | | |
| 2017 * | | | | | | | | |

### METRO Regional Transit Authority

| | OPERATING AND OTHER REVENUE | | | OPERATING ASSISTANCE | | | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| YEAR | PASSENGER | OTHER (2) | TOTAL | LOCAL | STATE | FEDERAL | TOTAL | REVENUES |
| 2008 | 10.7% | 1.8% | 12.5% | 72.0% | 2.8% | 12.6% | 87.5% | 100.0% |
| 2009 | 8.6% | 1.4% | 10.0% | 79.4% | 2.3% | 8.4% | 90.0% | 100.0% |
| 2010 | 8.8% | 1.9% | 10.7% | 78.4% | 1.8% | 9.1% | 89.3% | 100.0% |
| 2011 | 8.6% | 1.8% | 10.4% | 76.1% | 1.3% | 12.3% | 89.6% | 100.0% |
| 2012 | 9.3% | 2.0% | 11.3% | 76.8% | 0.5% | 11.4% | 88.7% | 100.0% |
| 2013 | 10.0% | 1.9% | 12.0% | 78.1% | 0.4% | 9.5% | 88.0% | 100.0% |
| 2014 | 8.9% | 1.4% | 10.3% | 80.6% | 0.4% | 8.7% | 89.7% | 100.0% |
| 2015 | 7.9% | 2.5% | 10.5% | 81.6% | 0.3% | 7.6% | 89.5% | 100.0% |
| 2016 | 7.0% | 2.2% | 9.3% | 82.4% | 0.3% | 8.0% | 90.7% | 100.0% |
| 2017 | 6.5% | 2.3% | 8.8% | 85.6% | 1.2% | 4.4% | 91.2% | 100.0% |

(1) Source: The American Public Transit Association, "APTA 2015 Transit Fact Book - Table 26"

(2) Includes auxiliary transportation revenues, interest, and other non-transportation revenues

* Information not available

# METRO Regional Transit Authority

## Operating Expenses - Comparison to Industry Trend Data

Last Ten Years

(Unaudited)

TABLE 4

### TRANSPORTATION INDUSTRY (1):

| Year | Labor & Fringes | Material & Supplies | Services | Utilities | Casualty & Liability | Purchased Transportation | Other | Total Expenses |
|---|---|---|---|---|---|---|---|---|
| 2007 | 65.8% | 11.6% | 6.1% | 3.4% | 2.4% | 13.0% | -2.3% | 100.0% |
| 2008 | 63.9% | 12.8% | 6.3% | 3.4% | 2.2% | 13.7% | -2.3% | 100.0% |
| 2009 | 64.8% | 11.3% | 6.6% | 3.5% | 2.3% | 14.0% | -2.5% | 100.0% |
| 2010 | 65.2% | 10.7% | 6.6% | 3.4% | 2.6% | 13.8% | -2.3% | 100.0% |
| 2011 | 65.0% | 11.4% | 6.6% | 3.3% | 2.6% | 13.3% | -2.2% | 100.0% |
| 2012 | 64.0% | 11.7% | 6.9% | 3.2% | 2.2% | 13.9% | -1.9% | 100.0% |
| 2013 | 60.7% | 11.2% | 7.1% | 3.1% | 2.4% | 13.7% | 1.8% | 100.0% |
| 2014 | 61.1% | 11.0% | 6.9% | 3.2% | 2.5% | 13.6% | 1.7% | 100.0% |
| 2015* | 61.1% | 11.0% | 6.9% | 3.2% | 2.5% | 13.6% | 1.7% | 100.0% |
| 2016* | 61.1% | 11.0% | 6.9% | 3.2% | 2.5% | 13.6% | 1.7% | 100.0% |

### METRO Regional Transit Authority (2)

| Year | Labor & Fringes | Material & Supplies | Services | Utilities | Casualty & Liability | Purchased Transportation | Other | Total Expenses |
|---|---|---|---|---|---|---|---|---|
| 2007 | 68.6% | 15.5% | 4.5% | 1.6% | 4.4% | 3.9% | 1.5% | 100.0% |
| 2008 | 67.8% | 17.9% | 4.2% | 1.7% | 2.8% | 3.7% | 1.9% | 100.0% |
| 2009 | 67.6% | 16.0% | 6.9% | 1.7% | 2.9% | 3.1% | 1.8% | 100.0% |
| 2010 | 67.2% | 15.8% | 6.5% | 1.6% | 3.5% | 3.4% | 2.0% | 100.0% |
| 2011 | 68.2% | 15.8% | 6.0% | 1.5% | 3.0% | 3.6% | 1.8% | 100.0% |
| 2012 | 69.3% | 16.2% | 6.1% | 1.4% | 2.8% | 2.2% | 2.0% | 100.0% |
| 2013 | 71.1% | 15.5% | 5.6% | 1.4% | 3.0% | 1.6% | 1.8% | 100.0% |
| 2014 | 71.1% | 14.0% | 6.6% | 1.7% | 3.1% | 2.0% | 1.5% | 100.0% |
| 2015 | 73.0% | 12.3% | 5.7% | 2.1% | 2.9% | 2.8% | 1.3% | 100.1% |
| 2016 | 75.8% | 10.0% | 4.8% | 1.5% | 3.0% | 3.5% | 1.4% | 100.0% |
| 2017 | 75.4% | 10.1% | 5.3% | 1.8% | 3.1% | 3.3% | 1.1% | 100.0% |

(1) Source: The American Public Transit Association, "APTA 2016 Transit Fact Book - Table 23"

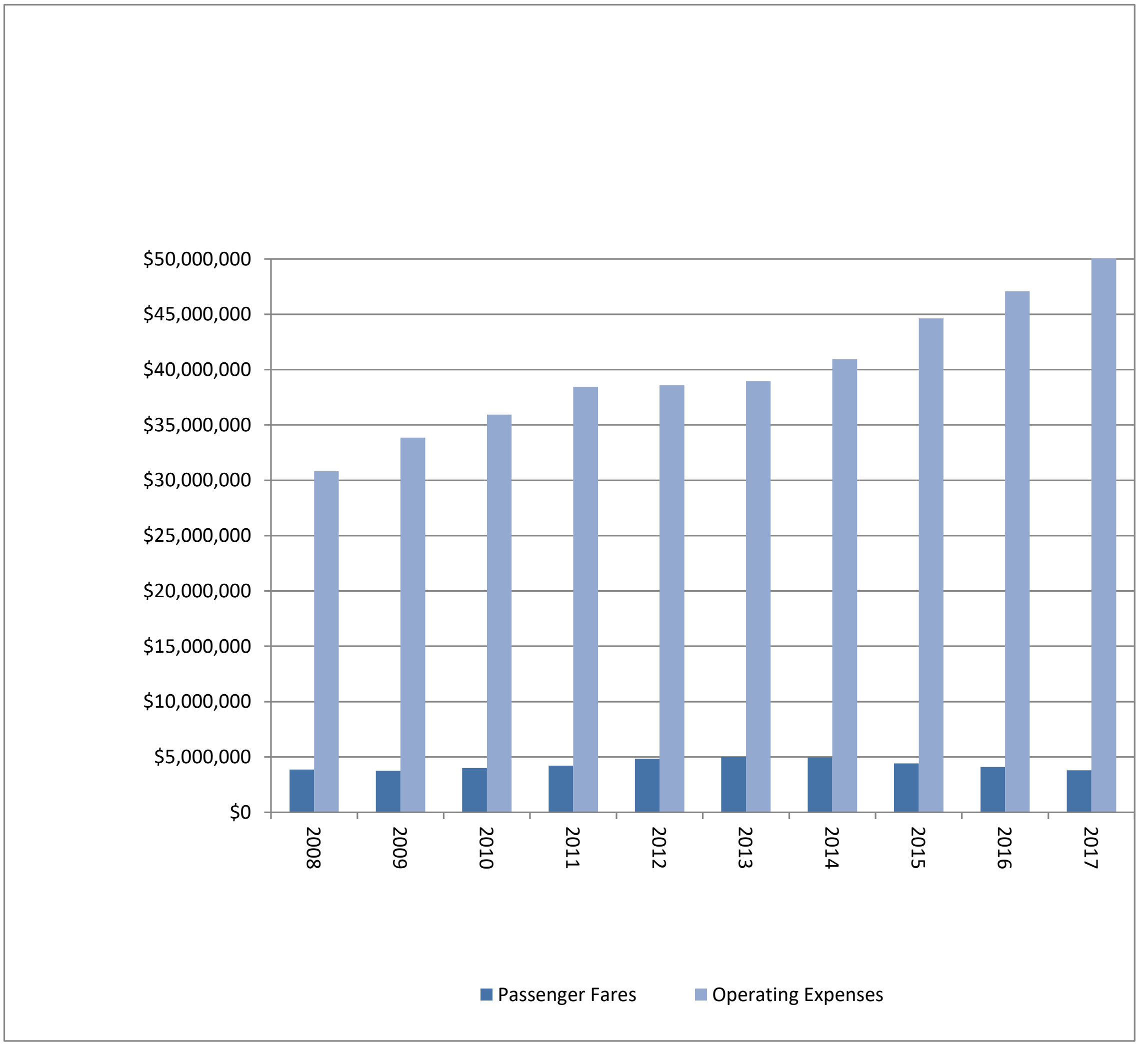
(2) Source: METRO's annual financial audited statements

* Information not available/2014 Statistics used going forward due to no data existing after that time.

# METRO Regional Transit Authority

## Passenger Fares vs. Operating Expenses - Last Ten Years

TABLE 5



# METRO Regional Transit Authority

## Sales Tax - Comparison to Other Regional Transit Authorities in Ohio

Last Ten Years

(Unaudited)

TABLE 6

| System | Rate | Date Imposed | 2008* | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GCRTA | 1.00% | Oct 1, 1975 | 170,707,698 | 155,282,828 | 163,220,649 | 173,242,328 | 181,219,251 | 189,630,644 | 197,118,145 | 205,958,010 | 220,914,498 | 213,718,147 |
| COTA | 0.50% | Jan 1, 2008 | 88,246,021 | 87,819,553 | 91,961,890 | 97,952,515 | 104,479,130 | 110,049,661 | 114,310,238 | 124,068,001 | 131,328,582 | |
| Laketran | 0.25% | Aug 1, 1988 | 7,744,815 | 7,157,306 | 7,240,999 | 7,665,538 | 7,843,548 | 8,142,460 | 8,500,479 | 8,890,398 | 9,291,442 | 9,200,779 |
| WRTA | 0.25% | Apr 1, 2009 | | 4,167,214 | 6,732,485 | 7,343,527 | 7,590,580 | 7,886,661 | 8,358,590 | 8,549,177 | 8,757,792 | 8,695,139 |
| MVRTA | 0.50% | Jul 1, 1980 | 32,149,806 | 29,341,697 | 30,150,943 | 32,759,617 | 34,312,875 | 35,290,373 | 36,771,641 | 39,293,987 | 41,737,284 | |
| PARTA | 0.25% | Feb 1, 2002 | 3,775,726 | 3,608,868 | 3,914,537 | 4,080,738 | 4,319,281 | 4,496,596 | 4,859,656 | 5,205,431 | 5,279,023 | 5,320,630 |
| SARTA | 0.25% | Jul 1, 1997 | 11,696,465 | 10,410,581 | 11,016,628 | 11,720,027 | 12,401,259 | 12,954,397 | 13,555,026 | 14,381,968 | 14,680,377 | 14,867,817 |
| METRO | 0.50% | Jul 1, 2008 | 24,848,457 | 32,829,001 | 34,194,603 | 35,842,081 | 37,713,252 | 39,320,306 | 42,168,538 | 44,525,509 | 46,316,454 | 46,271,616 |

Source: Figures shown are from records of the Revenue Accounting Division of the Ohio Department of Taxation

Note: These figures are net of the 1% administration fee.

These amounts are based on month sales tax collected, the distribution occurs two months following the collection month.

Numbers are on a cash basis.

* COTA increased the sales tax percent from .25% to .50% on January 1, 2008

* METRO increased the sales tax percent from .25% to .50% on July 1, 2008

# Revenue Capacity Information

## 2017
(Unaudited)

# METRO Regional Transit Authority

## Revenues by Source - Last Ten Years

(Unaudited)

TABLE 7

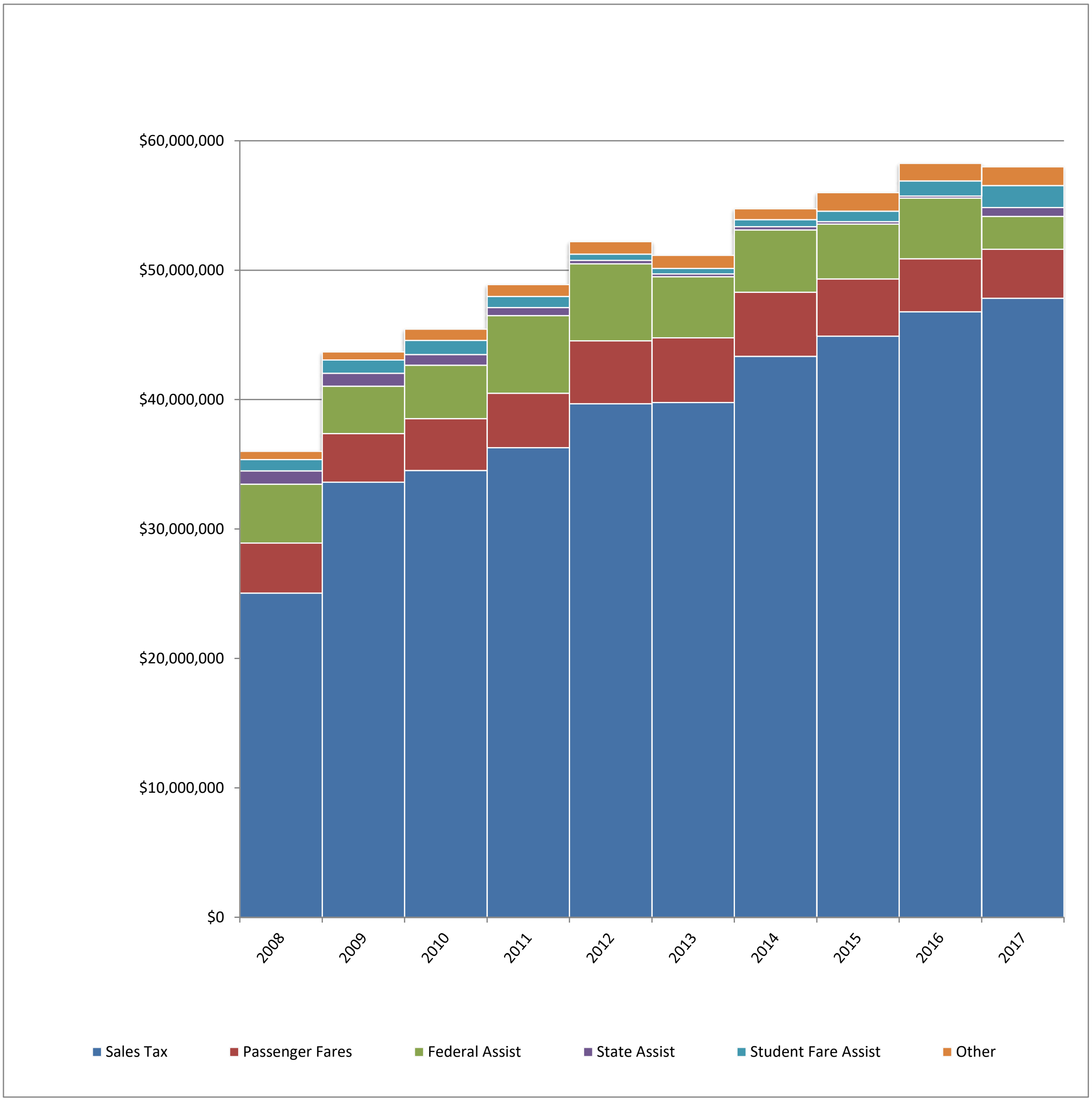
| Operating Revenues | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Passengers Fares | $3,867,029 | $3,758,642 | $4,004,439 | $4,207,746 | $4,846,581 | $4,998,875 | $4,941,683 | $4,428,054 | $4,100,559 | $3,792,434 |
| Advertising | 266,370 | 275,014 | 363,317 | 398,486 | 405,113 | 451,535 | 443,133 | 417,915 | 475,218 | 473,562 |
| Total operating revenues | 4,133,399 | 4,033,656 | 4,367,756 | 4,606,232 | 5,251,694 | 5,450,410 | 5,384,816 | 4,845,969 | 4,575,777 | 4,265,996 |
| **Non-operating Revenues** | | | | | | | | | | |
| Sales Tax revenue | 25,052,152 | 33,616,287 | 34,521,101 | 36,279,210 | 39,686,825 | 39,769,341 | 43,346,649 | 44,896,182 | 46,784,297 | 47,826,246 |
| Federal grants | 4,548,257 | 3,655,202 | 4,123,465 | 5,998,391 | 5,962,190 | 4,718,920 | 4,826,204 | 4,243,338 | 4,683,361 | 2,530,192 |
| State grants | 1,017,883 | 1,003,295 | 829,767 | 629,962 | 260,230 | 218,943 | 251,223 | 177,512 | 165,441 | 686,166 |
| Student fares assistance | 878,272 | 1,033,958 | 1,099,910 | 852,768 | 487,357 | 434,480 | 545,528 | 809,188 | 1,160,333 | 1,709,021 |
| Lottery ticket sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 127,034 |
| Interest income | 110,763 | 14,130 | 55,230 | 92,127 | 73,074 | 35,095 | 102,124 | 146,698 | 236,441 | 113,554 |
| Gain (loss) from disposal of assets | 8,809 | 22,533 | 6,990 | 54,422 | (75,107) | 46,064 | 26,883 | 8,125 | 63,106 | 13,380 |
| Other non-transportation revenue | 252,897 | 310,553 | 441,795 | 366,555 | 562,911 | 473,903 | 262,865 | 860,030 | 575,135 | 712,753 |
| Total non-operating revenues | 31,869,033 | 39,655,958 | 41,078,258 | 44,273,435 | 46,957,480 | 45,696,746 | 49,361,476 | 51,141,073 | 53,668,114 | 53,718,346 |
| Total Revenues | $36,002,432 | $43,689,614 | $45,446,014 | $48,879,667 | $52,209,174 | $51,147,156 | $54,746,292 | $55,987,042 | $58,243,891 | $57,984,342 |

Source: METRO's independently audited annual financial statements

# METRO REGIONAL TRANSIT AUTHORITY

## Revenue by Source - Last Ten Years

TABLE 8



# METRO Regional Transit Authority

## Expenses by Object Class - Last Ten years

(Unaudited)

TABLE 9

| Operating Expenses | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Labor | $12,809,410 | $14,424,006 | $14,808,947 | $15,729,019 | $16,649,367 | $17,836,348 | $19,024,350 | $20,586,041 | $22,055,895 | $22,725,196 |
| Fringe Benefits | 8,086,016 | 8,463,897 | 9,359,814 | 10,490,896 | 10,108,654 | 9,886,508 | 10,086,226 | 11,736,750 | 14,801,005 | 18,026,874 |
| Materials and Supplies | 5,519,828 | 5,405,463 | 5,676,943 | 6,083,212 | 6,259,905 | 6,041,098 | 5,745,162 | 5,447,931 | 4,841,532 | 5,436,604 |
| Services | 1,307,801 | 2,342,761 | 2,331,548 | 2,320,702 | 2,349,651 | 2,198,643 | 2,712,750 | 2,516,684 | 2,317,013 | 2,861,282 |
| Utilities | 536,138 | 582,685 | 573,273 | 582,260 | 539,714 | 539,188 | 691,099 | 913,740 | 739,511 | 956,330 |
| Casualty and Liability | 850,567 | 975,060 | 1,264,872 | 1,166,261 | 1,099,473 | 1,163,565 | 1,268,181 | 1,262,850 | 1,450,188 | 1,691,192 |
| Taxes | 218,819 | 229,918 | 250,354 | 276,498 | 273,560 | 228,390 | 194,698 | 183,769 | 172,240 | 149,207 |
| Purchased Transportation | 1,147,559 | 1,057,824 | 1,209,177 | 1,374,797 | 834,256 | 611,026 | 807,710 | 1,229,441 | 1,718,313 | 1,763,857 |
| Interest Expense | 44,784 | 19,050 | 24,072 | 19,234 | 15,000 | 10,250 | 3,350 | 0 | 0 | 0 |
| Miscellaneous | 305,665 | 355,603 | 441,111 | 401,032 | 467,333 | 453,314 | 413,348 | 376,597 | 511,478 | 467,124 |
| Total | 30,826,587 | 33,856,267 | 35,940,111 | 38,443,911 | 38,596,913 | 38,968,330 | 40,946,874 | 44,253,803 | 48,607,175 | 54,077,666 |
| Depreciation | 5,937,844 | 6,446,278 | 6,237,556 | 6,397,734 | 6,920,312 | 8,513,768 | 9,231,103 | 8,628,338 | 9,374,581 | 10,369,813 |
| Total Expenses | $36,764,431 | $40,302,545 | $42,177,667 | $44,841,645 | $45,517,225 | $47,482,098 | $50,177,977 | $52,882,141 | $57,981,756 | $64,447,479 |

Source: METRO's audited annual financial statements

# Debt Capacity Information

# 2017
## (Unaudited)

Table 10 – Debt Service

# METRO Regional Transit Authority

## Debt Service

(Unaudited)

TABLE 10

| YEAR | GENERAL OBLIGATION BONDS (1) | POPULATION (2) | TOTAL PERSONAL INCOME (3) | PERCENTAGE OF PERSONAL INCOME | BOND DEBT PER CAPITA |
|---|---|---|---|---|---|
| 2008 | 570,000 | 542,562 | 21,687,810 | 0.003% | $1.05 |
| 2009 | 485,000 | 542,405 | 20,763,083 | 0.002% | $0.89 |
| 2010 | 395,000 | 541,674 | 21,307,944 | 0.002% | $0.73 |
| 2011 | 300,000 | 541,247 | 22,164,822 | 0.001% | $0.55 |
| 2012 | 205,000 | 541,050 | 22,650,307 | 0.001% | $0.38 |
| 2013 | 105,000 | 541,929 | 23,065,307 | 0.000% | $0.19 |
| 2014 | 0 | 542,267 | 24,136,109 | 0.000% | $0.00 |
| 2015 | 0 | 541,316 | 24,812,858 | 0.000% | $0.00 |
| 2016 | 0 | 540,300 | 25,060,119 | 0.000% | $0.00 |
| 2017 | 0 | 541,781 | * | * | $0.00 |

(1) Total principal due on all outstanding debt.

(2) U.S. Bureau of Census, Bureau of Labor Statistics, Population for Summit County, Ohio.
The population estimate was revised for 2010 - 2016.

(3) U. S. Bureau of Economic Analysis, Total Personal Income (TPI) estimates are in thousands of dollars, not adjusted for inflation.
The total personal income estimate was revised for 2010 - 2016.

* = Not Available

# Demographic & Economic Information

# 2017
## (Unaudited)

# METRO Regional Transit Authority

## Demographic Statistics

Last Ten Years
(Unaudited)

TABLE 11

| Year | Population (1) | Per Capita Income (2) | Personal Income (2) | K - 12 School Enrollment (3) | Unemployment Rate (4) |
|---|---|---|---|---|---|
| 2007 | 543,899 | 38,423 | 20,912,796 | 80,682 | 5.4% |
| 2008 | 542,562 | 39,932 | 21,687,810 | 80,598 | 6.2% |
| 2009 | 542,405 | 38,299 | 20,763,083 | 75,791 | 9.8% |
| 2010 | 541,674 | 39,337 | 21,307,944 | 76,073 | 10.0% |
| 2011 | 541,247 | 40,951 | 22,164,822 | 73,414 | 8.5% |
| 2012 | 541,050 | 41,865 | 22,650,307 | 75,084 | 6.8% |
| 2013 | 541,929 | 42,561 | 23,065,307 | 74,283 | 6.9% |
| 2014 | 542,267 | 44,510 | 24,136,109 | 71,417 | 5.8% |
| 2015 | 541,316 | 45,838 | 24,812,858 | 70,682 | 5.7% |
| 2016 | 540,300 | 46,382 | 25,060,119 | 70,442 | 5.0% |
| 2017 | 541,781 | * | * | 70,529 | 4.9% |

Note: All information is presented for Summit County, Ohio

Personal Income ($000)

Sources: (1) U.S. Bureau of Census, Bureau of Labor Statistics

(2) Bureau of Economic Analysis. The population, total personal income and per capital income estimates were revised for 2010-2016.

(3) Ohio Department of Education - enrollment data

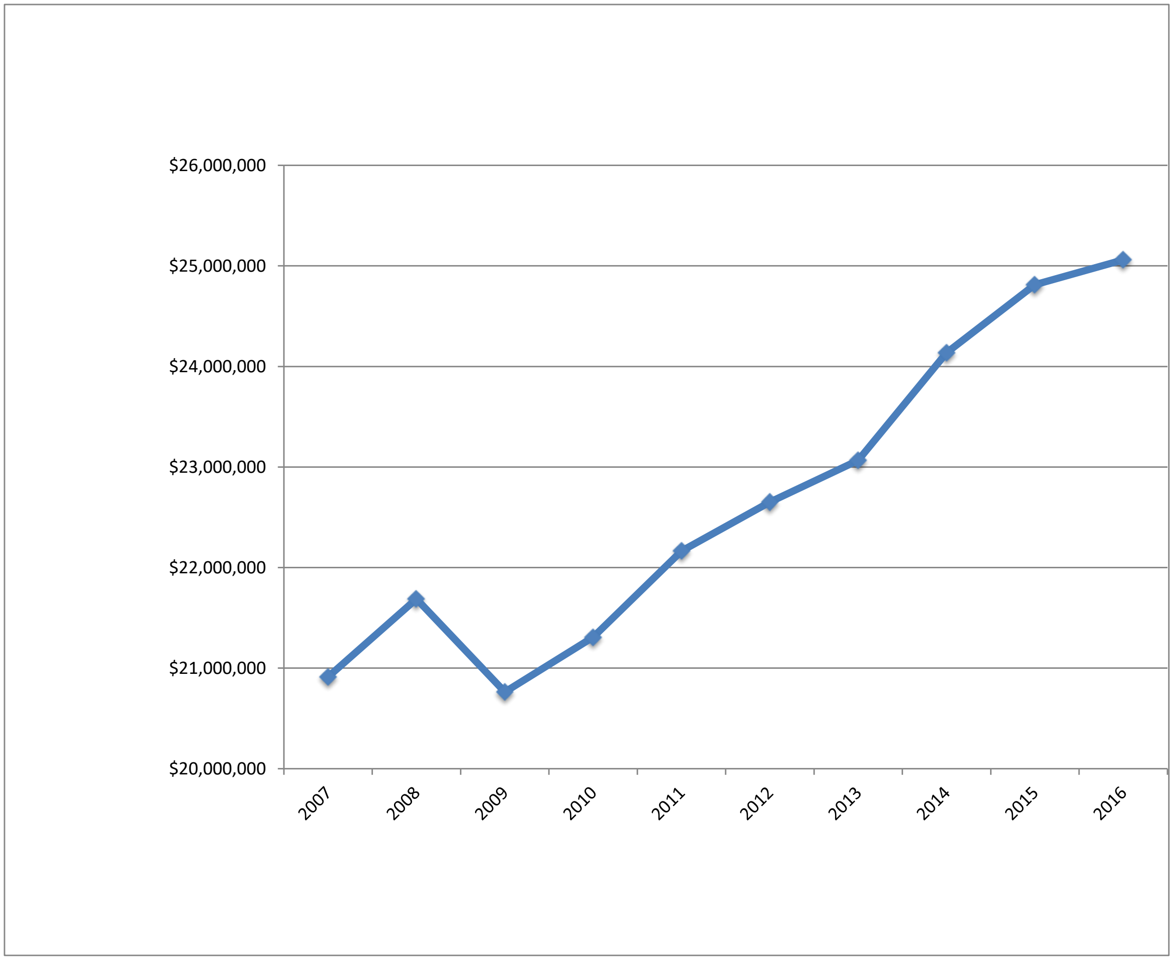
(4) Bureau of Labor Statistics

* Information not available

# METRO Regional Transit Authority

## Personal Income of Summit County, Ohio
## Last Ten Years

TABLE 12




Source: Bureau of Economic Statistics
Notes: Personal Income ($000); 2016 is the last year data is available

# METRO Regional Transit Authority

## Summit County, Ohio - Largest Employers

(Unaudited)

TABLE 13

| | 2007 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
|---|---|---|---|---|---|---|---|---|---|
| Company/Organization | Employees | Employees | Employees | Employees | Employees | Employees | Employees | Employees | Percent of Total County |
| Summa Health System | 6,104 | 10,000 | 6,926 | 6,938 | 6,959 | 7,403 | 11,000 | 11,000 | 4.0% |
| Akron General Health System | 4,263 | 4,277 | 3,838 | 3,698 | 3,879 | 3,639 | 3,742 | 3,953 | 1.4% |
| Akron Children's Hospital | 2,569 | 2,681 | 1,697 | 1,785 | 3,157 | 3,244 | 3,380 | 3,380 | 1.2% |
| Goodyear Tire & Rubber Company | 3,502 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 1.1% |
| Summit County | 3,470 | 3,468 | 3,588 | 3,357 | 3,345 | 3,324 | 2,969 | 2,969 | 1.1% |
| Signet Jewelers, Inc.(formerly Sterling) | 1,923 | 2,045 | 2,250 | 2,250 | 2,268 | 2,613 | 2,900 | 2,900 | 1.1% |
| Akron School District | 3,050 | 3,095 | 3,385 | 3,370 | 3,760 | 3,582 | 2,645 | 2,780 | 1.0% |
| The University of Akron | 2,847 | 2,845 | 2,499 | 2,533 | 2,526 | 2,427 | 2,622 | 2,622 | 1.0% |
| City of Akron | 2,520 | 2,150 | 1,951 | 1,740 | 1,725 | 1,802 | 1,828 | a | |
| FirstMerit Corporation* | 2,697 | 2,695 | 3,058 | 3,018 | 2,000 | 2,000 | 1,385 | a | |
| Total Employement - Summit County | 283,217 | 258,897 | 252,247 | 251,561 | 252,508 | 252,412 | 262,227 | 272,900 | |

Sources: Largest Employers: Akron Chamber of Commerce (2007, 2009, 2014 and 2015), Akron Beacon Journal newspaper articles (2010-2013)
Total County Employment; Bureau of Labor Statistics; Ohio Job & Family Services, Office of Workforce Development-Labor Market Information

Note: Information for 2008 is not available

* = Inlcudes employees outside of Summit County, Ohio

a = Information is not available

2015 is the last year information is available.

# Operating Information

# 2017
## (Unaudited)

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years

(Unaudited)

TABLE 14

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| System Ridership (1) | | | | | | | | | | |
| Motor Bus | 5,501,367 | 4,792,622 | 4,798,745 | 5,044,895 | 5,230,118 | 5,189,095 | 5,203,843 | 5,052,855 | 4,908,399 | 4,885,178 |
| Demand Response | 214,000 | 230,808 | 227,949 | 281,264 | 270,280 | 239,141 | 254,440 | 268,843 | 267,964 | 265,833 |
| Average Weekday System Ridership (1) | | | | | | | | | | |
| Motor Bus | 19,033 | 16,342 | 16,507 | 17,264 | 17,927 | 17,734 | 17,748 | 17,207 | 16,821 | 16,849 |
| Demand Response | 827 | 889 | 885 | 826 | 903 | 922 | 966 | 1,023 | 746 | 1,017 |
| Total Vehicle Miles (1) | | | | | | | | | | |
| Motor Bus | 3,351,379 | 3,762,514 | 3,786,757 | 3,806,021 | 4,242,323 | 4,377,925 | 4,494,800 | 4,586,078 | 4,804,980 | 4,725,698 |
| Demand Response | 1,511,480 | 1,853,843 | 1,451,973 | 1,968,709 | 2,027,448 | 1,967,492 | 2,154,379 | 1,963,497 | 1,948,575 | 2,167,055 |
| Total Revenue Miles (1) | | | | | | | | | | |
| Motor Bus | 2,672,512 | 3,020,065 | 3,057,428 | 3,129,675 | 3,540,815 | 3,717,673 | 3,897,860 | 4,172,713 | 4,051,831 | 4,082,524 |
| Demand Response | 1,368,460 | 1,620,671 | 1,213,859 | 1,704,813 | 1,820,017 | 1,753,501 | 1,829,170 | 1,593,690 | 1,630,912 | 1,751,353 |
| Passenger Miles (1) | | | | | | | | | | |
| Motor Bus | 22,171,408 | 19,521,871 | 19,720,879 | 18,714,749 | 17,201,858 | 22,412,579 | 20,551,047 | 22,575,883 | 19,432,291 | 16,768,798 |
| Demand Response | 1,399,324 | 1,381,939 | 1,218,265 | 1,704,813 | 1,540,795 | 1,515,778 | 1,643,644 | 1,846,489 | 1,868,499 | 1,715,310 |

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years (Continued)

(Unaudited)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Full Time Employees (1) | 324 | 352 | 349 | 365 | 366 | 383 | 377 | 387 | 409 | 403 |
| Total Vehicle Hours (1) | | | | | | | | | | |
| Motor Bus | 251,552 | 266,762 | 284,619 | 296,036 | 306,886 | 332,953 | 342,569 | 345,330 | 343,914 | 338,534 |
| Demand Response | 111,920 | 119,165 | 127,559 | 130,389 | 133,192 | 121,980 | 143,162 | 149,542 | 150,030 | 152,913 |
| Total Vehicle Revenue Hours (1) | | | | | | | | | | |
| Motor Bus | 226,397 | 240,127 | 256,792 | 267,134 | 276,962 | 302,392 | 295,883 | 313,341 | 315,316 | 316,992 |
| Demand Response | 104,796 | 102,539 | 104,288 | 112,929 | 122,493 | 110,444 | 115,039 | 120,319 | 120,964 | 124,098 |
| Total Vehicle Accidents average per month (2) | | | | | | | | | | |
| Motor Bus | 5.8 | 7.3 | 6.8 | 8.3 | 8.6 | 7.1 | 7.5 | 8.3 | 6.8 | 6.9 |
| Demand Response | 2.4 | 2.3 | 1.2 | 3.3 | 3.4 | 3.5 | 2.3 | 2.5 | 3.1 | 3.0 |
| Miles between Roadcalls (2) | 2,650 | 3,334 | 3,140 | 4,448 | 5,453 | 5,494 | 5,423 | 6,051 | 5446 | 6287 |
| Total Revenue Vehicles (1) | | | | | | | | | | |
| Motor Bus | 111 | 125 | 139 | 123 | 138 | 137 | 137 | 147 | 139 | 141 |
| Demand Response | 139 | 150 | 167 | 167 | 156 | 115 | 118 | 121 | 89 | 91 |

(1) METRO's annual "National Transit Database" as reported to Federal Transit Administration

(2) METRO's Monthly Performance report

Note: Demand Response includes directly operated and purchased transportation

2016 data include motor bus and commuter bus

# METRO Regional Transit Authority

## Fare Rate Structure as of December 31, 2017

TABLE 15

| Cash fares | |
|---|---|
| General - Line Service | $ 1.25 |
| Senior / Disability - Line Service | 0.50 |
| North Coast Express | 5.00 |
| Call-A-Bus | 4.00 |
| SCAT | 2.00 |
| SCAT ADA | 2.50 |

| Tickets/Passes | |
|---|---|
| 10 Ride Pass - North Coast Express | $ 40.00 |
| Ten Ride - SCAT Ticket | 20.00 |
| Day Pass - Line Service | 2.50 |
| 31 Day Pass - Line Service | |
| General | $50.00 |
| Senior / Disability | 30.00 |

Source: METRO's Fare resolution passed by the Board of Trustees on July 31, 2013

# METRO Regional Transit Authority

## Miscellaneous Statistics

(Unaudited)

TABLE 16

| | |
|---|---|
| Date METRO was created | August 26, 1969 |
| Form of Government | Regional Transit Authority<br>Board of Trustees |
| Number of Trustees | 12 |
| Type of tax support | 1/2 of 1 percent<br>sales and use tax<br>for Summit County |
| Size of service area (Square miles) | 419.92 |
| Population of County (2016 est) | 540,300 |
| Miles of routes | 442.4 |
| Number of buses (Directly Operated) | |
| Motor Bus | 141 |
| Demand Response | 91 |
| Number of routes | 37 |
| Customer Service information calls answered (2017) | 175,981 |
| SCAT Reservation calls answered (2017) | 215,839 |

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# Dave Yost • Auditor of State

**METRO REGIONAL TRANSIT AUTHORITY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**NOVEMBER 15, 2018**