

**METRO REGIONAL TRANSIT AUTHORITY**

**Single Audit  
for the Year Ended December 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees  
Metro Regional Transit Authority  
416 Kenmore Boulevard  
Akron, Ohio 44301

We have reviewed the Independent Auditor's Report of the Metro Regional Transit Authority, Summit County, prepared by Dingus and Daga, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Metro Regional Transit Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

August 1, 2002

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METRO REGIONAL TRANSIT AUTHORITY

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## Dingus and Daga, Inc.

Certified Public Accountants  
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### INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Metro Regional Transit Authority  
Akron, Ohio

We have audited the accompanying balance sheets of the Metro Regional Transit Authority (the "Authority") as of December 31, 2001, and the related statements of revenues, expenses and changes in equity and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Authority for the year ended December 31, 2000. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the financial statements audited by other auditors included for the Authority, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2001, and the results of its operation and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.



In accordance with Government Auditing Standards, we have also issued our report dated April 26, 2002, 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 grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, taken as a whole.

*Dingus and Daga, Inc.*

Shaker Heights, Ohio  
April 26, 2002



METRO REGIONAL TRANSIT AUTHORITY

BALANCE SHEETS  
DECEMBER 31, 2001 AND 2000

ASSETS	<u>2001</u>	<u>2000</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 1,876,468	\$ 3,337,698
Investments (Note 2)	872,500	854,001
Receivables:		
Sales taxes	2,780,469	2,505,449
Federal operating assistance		
State operating assistance		
Trade and other	939,874	467,342
Materials and supplies inventory	422,137	348,127
Prepaid expenses	23,649	1,578,416
	<u>6,915,097</u>	<u>9,091,033</u>
Total current assets		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	26,068	7,185
Federal capital assistance receivable	115,094	59,979
	<u>141,162</u>	<u>67,164</u>
Total restricted assets		
PROPERTY, FACILITIES AND EQUIPMENT:		
Land	574,033	300,014
Land improvements	13,053,765	13,053,765
Buildings and improvements	9,764,949	9,762,258
Transportation equipment	37,141,525	37,761,180
Other equipment	8,623,805	4,318,945
Total	<u>69,158,077</u>	<u>65,196,162</u>
Less: Accumulated depreciation	<u>28,089,377</u>	<u>26,232,613</u>
	<u>41,068,700</u>	<u>38,963,549</u>
Property, facilities and equipment - net		
OTHER ASSETS:		
Notes receivable	30,000	35,000
Other assets	54,862	30,341
	<u>84,862</u>	<u>65,341</u>
Total other assets		
TOTAL ASSETS	<u>\$ 48,209,821</u>	<u>\$ 48,187,087</u>

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY

BALANCE SHEETS (CONT'D)  
DECEMBER 31, 2001 AND 2000

LIABILITIES AND EQUITY	<u>2001</u>	<u>2000</u>
<b>CURRENT LIABILITIES:</b>		
Bonds payable - current maturities (Note 3)	\$ 250,000	\$ 235,000
Accounts payable	557,172	524,579
Accrued payroll	1,014,367	1,088,551
Accrued payroll taxes	444,976	491,729
Other liabilities	<u>278,348</u>	<u>312,639</u>
Total current liabilities	<u>2,544,863</u>	<u>2,652,498</u>
<b>NONCURRENT LIABILITIES:</b>		
Bonds payable, less current maturities (Note 3)	1,515,000	1,765,000
Deferred capital grant	<u>41,359</u>	<u>105,036</u>
Total noncurrent liabilities	<u>1,556,359</u>	<u>1,870,036</u>
Total liabilities	<u>4,101,222</u>	<u>4,522,534</u>
<b>EQUITY:</b>		
Contributed capital:		
Federal grants	29,909,785	34,941,047
State grants	<u>1,611,911</u>	<u>1,757,417</u>
Total contributed capital	<u>31,521,696</u>	<u>36,698,464</u>
Retained earnings	<u>12,586,903</u>	<u>6,966,089</u>
Total equity	<u>44,108,599</u>	<u>43,664,553</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>\$ 48,209,821</u></u>	<u><u>\$ 48,187,087</u></u>

See accompanying notes to financial statements.



METRO REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
OPERATING REVENUES:		
Passenger fares	\$ 3,534,850	\$ 3,631,684
Charter revenue	180,596	187,804
Advertising and concessions	274,868	422,413
Total operating revenues	<u>3,990,314</u>	<u>4,241,901</u>
OPERATING EXPENSES:		
Labor	13,189,822	12,193,783
Fringe benefits (Note 4)	6,027,924	5,567,436
Materials and supplies	3,103,817	3,669,211
Services	1,169,490	1,217,946
Utilities	485,770	389,456
Casualty and liability	542,239	486,489
Taxes	174,354	198,378
Purchased transportation service	1,914,939	1,874,063
Miscellaneous	551,201	439,113
Total operating expenses excluding depreciation	<u>27,159,556</u>	<u>26,035,875</u>
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(23,169,242)	(21,793,974)
DEPRECIATION EXPENSE:		
On assets acquired with capital grants	5,176,768	4,482,492
On other assets	316,300	198,375
Total depreciation expense	<u>5,493,068</u>	<u>4,680,867</u>
OPERATING LOSS	<u>(28,662,310)</u>	<u>(26,474,841)</u>
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	16,471,661	16,715,885
Federal operating grants and reimbursements (Note 6)	2,723,040	3,604,630
State operating grants, reimbursements and special fare assistance (Note 6)	1,965,532	2,045,497
Student fare and other assistance	1,250,698	1,073,168
Investment income	17,769	
Interest income	167,902	317,637
Interest expense	(129,805)	(143,500)
Cost of comprehensive transportation study	(570,154)	(1,649,238)
Other	202,075	48,737
Total non-operating revenues - net	<u>22,098,718</u>	<u>22,012,816</u>
NET LOSS BEFORE CAPITAL CONTRIBUTION	(6,563,592)	(4,462,025)
CAPITAL CONTRIBUTIONS (Note 1)	<u>7,007,638</u>	
NET PROFIT (LOSS)	<u>\$ 444,046</u>	<u>\$ (4,462,025)</u>

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY (CONT'D)  
 YEARS ENDED DECEMBER 31, 2001 AND 2000

	Contributed Capital		Retained	Total
	Federal Grants	State Grants	Earnings	
BALANCES AT DECEMBER 31, 1999	\$ 31,948,004	\$ 1,758,398	\$ 6,945,622	\$ 40,652,024
CAPITAL CONTRIBUTIONS	7,339,044	135,510		7,474,554
NET LOSS FOR 2000			(4,462,025)	(4,462,025)
DEPRECIATION ON ASSETS ACQUIRED WITH CAPITAL GRANTS	<u>(4,346,001)</u>	<u>(136,491)</u>	4,482,492	
BALANCES AT DECEMBER 31, 2000	34,941,047	1,757,417	6,966,089	43,664,553
NET PROFIT FOR 2001			444,046	444,046
DEPRECIATION ON ASSETS ACQUIRED WITH CAPITAL GRANTS	<u>(5,031,262)</u>	<u>(145,506)</u>	5,176,768	
BALANCES AT DECEMBER 31, 2001	<u>\$ 29,909,785</u>	<u>\$ 1,611,911</u>	<u>\$ 12,586,903</u>	<u>\$ 44,108,599</u>

See accompanying notes to financial statements.



METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 3,517,782	\$ 4,089,410
Cash payments to suppliers for goods and services	(12,490,675)	(15,150,035)
Cash payments to employees for services	(13,310,759)	(12,127,029)
Net cash used in operating activities	<u>(22,283,652)</u>	<u>(23,187,654)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received	16,196,641	16,753,982
Operating grants and other assistance received	5,939,270	6,752,775
Comprehensive transportation study expenditures	(570,154)	(1,649,238)
Principal paid on bonds	(235,000)	(225,000)
Interest paid on bonds	(129,805)	(143,500)
Other	182,554	58,865
Net cash provided by non-capital financing activities	<u>21,383,506</u>	<u>21,547,884</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	6,888,846	7,545,551
Acquisition and construction of fixed assets	(7,598,219)	(7,842,038)
Net cash used by investing activities	<u>(709,373)</u>	<u>(296,487)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash payments for investments - net	(730)	(140,952)
Interest received from investments	167,902	317,637
Net cash provided by investing activities	<u>167,172</u>	<u>176,685</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,442,347)</b>	<b>(1,759,572)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,344,883</b>	<b>5,104,455</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 1,902,536</u></b>	<b><u>\$ 3,344,883</u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (28,662,310)	\$ (26,474,841)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,493,068	4,680,867
Change in assets and liabilities:		
Accounts receivable-trade	(472,532)	(152,491)
Materials and supplies inventory	(74,010)	61,868
Prepaid expenses	1,554,767	(1,560,572)
Accounts payable	32,593	106,657
Accrued payroll	(74,184)	41,210
Accrued payroll taxes	(46,753)	25,544
Other current liabilities	(34,291)	84,104
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b><u>\$ (22,283,652)</u></b>	<b><u>\$ (23,187,654)</u></b>

See accompanying notes to financial statements.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2001 and 2000

### 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 .25 percent sales and use tax with no limit on its duration.

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 Metro. 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.



METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In accordance with Statement No. 20 of the GASB, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

Nonexchange Transactions - In fiscal year 2001, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue and not as contributed capital. Accordingly, during the year ended December 31, 2001 \$7,007,638 in capital contribution were recognized as revenue in the statement of revenue, expenses and changes in equity 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.

Property, Facilities and Equipment – Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred.

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

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Description	Years
Building and improvements	20-40
Land improvements	20
Transportation equipment	5-15
Other equipment	3-15

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions is closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to retained earnings.

Restricted Assets – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction and debt service.

Recognition of Revenue, Receivables and Deferred Revenues – Passenger fares are recorded as revenue at the time services are performed.

Sales tax revenues are recognized for the month collected by the State of Ohio.

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 grant receivables and credited to contributed capital when the related qualified expenditures are incurred. Capital grants are amortized to retained earnings in the amount of the annual depreciation on assets acquired with capital grants. Capital grant funds received in advance of project costs being incurred are deferred.

Compensated Absences – The Authority accrues vacation as earned by its employees. Because rights to sick pay do not vest, Metro recognizes such costs when they are incurred.

## METRO REGIONAL TRANSIT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

#### 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 ("STAROhio"), 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.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") or may pledge a pool of government securities that have a face value that is at least 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require that security for public deposits and investments be maintained in the Authority's name.

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.

As of December 31, 2001, the Authority maintains unrestricted cash and cash equivalents of \$1,876,468, restricted cash and cash equivalents of \$26,068 and investments of \$872,500. The total cash, cash equivalents and investments of \$2,775,036 consist of \$888,169 in deposits and \$1,886,867 in investments.

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

2. DEPOSITS AND INVESTMENTS (Cont'd)

Deposits

At December 31, 2001, the carrying amount of the Authority's deposits was \$888,169 and the bank balance was \$406,493, \$200,000 of which was covered by the FDIC and \$206,493 of which was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio law.

Investments

The Authority's investments are categorized below in accordance with the criteria established by the GASB to indicate the level of credit risk assumed as of December 31, 2001. Category 1 includes investments that are insured or registered, or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name.

Description	Risk Category			Fair Value	
	1	2	3	Carrying Amount	Cost
Repurchase Agreements			\$1,014,367	\$1,014,367	\$1,014,367
U.S. Government Securities		\$ 872,500		872,500	854,731
Total		<u>\$ 872,500</u>	<u>\$1,014,367</u>	<u>\$1,886,867</u>	<u>\$1,869,098</u>

3. DEBT

In June 1992, the Authority issued general obligation bonds, which are tax-exempt and have annual maturity dates through 2007. Bonds maturing on and after December 1, 2001 are subject to optional redemption by the Authority prior to maturity, beginning December 1, 2000. The outstanding bonds have varying interest rates of 6.3 percent to 6.8 percent.

A summary of the Authority's future debt service requirements to retire the general obligation bonds as of December 31, 2001 is as follows:

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

3. DEBT (Cont'd)

	Principal	Interest
2002	\$ 250,000	\$ 116,520
2003	265,000	100,770
2004	285,000	83,678
2005	300,000	65,010
2006	320,000	23,460
Thereafter	<u>345,000</u>	<u>45,060</u>
Total	<u>\$1,765,000</u>	<u>\$ 434,498</u>

4. EMPLOYEE RETIREMENT PLANS

Plan Description – All employees of the Authority are required to be members of the Public Employees Retirement System of Ohio (“PERS”), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Funding Policy – The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5 percent of their covered payroll to PERS. The 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll including 4.3 percent used to fund post retirement health care benefits. The 2000 rate reflected a temporary 20 percent rate rollback. The Authority’s total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2001 and 2000 were \$1,784,108, \$897,000, respectively, equal to 100 percent of the required contribution in each year.

Health Care – PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

4. EMPLOYEE RETIREMENT PLANS (Cont'd)

The health care coverage provided by PERS is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12. A portion of each employer’s contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

The portion of the employer contribution rate used to fund health care for 2001 and 2000 was 4.3 percent and 4.3 percent, respectively, of covered payroll in each year. During 2001 and 2000, \$566,180 and \$590,000, respectively, of Metro’s total contribution to PERS was used for postretirement benefits. At December 31, 2001, the Authority was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEB’s are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income or allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

The OPEB is advanced-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

**Funding Method.** An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

**Assets Valuation Method.** All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

**Investment Return.** The investment assumption rate for 2000 was 7.75 percent.



METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

4. EMPLOYEE RETIREMENT PLANS (Cont'd)

Active Employee Total Payroll. An annual increase of a 4.75 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from .54 percent to 5.1 percent.

Health Care. Health care costs were assumed to increase 4.75 percent annually.

At December 31, 2000 (latest information available), there were 411,076 active participants contributing to the Plan. The Authority's actuarially required OPEB contribution for 2000 equaled the amount contributed to PERS by Metro. In addition, at December 31, 2000, the actuarial value of the Plan's net assets available for OPEB approximated \$11.7 billion and the actuarial accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were 14.4 billion and \$2.6 billion, respectively.

5. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2001, there were no significant questioned costs that had not been resolved with the applicable 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.

Contract Disputes and Legal Proceedings – The Authority has been named as a defendant in certain contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate outcome is not expected to have a material effect on the Authority's financial position.

6. 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, consist of the following:

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

6. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE (Cont'd)

	2001	2000
FEDERAL:		
FTA Maintenance and Other Assistance	\$2,608,923	\$3,436,576
FTA Planning Grants	<u>114,117</u>	<u>168,054</u>
Total	<u>\$2,723,040</u>	<u>\$3,604,630</u>
STATE:		
ODOT Maintenance and Other Assistance	\$1,579,479	\$1,632,418
ODOT Elderly Fare Assistance	218,202	215,416
ODOT Fuel Tax Reimbursement	154,921	180,034
ODOT Other Assistance	<u>12,930</u>	<u>17,629</u>
Total	<u>\$1,965,532</u>	<u>\$2,045,497</u>

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors, and omissions employment related matters, injuries to employees and employee theft and fraud. Effective December 31, 1994, the Authority joined together with certain other transit authorities in the state to form the Ohio Transit Insurance Pool Association, Inc. ("OTIP"), a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for eight member transit agencies. The Authority pays an annual premium to OTIP for its general insurance coverage and quarterly pays into a loss and administration fund pursuant to its bylaws. The Agreement of Formation of OTIP provides that OTIP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and all liability claims in excess of \$250,000 for each insured occurrence. The Authority is responsible for the first \$1,000 of any claim or occurrence and amounts in excess of \$25 million for liability claims.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

7. RISK MANAGEMENT (Cont'd)

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No., 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This statement establishes accounting standards for revised accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 34 is effective for the year ending December 31, 2003. The Authority has not completed an analysis of the impact of this statement on its reported financial condition and results of operation.

METRO REGIONAL TRANSIT AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2001

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL GRANT NUMBER</u>	<u>GRANT EXPENDITURES</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Federal Transit Cluster			
Direct Program:			
Federal Transit Administrative - Capital and			
Operating Assistance Formula Grants			
	20.507	OH-90-X180	\$ 46,643
		OH-90-X246	11,469
		OH-90-X303	37,211
		OH-90-X323	88,525
		OH-90-X325	168,075
		OH-90-X352	1,393,293
		OH-90-X378	2,072,517
		OH-03-0166	1,773,725
		OH-03-0170	456,123
		OH-03-0175	621,423
		OH-03-0184	384,962
			<u>7,053,966</u>
Total CFDA #20.507			<u>7,053,966</u>
Total U.S. Department of Transportation - Federal Transit Cluster			<u>7,053,966</u>
Total Expenditure of Federal Awards			<u>\$ 7,053,966</u>

See note to Schedule of Expenditure of Federal Awards.

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO THE SUPPLEMENTAL SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2001

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Metro Regional Transit Authority and is presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.





## Dingus and Daga, Inc.

Certified Public Accountants  
Tower East • 20600 Chagrin Boulevard • Suite 701  
Shaker Heights, Ohio 44122-5398 • 216/561-9200

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Metro Regional Transit Authority  
Akron, Ohio

We have audited the financial statements of the Metro Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2001, and have issued our report thereon dated April 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be



material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses

This report is intended solely for the information and use of the Board of Trustees, Authority management, federal awarding agencies and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Dingus and Dega, Inc.*

Shaker Heights, Ohio  
April 26, 2002





## Dingus and Daga, Inc.

Certified Public Accountants  
Tower East • 20600 Chagrin Boulevard • Suite 701  
Shaker Heights, Ohio 44122-5398 • 216/561-9200

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Metro Regional Transit Authority  
Akron, Ohio

#### Compliance

We have audited the compliance of the Metro Regional Transit Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2001. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Cost. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.



### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, Authority management, federal awarding agencies and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Dingus and Daga, Inc.*

Shaker Heights, Ohio  
April 26, 2002

METRO REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2001

**PART I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	no
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	no
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Administration Capital and Operating Assistance Formula Grants

METRO REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year Ended December 31, 2001

**PART I - SUMMARY OF AUDITORS' RESULTS (Cont'd)**

**Federal Awards (Cont'd)**

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

**PART II - FINANCIAL STATEMENT FINDINGS**

No matters are reportable.

**PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters are reportable

METRO REGIONAL TRANSIT AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2001

There were no comments on internal control and legal compliance included in the prior year reports.

# 2001



Summit County, Ohio

## **Comprehensive Annual Financial Report for the year ending December 31, 2001**

METRO Regional Transit Authority  
416 Kenmore Blvd • Akron, Ohio • 44301

# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2001



Bernard Bear  
President  
Board of Trustees

Robert K. Pfaff  
General Manager/Secretary-Treasurer

Prepared by:  
The General Administration Department



# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2001

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2001



Summit County, Ohio

*Introductory Section*

# 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, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Thomas A. Swart*  
President

*Jeffrey L. Esser*  
Executive Director

# METRO Regional Transit Authority

Board of Trustees and Administration as of December 31, 2001

## Members of the Board of Trustees

### **Representing the City of Akron**

Bernard Bear, President  
Saundra M. Foster  
James Frost  
Arthur Pollock  
Virgil Brown  
Mary Dougherty

### **Representing the County of Summit**

James Fisher  
Judith Ingram-Thigpen, Vice President  
Patricia Rastetter-Papes

### **Representing the City of Barberton**

John Genet

### **Representing the City of Cuyahoga Falls**

Donald Wolf

### **Representing the City of Stow**

Dan Cunningham

## Administration

Robert Pfaff, General Manager/Secretary-Treasurer  
Dean J. Harris, Director of Finance  
Charles R. Rector, Director of Operations  
Wade Dolinger, Interim Director of Maintenance  
Alan Smith, Director of SCAT  
Sue Rice, Director of Human Resources  
Louwana Oliva, Assistant General Manager/Director of Communications  
Sandra Watkins, Director of Customer Service  
Kirt Conrad, Director of Planning  
David Thornton, EEO/DBE Officer

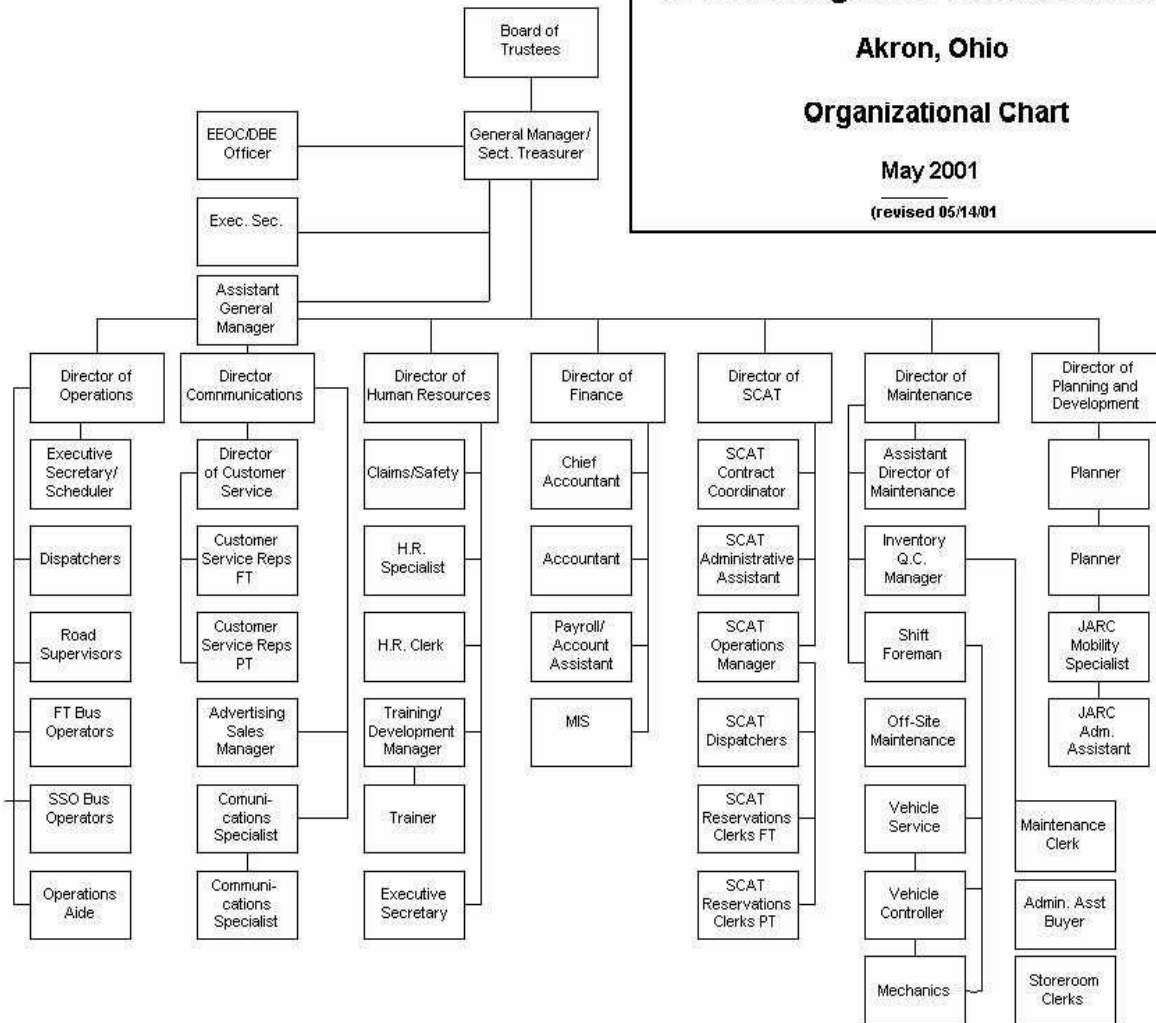
# METRO Regional Transit Authority

Akron, Ohio

## Organizational Chart

May 2001

(revised 05/14/01)



June 25, 2002

To the Board of Trustees of the METRO Regional Transit Authority and Residents of Summit County, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the METRO Regional Transit Authority (METRO) for the fiscal year ended December 31, 2001, is hereby respectfully submitted. This CAFR was prepared by the General Administration Department of 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 CAFR contains financial statements and statistical data, which provide full disclosure of all of METRO's material financial operations. The financial statements, 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 CAFR presentation.

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 for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. METRO has received a Certificate of Achievement since its first submission for fiscal year ended December 31, 1999. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This CAFR is divided into the following three sections:

**Introductory Section** contains last year's award, this letter of transmittal, a list of the members of the Board of Trustees and chief administrators of METRO, and an organizational chart.

**Financial Section** includes the Independent Auditors' Report and the financial statements (with related footnotes) for the fiscal years ended December 31, 2001 and 2000.

**Statistical Section** provides financial, economic, and demographic information, which is useful for indicating trends for comparative fiscal periods.



## REPORTING ENTITY

### General

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 1972 and amended on January 28, 1991 to transform the three city transit system to a county-wide 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

Voters approved a  $\frac{1}{4}$  of 1 percent continuous sales and use tax in November 1990 that permitted METRO to expand to a countywide service.

### Facilities

METRO's two facilities are located at:

416 Kenmore Boulevard - METRO's main administration and maintenance facility.

121 South Main Street, Suite #107 - a leased facility in downtown Akron and the office for METRO's Customer Service Department.

### Services

METRO provides fixed route, demand response (SCAT) and special event services in the County of Summit and Express Service into downtown Cleveland and to the Campus of Kent State University in Portage County.

### 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 a General Manager. The General Manager is under contract to the Board of Trustees. The General Manager selects the remaining senior administrative staff. An organizational chart, which depicts the key functional responsibilities, is shown on page 3 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. The Primary Akron Metropolitan Statistical Area (PMSA) consists of Summit and Portage Counties. The 1990 PMSA population was 657,575. Summit County represents 78% of the two county total.

Summit County (the 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. There are a total of five interstate highways, one U.S. highway and seventeen state highways that are located in the County.

The Summit County unemployment rate for 2001 was 4.1%, compared with a national average of 4.8%.

Akron, once known as the "Rubber Capital of the World", is recognized today as a world leader in polymer research. The University of Akron Institute of Polymer Science is internationally acclaimed.

### Population

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

<u>YEAR</u>	<u>AKRON</u>	<u>SUMMIT COUNTY</u>
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

The shift in population from the urban area to the suburban areas has had an effect on ridership. In 1997 METRO undertook a complete review of our system and made some major adjustments to our routes to better align our system with the current population and employment areas. This change had resulted in increases to ridership each year since 1997.

## Employment

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

<u>Year</u>	<u>Summit County</u>	<u>Ohio</u>	<u>U.S.</u>
1996	4.6	4.9	5.4
1997	4.4	4.6	4.9
1998	4.0	4.2	4.5
1999	4.2	4.2	4.2
2000	4.2	4.1	4.0
2001	4.1	4.3	4.8

## MAJOR INITIATIVES

### Recent Developments

Highlights of the 2001 year of operations include the following:

Continued to conduct a comprehensive transportation study, also known as a Major Investment Study (MIS) of Canton-Akron-Cleveland Interregional Travel Corridor.

The MIS results will be used to determine viable options for future traffic congestion. This may include a commuter rail line from Canton to Akron to Cleveland.

Took delivery of thirteen 40-foot New Flyer buses and 20 paratransit buses.

Provided 6,021,569 line service rides on METRO.

Provided 398,193 demand response rides on SCAT.

Continued to run the Welfare to Work program for individuals receiving welfare allowing them to get to work.

Continued the installation of an Automatic Vehicle Locator/Computer Aided Dispatch system for SCAT service.

This system will be used to better track vehicle movement for transporting passengers more efficiently.

Started construction on the Rolling Acres Transfer facility.

### 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 five year portion of the long-range plan includes:

Rehabilitation of the administration and maintenance facilities. This will include expanding the parking area for employee vehicles, replacing the roof on the administration building, replacing hoists in the maintenance garage, and updating the training room.

Replace up to forty 40-foot buses, eight of which are scheduled for 2002.

Replace up to 35 paratransit buses.

Implement an express service from downtown Akron to Canton.

Purchase a park and ride lot in the northern part of the county.

Start construction on a second transfer facility.

Work with the Akron Zoo to construct a passenger waiting area as part of their overall redesign of the zoo.

Add passenger shelters through out the county.

Start on the second phase of our AVL system. This phase will cover the line service vehicles. It will provide METRO with the ability to track the location of all of our vehicles as well as provide on time performance measurements.

Purchase a full-scale bus-driving simulator. This simulator will provide the training department the ability to give new operators a chance to experience real driving conditions within a controlled environment.

Purchase bike racks for all of our line service buses.

## 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 judgements 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.

### Basis of Accounting

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 \$25,000 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 Operating Results

### Revenues

METRO's revenues are classified by source and described as shown below:

#### Revenue by Source

	<u>2001</u>	<u>2000</u>	Increased/(Decreased)	
			<u>Amount</u>	<u>Percent</u>
Sales Tax	\$16,471,661	\$16,715,885	(\$244,224)	-1.5%
Passenger Fares	4,785,548	4,704,852	80,696	1.7%
Federal Assistance	2,723,040	3,604,630	(881,590)	-24.5%
State Assistance	1,965,532	2,045,497	(79,965)	-3.9%
Interest Income	185,671	317,637	(131,966)	-41.5%
Auxiliary Transportation Revenue	455,464	610,217	(154,753)	-25.4%
Non-transportation Revenue	202,075	48,737	153,338	314.6%
<b>TOTAL</b>	<b>\$26,788,991</b>	<b>\$28,047,455</b>	<b>(\$1,258,464)</b>	<b>-4.5%</b>

**Sales Tax** revenues increased slightly from last year. This is a sales and use tax of ¼ of 1% on all goods and services sold in Summit County. There is no limit on its duration.

**Passenger fares** are comprised of farebox revenues, tickets sales, special transit fares, a contract with the Department of Jobs and Family Services to provide transportation for TANF clients, a contract with the Akron Board of Education, and contracts with The University of Akron and Kent State University. METRO also has additional contracts with local governmental agencies to provide paratransit service. The increase in passenger fares can be attributed to the addition of new service.

**Federal assistance** funds are received from the Federal Transit Administration (FTA) 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 funds received in 2001 was significantly down due to less cost during 2001 for the Major Investment Study, which is paid for with federal funds.

**State assistance** funds are received from the Ohio Department of Transportation (ODOT) for capital, Elderly and Handicapped one-half fare program, and fuel tax refunds. The amount in 2001 was down slightly. This is also due to the Major Investment Study.



**Auxiliary Transportation Revenue** consists of advertising and charter revenue. Advertising sales were soft during 2001 due to the economy being down.

## Operating Expenses

### Operating Expenses by Object Class

	<u>2001</u>	<u>2000</u>	Increased/(Decreased)	
			<u>Amount</u>	<u>Percent</u>
Labor	\$13,189,822	\$12,193,783	\$996,039	8.2%
Fringe Benefits	6,027,924	5,567,436	460,488	8.3%
Materials and Supplies	3,103,817	3,669,211	(565,394)	-15.4%
Services	1,169,490	1,217,946	(48,456)	-4.0%
Utilities	485,770	389,456	96,314	24.7%
Casualty and Liability	542,239	486,489	55,750	11.5%
Taxes	174,354	198,378	(24,024)	-12.1%
Purchased Transportation	1,914,939	1,874,063	40,876	2.2%
Interest Expense	129,805	143,500	(13,695)	-9.5%
Cost of Major Investment Study	570,154	1,649,238	(1,079,084)	-65.4%
Miscellaneous	551,201	439,113	112,088	25.5%
<b>TOTAL</b>	<b>\$27,859,515</b>	<b>\$27,828,613</b>	<b>\$30,902</b>	<b>0.1%</b>

Total operating expenses, excluding depreciation, increased in 2001 by 0.1%. This slight increase in expenses for 2001 is mostly due to lower cost associated with the Major Investment Study. Without the effect of the MIS cost, expenses would have increase by 4.0%. The bulk of the increase was due to higher labor and fringe benefit costs.

**Labor and Fringe Benefits** are METRO's major expense items. These expenses increased due to normal wage increases and an increase in hospitalization cost.

**Material and Supplies** decreased due to lower cost for CNG related items.

**Services** decreased due to less cost for legal services.

**Casualty and Liability** increased slightly due to a slight increase in premium payments.

**Purchased Transportation** was up due to a contracted rate increase

**Miscellaneous Expenses** increased due to an increase in travel expenses in 2001.

## Financial Operating Results

METRO's net expenses over revenue for the year ended December 31, 2001, was \$6,563,592, before Capital Contributions. Retained earnings increased by \$5,620,814 do to GASB Statement Number 33 which now requires capital contribution be included in retained earnings.

## Retirement Plans

All of METRO's employees are covered under the Public Employees Retirement System (PERS), a statewide public retirement (including disability retirement) system.

Employees contribute to PERS at a statutory rate of 8.5% of earnable salary or compensation, and METRO normally contributes 13.55% of the same base. These contribution rates are actuarially determined and statutorily mandated.

METRO has a "pickup" (assume and pay) program with respect to all of the statutorily required contributions of employees. Under the pickup program, employee compensation is reduced by the amount of the contributions to PERS that is paid by METRO on behalf of the employees. In addition, Federal and State income taxes are deferred on the compensation until the amounts are withdrawn from PERS.

PERS is not subject to the funding and vesting requirements of the Federal Employee Retirement Income Security Act of 1974.

PERS was created by and operates pursuant to the Ohio Revised Code. The Ohio General Assembly could decide to amend the format of PERS and could revise the contribution rates or basis of contributions made by METRO as well as the plan's benefit levels.

Federal law requires METRO employees hired after March 31, 1986, to participate in the Federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the taxable wages. Otherwise, METRO employees are not currently covered under the Federal Social Security Act.

## Other Post-employment Benefits

PERS also provides post-retirement health care coverage to those employees who retire with ten or more years of qualifying Ohio service credit as well as health care coverage for disability recipients and primary survivor recipients. A portion of each employer's contribution to PERS is set aside to fund these benefits (4.3% of wages in 2000).

METRO also provides post-employment health care to former employees who do not qualify for PERS health care benefits.

All retired employees are provided between \$500 to \$3,000 in life insurance benefits, which is funded through the purchase of group insurance.

## Cash Management and Investments

The provisions of the Ohio Revised Code govern the investment and deposit of Authority monies. 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 (STAROhio), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities that have a face value that is at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require that security for public deposits and investments be maintained in the Authority's name.

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.

## Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employment related matters, injuries to employees and employee theft and fraud. Effective December 31, 1994, the Authority joined together with certain other transit authorities in the state to form the Ohio Transit Insurance Pool Association, Inc. (OTIP), a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for eight member transit agencies.

The Authority pays an annual premium to OTIP for its general insurance coverage and quarterly pays into a loss and administration fund pursuant to its bylaws. The Agreement of Formation of OTIP provides that OTIP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and all liability claims in excess of \$250,000 for each insured occurrence. The Authority is responsible for the first \$1,000 of any claim or occurrence and amounts in excess of \$25 million for liability claims.

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## OTHER INFORMATION

METRO's independent auditing firm, Dingus & Daga, has rendered an unqualified auditors' report on METRO's financial statements for the fiscal year ended December 31, 2001.

METRO also participates in the Federal single audit program, which consists of a single audit of all Federally funded programs administered by METRO. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including METRO. The single audit performed by Dingus & Daga met the requirements set forth by the State of Ohio and the Federal Single Audit Act of 1984 (as amended) and related OMB Circular A-133. The independent auditors' report issued thereon noted no instances of direct and material noncompliance by METRO with applicable State or Federal laws or regulations for the fiscal year ended December 31, 2001.

## Certificate of Achievement Program

It is the intention of METRO's management to submit this and future CAFR's for review under the GFOA's "Certificate of Achievement for Excellence in Financial Reporting" program. Management believes the current report conforms to the program requirements and expects that participation will result in continued improvement in METRO's financial reporting in future years.

## Acknowledgements

The publication of this report is a reflection of the level of excellence and professionalism METRO's Department of Accounting has attained. It demonstrates the extent of METRO's accountability to its taxpayers and creditors.

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.



Robert K. Pfaff  
General Manager/  
Secretary-Treasurer



Dean J. Harris  
Director of Finance

# 2001



Summit County, Ohio

*Financial Section*





**Dingus and Daga, Inc.**

Certified Public Accountants

Tower East • 20600 Chagrin Boulevard • Suite 701

Shaker Heights, Ohio 44122-5398 • 216/561-9200

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Metro Regional Transit Authority  
Akron, Ohio

We have audited the accompanying balance sheets of the Metro Regional Transit Authority (the “Authority”) as of December 31, 2001 and 2000, and the related statements of revenues, expenses and changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Authority’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Authority for the year ended December 31, 2000. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the financial statements audited by other auditors included for the Authority, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and 2000, and the results of its operation and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The statistical data on pages 35-48 are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Metro Regional Transit Authority. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Dingus and Daga, Inc.*

Shaker Heights, Ohio  
April 26, 2002

METRO REGIONAL TRANSIT AUTHORITY

BALANCE SHEETS  
DECEMBER 31, 2001 AND 2000

ASSETS	<u>2001</u>	<u>2000</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 1,876,468	\$ 3,337,698
Investments (Note 2)	872,500	854,001
Receivables:		
Sales taxes	2,780,469	2,505,449
Federal operating assistance		
State operating assistance		
Trade and other	939,874	467,342
	<u>422,137</u>	<u>348,127</u>
Materials and supplies inventory		
Prepaid expenses	<u>23,649</u>	<u>1,578,416</u>
	<u>6,915,097</u>	<u>9,091,033</u>
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	26,068	7,185
Federal capital assistance receivable	<u>115,094</u>	<u>59,979</u>
	<u>141,162</u>	<u>67,164</u>
PROPERTY, FACILITIES AND EQUIPMENT:		
Land	574,033	300,014
Land improvements	13,053,765	13,053,765
Buildings and improvements	9,764,949	9,762,258
Transportation equipment	37,141,525	37,761,180
Other equipment	<u>8,623,805</u>	<u>4,318,945</u>
Total	69,158,077	65,196,162
Less: Accumulated depreciation	<u>28,089,377</u>	<u>26,232,613</u>
	<u>41,068,700</u>	<u>38,963,549</u>
OTHER ASSETS:		
Notes receivable	30,000	35,000
Other assets	<u>54,862</u>	<u>30,341</u>
	<u>84,862</u>	<u>65,341</u>
TOTAL ASSETS	<u>\$ 48,209,821</u>	<u>\$ 48,187,087</u>

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY

BALANCE SHEETS  
DECEMBER 31, 2001 AND 2000

LIABILITIES AND EQUITY	2001	2000
<b>CURRENT LIABILITIES:</b>		
Bonds payable - current maturities (Note 3)	\$ 250,000	\$ 235,000
Accounts payable	557,172	524,579
Accrued payroll	1,014,367	1,088,551
Accrued payroll taxes	444,976	491,729
Other liabilities	278,348	312,639
Total current liabilities	2,544,863	2,652,498
<b>NONCURRENT LIABILITIES:</b>		
Bonds payable, less current maturities (Note 3)	1,515,000	1,765,000
Deferred capital grant	41,359	105,036
Total noncurrent liabilities	1,556,359	1,870,036
Total liabilities	4,101,222	4,522,534
<b>EQUITY:</b>		
Contributed capital:		
Federal grants	29,909,785	34,941,047
State grants	1,611,911	1,757,417
Total contributed capital	31,521,696	36,698,464
Retained earnings	12,586,903	6,966,089
Total equity	44,108,599	43,664,553
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 48,209,821</b>	<b>\$ 48,187,087</b>

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
OPERATING REVENUES:		
Passenger fares	\$ 3,534,850	\$ 3,631,684
Charter revenue	180,596	187,804
Advertising and concessions	274,868	422,413
Total operating revenues	<u>3,990,314</u>	<u>4,241,901</u>
OPERATING EXPENSES:		
Labor	13,189,822	12,193,783
Fringe benefits (Note 4)	6,027,924	5,567,436
Materials and supplies	3,103,817	3,669,211
Services	1,169,490	1,217,946
Utilities	485,770	389,456
Casualty and liability	542,239	486,489
Taxes	174,354	198,378
Purchased transportation service	1,914,939	1,874,063
Miscellaneous	551,201	439,113
Total operating expenses excluding depreciation	<u>27,159,556</u>	<u>26,035,875</u>
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(23,169,242)	(21,793,974)
DEPRECIATION EXPENSE:		
On assets acquired with capital grants	5,176,768	4,482,492
On other assets	316,300	198,375
Total depreciation expense	<u>5,493,068</u>	<u>4,680,867</u>
OPERATING LOSS	<u>(28,662,310)</u>	<u>(26,474,841)</u>
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	16,471,661	16,715,885
Federal operating grants and reimbursements (Note 6)	2,723,040	3,604,630
State operating grants, reimbursements and special fare assistance (Note 6)	1,965,532	2,045,497
Student fare and other assistance	1,250,698	1,073,168
Investment income	17,769	
Interest income	167,902	317,637
Interest expense	(129,805)	(143,500)
Cost of comprehensive transportation study	(570,154)	(1,649,238)
Other	202,075	48,737
Total non-operating revenues - net	<u>22,098,718</u>	<u>22,012,816</u>
NET LOSS BEFORE CAPITAL CONTRIBUTION	(6,563,592)	(4,462,025)
CAPITAL CONTRIBUTIONS (Note 1)	<u>7,007,638</u>	
NET PROFIT (LOSS)	<u>\$ 444,046</u>	<u>\$ (4,462,025)</u>

See accompanying notes to financial statements.

METRO REGIONAL TRANSIT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
 YEARS ENDED DECEMBER 31, 2001 AND 2000

	Contributed Capital		Retained Earnings	Total
	Federal Grants	State Grants		
BALANCES AT DECEMBER 31, 1999	\$ 31,948,004	\$ 1,758,398	\$ 6,945,622	\$ 40,652,024
CAPITAL CONTRIBUTIONS	7,339,044	135,510		7,474,554
NET LOSS FOR 2000			(4,462,025)	(4,462,025)
DEPRECIATION ON ASSETS ACQUIRED WITH CAPITAL GRANTS	<u>(4,346,001)</u>	<u>(136,491)</u>	<u>4,482,492</u>	
BALANCES AT DECEMBER 31, 2000	34,941,047	1,757,417	6,966,089	43,664,553
NET PROFIT FOR 2001			444,046	444,046
DEPRECIATION ON ASSETS ACQUIRED WITH CAPITAL GRANTS	<u>(5,031,262)</u>	<u>(145,506)</u>	<u>5,176,768</u>	
BALANCES AT DECEMBER 31, 2001	<u>\$ 29,909,785</u>	<u>\$ 1,611,911</u>	<u>\$ 12,586,903</u>	<u>\$ 44,108,599</u>

See accompanying notes to financial statements.



METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 3,517,782	\$ 4,089,410
Cash payments to suppliers for goods and services	(12,490,675)	(15,150,035)
Cash payments to employees for services	(13,310,759)	(12,127,029)
Net cash used in operating activities	(22,283,652)	(23,187,654)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Sales taxes received	16,196,641	16,753,982
Operating grants and other assistance received	5,939,270	6,752,775
Comprehensive transportation study expenditures	(570,154)	(1,649,238)
Principal paid on bonds	(235,000)	(225,000)
Interest paid on bonds	(129,805)	(143,500)
Other	182,554	58,865
Net cash provided by non-capital financing activities	21,383,506	21,547,884
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	6,888,846	7,545,551
Acquisition and construction of fixed assets	(7,598,219)	(7,842,038)
Net cash used by investing activities	(709,373)	(296,487)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash payments for investments - net	(730)	(140,952)
Interest received from investments	167,902	317,637
Net cash provided by investing activities	167,172	176,685
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,442,347)	(1,759,572)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	3,344,883	5,104,455
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 1,902,536	\$ 3,344,883
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (28,662,310)	\$ (26,474,841)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,493,068	4,680,867
Change in assets and liabilities:		
Accounts receivable-trade	(472,532)	(152,491)
Materials and supplies inventory	(74,010)	61,868
Prepaid expenses	1,554,767	(1,560,572)
Accounts payable	32,593	106,657
Accrued payroll	(74,184)	41,210
Accrued payroll taxes	(46,753)	25,544
Other current liabilities	(34,291)	84,104
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (22,283,652)	\$ (23,187,654)

See accompanying notes to financial statements.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2001 and 2000

### 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 .25 percent sales and use tax with no limit on its duration.

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 Metro. 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.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In accordance with Statement No. 20 of the GASB, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989.

Nonexchange Transactions - In fiscal year 2001, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue and not as contributed capital. Accordingly, during the year ended December 31, 2001 \$7,007,638 in capital contribution were recognized as revenue in the statement of revenue and expenses 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.

Property, Facilities and Equipment – Property, facilities and equipment are stated at historical cost. The cost of maintenance and repairs is charged to operations as incurred.

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

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Description	Years
Building and improvements	20-40
Land improvements	20
Transportation equipment	5-15
Other equipment	3-15

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions is closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to retained earnings.

Restricted Assets – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction and debt service.

Recognition of Revenue, Receivables and Deferred Revenues – Passenger fares are recorded as revenue at the time services are performed.

Sales tax revenues are recognized for the month collected by the State of Ohio.

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 grant receivables and credited to contributed capital when the related qualified expenditures are incurred. Capital grants are amortized to retained earnings in the amount of the annual depreciation on assets acquired with capital grants. Capital grant funds received in advance of project costs being incurred are deferred.

Compensated Absences – The Authority accrues vacation as earned by its employees. Because rights to sick pay do not vest, Metro recognizes such costs when they are incurred.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

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 ("STAROhio"), 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.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") or may pledge a pool of government securities that have a face value that is at least 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require that security for public deposits and investments be maintained in the Authority's name.

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.

As of December 31, 2001, the Authority maintains unrestricted cash and cash equivalents of \$1,876,468, restricted cash and cash equivalents of \$26,068 and investments of \$872,500. The total cash, cash equivalents and investments of \$2,775,036 consist of \$888,169 in deposits and \$1,886,867 in investments.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

2. DEPOSITS AND INVESTMENTS (Cont'd)

Deposits

At December 31, 2001, the carrying amount of the Authority's deposits was \$888,169 and the bank balance was \$406,493, \$200,000 of which was covered by the FDIC and \$206,493 of which was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio law.

Investments

The Authority's investments are categorized below in accordance with the criteria established by the GASB to indicate the level of credit risk assumed as of December 31, 2001. Category 1 includes investments that are insured or registered, or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name.

Description	Risk Category			Fair Value	Cost
	1	2	3	Carrying Amount	
Repurchase Agreements			\$1,014,367	\$1,014,367	\$1,014,367
U.S. Government Securities		<u>\$ 872,500</u>	<u>                    </u>	<u>872,500</u>	<u>854,731</u>
Total		<u>\$ 872,500</u>	<u>\$1,014,367</u>	<u>\$1,886,867</u>	<u>\$1,869,098</u>

3. DEBT

In June 1992, the Authority issued general obligation bonds, which are tax-exempt and have annual maturity dates through 2007. Bonds maturing on and after December 1, 2001 are subject to optional redemption by the Authority prior to maturity, beginning December 1, 2000. The outstanding bonds have varying interest rates of 6.3 percent to 6.8 percent.

A summary of the Authority's future debt service requirements to retire the general obligation bonds as of December 31, 2001 is as follows:

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

3. DEBT (Cont'd)

	Principal	Interest
2002	\$ 250,000	\$ 116,520
2003	265,000	100,770
2004	285,000	83,678
2005	300,000	65,010
2006	320,000	23,460
Thereafter	<u>345,000</u>	<u>45,060</u>
Total	<u>\$1,765,000</u>	<u>\$ 434,498</u>

4. EMPLOYEE RETIREMENT PLANS

Plan Description – All employees of the Authority are required to be members of the Public Employees Retirement System of Ohio (“PERS”), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Funding Policy – The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5 percent of their covered payroll to PERS. The 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll including 4.3 percent used to fund post retirement health care benefits. The 2000 rate reflected a temporary 20 percent rate rollback. The Authority’s total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2001 and 2000 were \$1,784,108 \$897,000, respectively, equal to 100 percent of the required contribution in each year.

Health Care – PERS provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available.



METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

4. EMPLOYEE RETIREMENT PLANS (Cont'd)

The health care coverage provided by PERS is considered an Other Postemployment Benefit ("OPEB") as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

The portion of the employer contribution rate used to fund health care for 2001 and 2000 was 4.3 percent and 4.3 percent, respectively, of covered payroll in each year. During 2001 and 2000, \$566,180 and \$590,000, respectively, of Metro's total contribution to PERS was used for postretirement benefits. At December 31, 2001, the Authority was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEB's are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income or allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

The OPEB is advanced-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

**Funding Method.** An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

**Assets Valuation Method.** All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

**Investment Return.** The investment assumption rate for 2000 was 7.75 percent.

METRO REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
Years Ended December 31, 2001 and 2000

4. EMPLOYEE RETIREMENT PLANS (Cont'd)

Active Employee Total Payroll. An annual increase of a 4.75 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from .54 percent to 5.1 percent.

Health Care. Health care costs were assumed to increase 4.75 percent annually.

At December 31, 2000 (latest information available), there were 411,076 active participants contributing to the Plan. The Authority's actuarially required OPEB contribution for 2000 equaled the amount contributed to PERS by Metro. In addition, at December 31, 2000, the actuarial value of the Plan's net assets available for OPEB approximated \$11.7 billion and the actuarial accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were 14.4 billion and \$2.6 billion, respectively.

5. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2001, there were no significant questioned costs that had not been resolved with the applicable 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.

Contract Disputes and Legal Proceedings – The Authority has been named as a defendant in certain contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate outcome is not expected to have a material effect on the Authority's financial position.

6. 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, consist of the following:

METRO REGIONAL TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

6. FEDERAL AND STATE GRANTS, REIMBURSEMENTS AND SPECIAL  
 FARE ASSISTANCE (Cont'd)

	<u>2001</u>	<u>2000</u>
FEDERAL:		
FTA Maintenance and Other Assistance	\$2,608,923	\$3,436,576
FTA Planning Grants	<u>114,117</u>	<u>168,054</u>
Total	<u>\$2,723,040</u>	<u>\$3,604,630</u>
STATE:		
ODOT Maintenance and Other Assistance	\$1,579,479	\$1,632,418
ODOT Elderly Fare Assistance	218,202	215,416
ODOT Fuel Tax Reimbursement	154,921	180,034
ODOT Other Assistance	<u>12,930</u>	<u>17,629</u>
Total	<u>\$1,965,532</u>	<u>\$2,045,497</u>

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors, and omissions employment related matters, injuries to employees and employee theft and fraud. Effective December 31, 1994, the Authority joined together with certain other transit authorities in the state to form the Ohio Transit Insurance Pool Association, Inc. ("OTIP"), a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for eight member transit agencies. The Authority pays an annual premium to OTIP for its general insurance coverage and quarterly pays into a loss and administration fund pursuant to its bylaws. The Agreement of Formation of OTIP provides that OTIP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and all liability claims in excess of \$250,000 for each insured occurrence. The Authority is responsible for the first \$1,000 of any claim or occurrence and amounts in excess of \$25 million for liability claims.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Years Ended December 31, 2001 and 2000

7. RISK MANAGEMENT (Cont'd)

The Authority continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No., 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This statement establishes accounting standards for revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 34 is effective for the year ending December 31, 2003. The Authority has not completed an analysis of the impact of this statement on its reported financial condition and results of operation.

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# 2001



Summit County, Ohio

*Statistical Section*

# METRO Regional Transit Authority

## Expenses by Object Class - Last Ten years

### Operating Expenses other than Depreciation:

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Labor	\$7,111,091	\$7,630,144	\$8,283,579	\$8,869,062	\$9,867,200	\$10,441,098	\$11,083,258	\$11,584,073	\$12,193,783	\$13,189,822
Fringe Benefits	3,999,913	4,309,539	4,763,334	5,206,502	4,943,336	4,845,905	4,182,037	5,165,453	5,567,436	6,027,924
Materials and Supplies	1,780,127	1,860,364	1,849,099	1,966,884	2,156,522	2,485,073	2,530,456	2,248,147	3,669,211	3,103,817
Services	627,649	714,428	744,537	721,683	809,832	794,305	843,704	966,990	1,217,946	1,169,490
Utilities	158,897	201,269	215,683	192,296	189,592	260,951	276,068	326,265	389,456	485,770
Casualty and Liability	505,577	433,780	497,177	474,379	457,690	406,961	501,281	511,051	486,489	542,239
Taxes	217,642	232,086	223,069	235,476	249,027	250,395	254,155	197,641	198,378	174,354
Purchased Transportation	1,135,251	1,232,638	1,455,587	1,665,175	1,536,694	1,556,450	1,706,943	1,749,085	1,874,063	1,914,939
Interest Expense	208,671	224,048	209,253	195,340	186,000	178,097	166,997	155,719	143,500	129,805
Miscellaneous *	207,744	131,888	200,588	216,600	196,914	232,929	333,455	343,876	2,088,351	1,121,355
<b>Total</b>	<b>15,952,562</b>	<b>16,970,184</b>	<b>18,441,906</b>	<b>19,743,397</b>	<b>20,592,807</b>	<b>21,452,164</b>	<b>21,878,354</b>	<b>23,248,300</b>	<b>27,828,613</b>	<b>27,859,515</b>
<b>Depreciation</b>	<b>1,725,568</b>	<b>2,270,661</b>	<b>2,447,390</b>	<b>2,408,314</b>	<b>2,460,013</b>	<b>2,621,321</b>	<b>3,116,965</b>	<b>3,829,195</b>	<b>4,680,867</b>	<b>5,493,068</b>
<b>Total Expenses</b>	<b>\$17,678,130</b>	<b>\$19,240,845</b>	<b>\$20,889,296</b>	<b>\$22,151,711</b>	<b>\$23,052,820</b>	<b>\$24,073,485</b>	<b>\$24,995,319</b>	<b>\$27,077,495</b>	<b>\$32,509,480</b>	<b>\$33,352,583</b>

Source: METRO's audited annual financial statements

\* Miscellaneous in 2000 and 2001 includes the cost of comprehensive transportation study (the Major Investment Study Project).



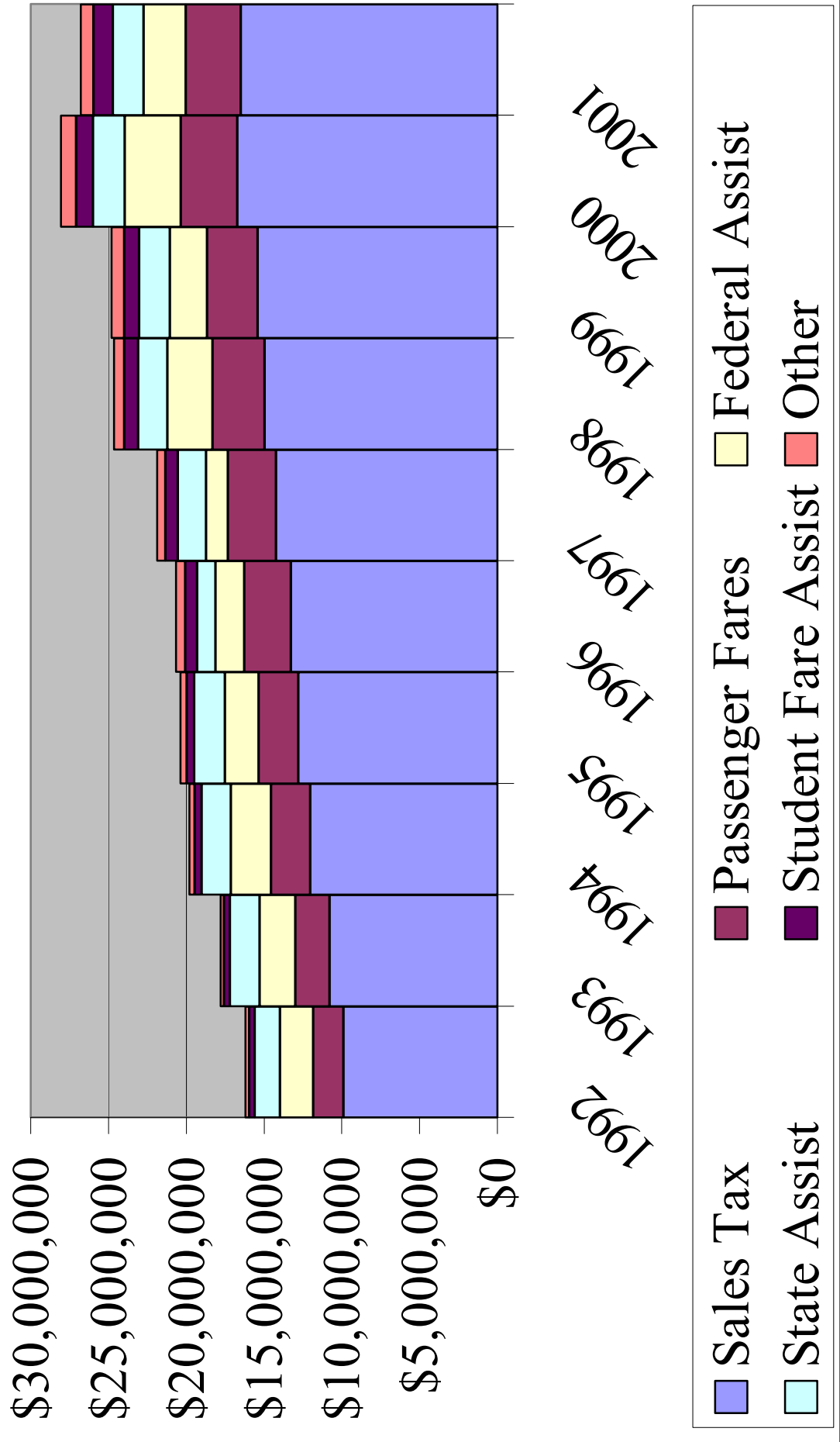
# METRO Regional Transit Authority

## Revenues by Source - Last Ten Years

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Operating Revenues</b>										
Passengers Fares	\$1,954,046	\$2,215,438	\$2,523,053	\$2,553,155	\$3,001,715	\$3,096,511	\$3,340,399	\$3,243,896	\$3,631,684	\$3,534,850
Charter Fares	76,686	114,428	132,441	143,058	183,599	144,641	136,014	163,555	187,804	180,596
Advertising	94,000	56,000	75,000	131,875	265,407	215,470	245,316	308,153	422,413	274,868
<b>Total operating revenues</b>	<b>2,124,732</b>	<b>2,385,866</b>	<b>2,730,494</b>	<b>2,828,088</b>	<b>3,450,721</b>	<b>3,456,622</b>	<b>3,721,729</b>	<b>3,715,604</b>	<b>4,241,901</b>	<b>3,990,314</b>
<b>Non-operating Revenues</b>										
Sales Tax revenue	9,878,233	10,771,042	12,028,740	12,783,558	13,254,700	14,206,130	14,951,742	15,412,100	16,715,885	16,471,661
Federal grants	2,145,711	2,289,597	2,567,846	2,163,673	1,862,038	1,425,878	2,908,789	2,396,527	3,604,630	2,723,040
State grants	1,600,690	1,920,256	1,871,685	1,973,808	1,167,936	1,810,756	1,870,897	1,974,543	2,045,497	1,965,532
Student fares assistance	367,843	355,641	471,849	493,236	774,774	780,408	888,391	939,624	1,073,168	1,250,698
Interest income	44,278	49,111	54,548	114,088	121,811	133,366	206,100	281,111	317,637	185,671
Other non-transportation revenue	34,995	27,917	70,657	25,866	21,842	60,780	107,305	81,979	48,737	202,075
<b>Total non-operating revenues</b>	<b>14,071,750</b>	<b>15,413,564</b>	<b>17,065,325</b>	<b>17,554,229</b>	<b>17,203,101</b>	<b>18,417,318</b>	<b>20,933,224</b>	<b>21,085,884</b>	<b>23,805,554</b>	<b>22,798,677</b>
<b>Total Revenues</b>	<b>\$16,196,482</b>	<b>\$17,799,430</b>	<b>\$19,795,819</b>	<b>\$20,382,317</b>	<b>\$20,653,822</b>	<b>\$21,873,940</b>	<b>\$24,654,953</b>	<b>\$24,801,488</b>	<b>\$28,047,455</b>	<b>\$26,788,991</b>

Source: METRO's independently audited annual financial statements

# Revenue by Source - Last Ten Years



# METRO Regional Transit Authority

## Demographic Statistics

<u>Year</u>	<u>Population</u>	Median <u>Age</u>	Median <u>Income</u>
1960	513,569	28.9	\$6,896
1970	553,371	27.8	\$11,058
1980	524,472	31.0	\$18,381
1990	514,990	34.3	\$28,996
2000	542,899	37.2	\$38,774

<u>Year</u>	Unemployment <u>Rate</u>
1992	6.9%
1993	6.0%
1994	5.1%
1995	4.5%
1996	4.6%
1997	4.4%
1998	4.0%
1999	4.2%
2000	4.0%
2001	4.1%

Note: All information is presented for Summit County, Ohio  
Sources: U.S. Bureau of Census, Bureau of Labor Statistics

# METRO Regional Transit Authority

## Revenue and Operating Assistance - Comparison to Industry Trend Data Last Ten Years

### TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL (3)</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
1992	37.5%	4.9%	42.4%	51.7%	5.9%	57.6%	100.0%
1993	36.8%	4.4%	41.2%	53.2%	5.6%	58.8%	100.0%
1994	37.6%	12.6%	50.2%	44.7%	5.1%	49.8%	100.0%
1995	38.9%	13.4%	52.3%	43.6%	4.1%	47.7%	100.0%
1996	37.6%	15.5%	53.1%	44.0%	2.9%	46.9%	100.0%
1997	40.1%	15.6%	55.7%	41.3%	3.0%	44.3%	100.0%
1998	40.8%	15.2%	56.0%	40.1%	3.9%	44.0%	100.0%
1999	37.3%	16.4%	53.7%	42.4%	3.9%	46.3%	100.0%
2000	36.1%	17.4%	53.5%	42.4%	4.1%	46.5%	100.0%
2001 *							

### METRO Regional Transit Authority

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>STATE &amp; LOCAL (3)</u>	<u>FEDERAL</u>	<u>TOTAL</u>	
1992	12.4%	1.4%	13.8%	73.3%	12.9%	86.2%	100.0%
1993	12.7%	1.7%	14.4%	72.6%	13.0%	85.6%	100.0%
1994	12.5%	2.0%	14.6%	74.8%	10.6%	85.4%	100.0%
1995	14.5%	2.9%	17.4%	73.6%	9.0%	82.6%	100.0%
1996	14.2%	2.5%	16.7%	76.8%	6.5%	83.3%	100.0%
1997	13.5%	2.8%	16.4%	71.8%	11.8%	83.6%	100.0%
1998	13.1%	3.4%	16.4%	73.9%	9.7%	83.6%	100.0%
1999	12.9%	3.5%	16.4%	70.7%	12.9%	83.6%	100.0%
2000	12.9%	3.5%	16.4%	70.7%	12.9%	83.6%	100.0%
2001	13.2%	3.1%	16.3%	73.5%	10.2%	83.7%	100.0%

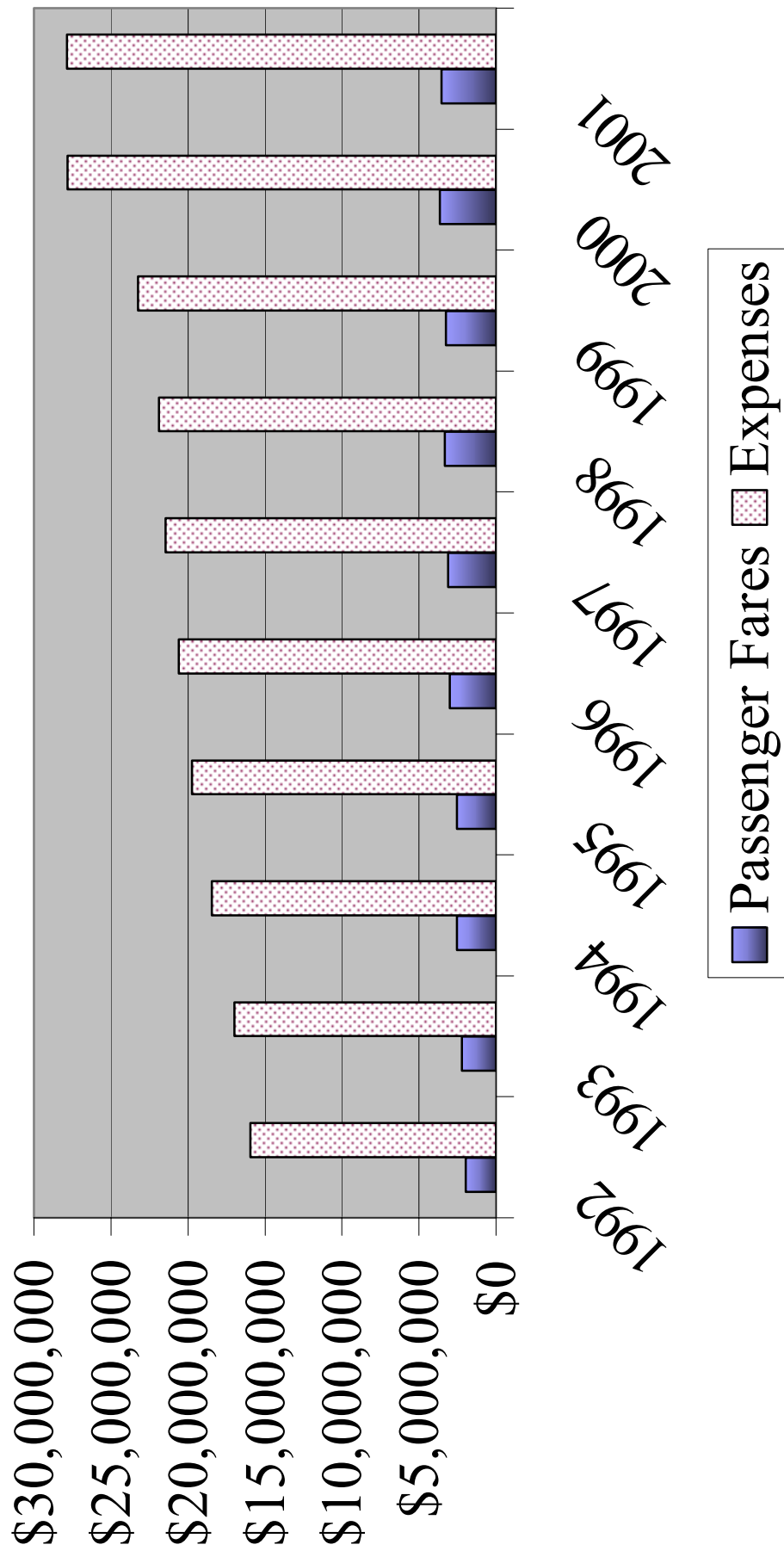
(1) Source: The American Public Transit Association, "APTA 2001 Transit Fact Book"

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

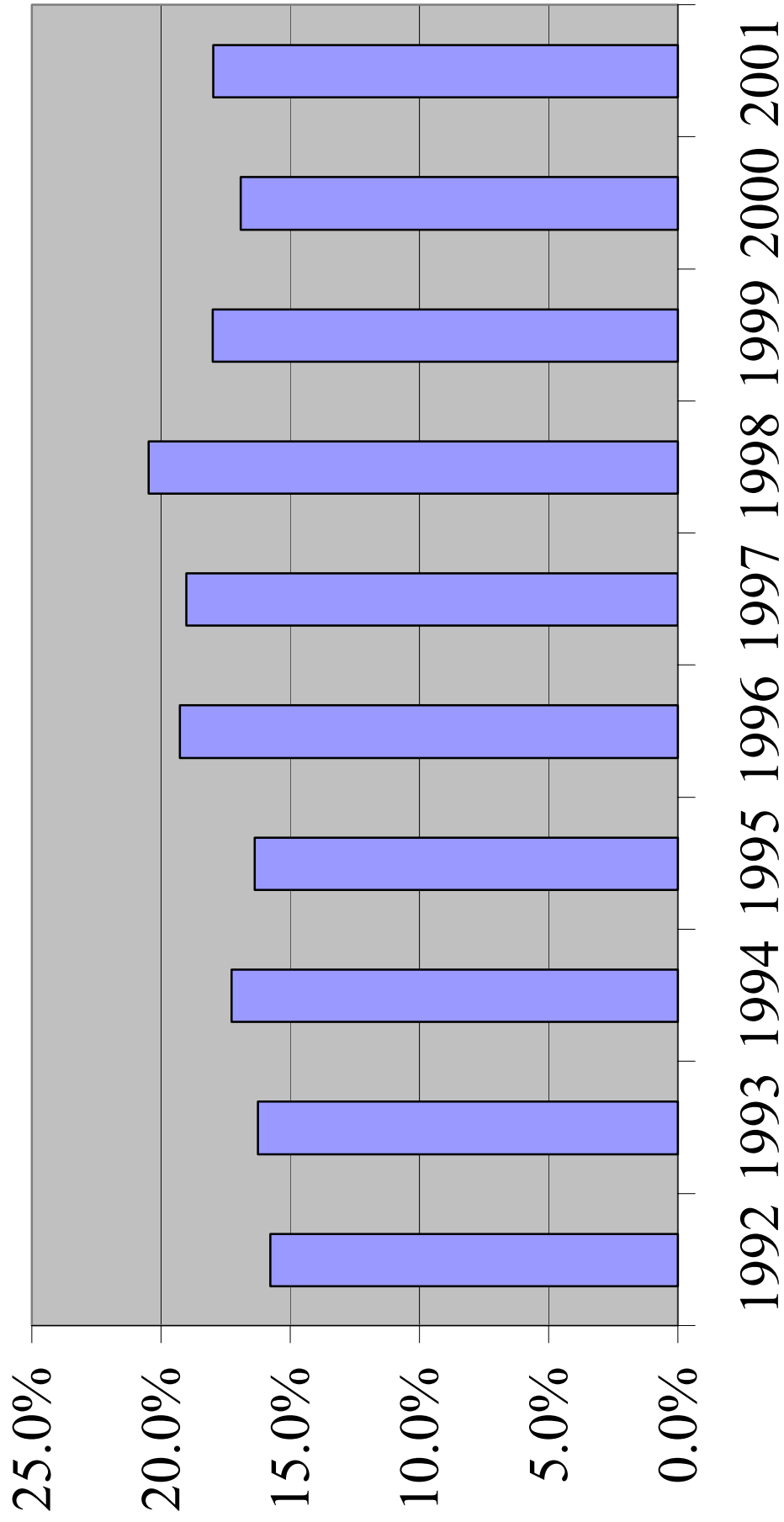
(3) Includes local tax revenues, state/federal grant assistance and fuel tax reimbursement

\* Information not available

# Passenger Fares vs. Operating Expenses - Last Ten Years

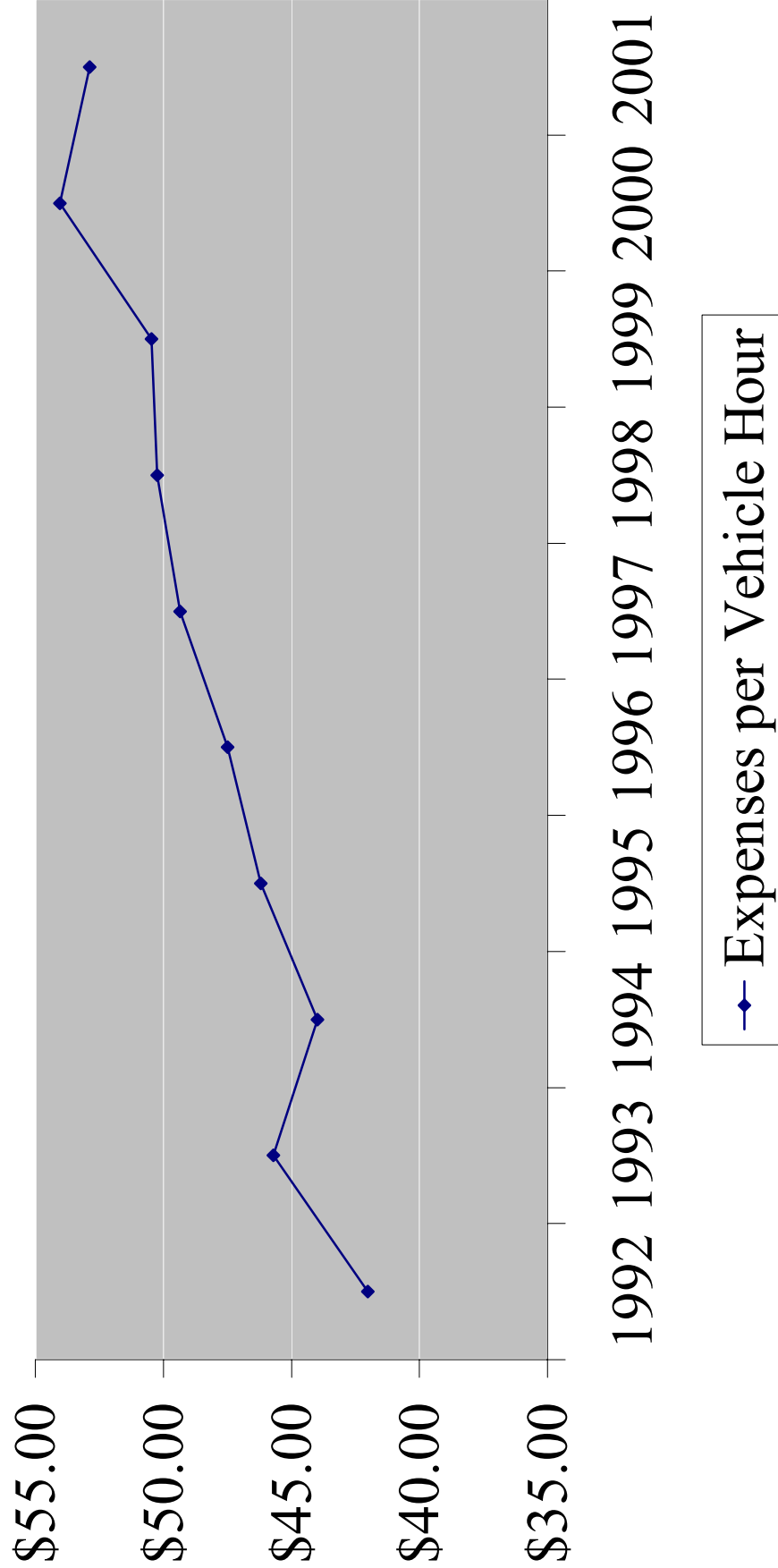


# Farebox Recovery Ratio (%) - Last Ten Years



■ Farebox Recovery Ratio (%) - Last Ten Years

# Operating Expenses per Vehicle Hour - Last Ten Years





# METRO Regional Transit Authority

## Operating Expenses - Comparison to Industry Trend Data

Last Ten Years

### TRANSPORTATION INDUSTRY (1):

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
1992	73.2%	9.4%	5.6%	3.7%	3.3%	8.9%	-4.1%	100.0%
1993	71.1%	8.8%	5.3%	3.6%	3.4%	10.4%	-2.6%	100.0%
1994	70.7%	8.9%	4.7%	3.6%	3.4%	10.9%	-2.2%	100.0%
1995	72.3%	9.1%	5.0%	3.5%	2.9%	9.2%	-2.0%	100.0%
1996	71.6%	9.3%	5.1%	3.6%	2.8%	9.9%	-2.3%	100.0%
1997	72.2%	9.4%	5.6%	3.7%	2.7%	9.1%	-2.7%	100.0%
1998	71.7%	6.0%	9.4%	3.5%	2.4%	10.1%	-3.1%	100.0%
1999	70.9%	9.2%	5.9%	3.3%	2.2%	11.5%	-3.0%	100.0%
2000	69.8%	10.0%	5.7%	3.2%	2.2%	12.2%	-3.1%	100.0%
2001 *								0.0%

### METRO Regional Transit Authority (2)

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
1992	69.7%	11.2%	3.9%	0.9%	3.2%	7.1%	4.0%	100.0%
1993	70.4%	11.0%	4.2%	1.0%	2.6%	7.3%	3.5%	100.0%
1994	70.7%	10.0%	4.0%	1.2%	2.7%	8.0%	3.4%	100.0%
1995	71.3%	10.0%	3.7%	0.9%	2.4%	8.4%	3.3%	100.0%
1996	71.9%	10.5%	3.9%	0.9%	2.2%	7.5%	3.1%	100.0%
1997	71.3%	11.6%	3.7%	1.1%	1.9%	7.3%	3.1%	100.0%
1998	69.8%	11.6%	3.9%	1.3%	2.3%	7.8%	3.3%	100.0%
1999	71.9%	9.7%	4.1%	1.4%	2.2%	7.5%	3.2%	100.0%
2000	63.7%	13.2%	4.3%	1.4%	1.7%	6.7%	9.0%	100.0%
2001	68.9%	11.1%	4.1%	1.7%	1.9%	6.9%	5.2%	99.8%

(1) Source: The American Public Transit Association, "APTA 2001 Transit Fact Book"

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

\* Information not available

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
System Ridership (1)										
Motor Bus	5,923,816	5,697,822	5,035,693	4,681,085	5,023,731	5,236,774	5,935,310	5,671,301	7,888,862	6,021,569
Demand Response	321,287	373,309	402,753	401,357	390,202	347,370	347,577	335,090	331,980	333,200
Average Weekday System Ridership (1)										
Motor Bus	20,702	19,980	19,494	17,507	17,744	18,458	20,797	19,342	26,420	20,890
Demand Response	1,362	1,461	1,579	1,586	1,524	1,350	1,325	1,280	1,267	1,568
Total Vehicle Miles (1)										
Motor Bus	4,033,836	4,023,767	4,192,629	4,458,685	4,937,974	4,592,925	4,770,591	4,836,462	5,117,591	4,428,731
Demand Response	1,113,898	1,289,281	1,402,021	1,496,488	1,507,063	1,632,620	1,658,972	1,886,382	2,089,634	2,200,408
Revenue Miles (1)										
Motor Bus	3,535,068	3,456,267	3,419,833	3,784,685	3,910,640	3,897,959	3,880,727	4,247,513	4,143,805	3,884,900
Demand Response	994,602	1,141,353	1,236,958	1,320,727	1,402,591	1,519,145	1,545,463	1,749,097	2,006,135	2,046,397
Passenger Miles (1)										
Motor Bus	19,669,972	21,337,627	15,660,930	16,718,176	16,490,297	19,169,804	19,499,977	19,099,214	24,194,261	24,194,261
Demand Response	1,160,340	1,690,662	1,674,088	1,639,299	1,680,196	1,785,134	1,816,256	1,699,784	1,834,211	1,927,542
Full Time Employees (1)	289	270	303	332	333	338	345	358	378	356

## METRO Regional Transit Authority

### Operating Statistics - Last Ten Years (Continued)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Vehicle Hours (1)										
Motor Bus	293,764	279,786	313,329	323,581	284,634	305,837	323,520	326,669	334,722	314,316
Demand Response	87,399	92,507	158,369	108,087	1,507,063	144,041	108,226	115,093	128,146	157,402
Vehicle Revenue Hours (1)										
Motor Bus	261,552	276,039	279,239	294,043	276,848	263,145	275,421	289,721	303,423	270,475
Demand Response	82,238	88,499	104,024	102,899	98,399	110,126	104,796	111,034	125,643	151,993
Vehicle Accidents per 100,000 miles (2)										
Motor Bus	2.9	4.1	2.6	3.1	2.7	2.7	2.6	2.6	3.1	2.5
Demand Response	4.0	3.6	3.6	3.5	2.4	2.5	2.0	1.9	2.1	2.3
Miles between Roadcalls (2)	2,606	3,595	3,998	4,018	2,985	2,785	2,915	3,987	3,940	3,691
Total Revenue Vehicles (1)										
Motor Bus	134	131	124	128	138	130	140	163	155	152
Demand Response	93	105	114	114	135	144	155	145	147	176

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

(2) METRO's Monthly Planning report

Note: Demand Response includes directly operated and purchased transportation

# METRO Regional Transit Authority

## Fare Rate Structure as of December 31, 2001

### Cash fares

General	\$ 1.00
Senior / Disability	0.50
North Coast Express	3.00
SCAT	1.15
SCAT ADA	2.00

### Tickets/Passes

10 Ride Pass - General	\$ 8.50
10 Ride Pass - Senior / Disability	5.00
10 Ride Pass - North Coast Express	25.00
31 Day Pass	
General	\$32.00
Senior / Disability	20.00
20 Ride Ticket	20.00

Source: METRO's Fare resolution passed by the Board of Trustees

## METRO Regional Transit Authority

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

System	Rate	Date Imposed	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
GCRTA	1.00%	Oct 01, 1975	102,684,053	108,700,179	118,086,789	127,771,200	131,772,627	138,654,205	146,188,752	151,405,646	161,991,565	157,823,888
COTA	0.25%	Feb 01, 1990	23,551,626	25,304,213	27,873,602	30,565,957	31,900,177	34,516,266	36,445,397	40,163,579	42,128,119	41,601,224
Laketran	0.25%	Aug 01, 1988	4,226,503	4,538,595	5,020,712	5,453,031	5,648,412	5,923,447	6,718,866	6,731,568	7,130,985	7,175,596
MVRTA	0.50%	Jul 01, 1980	21,828,030	25,606,233	26,282,430	27,162,905	27,721,134	28,925,064	29,679,763	31,445,584	32,078,659	31,968,728
SARTA	0.25%	Jul 1, 1997	0	0	0	0	0	3,600,305	9,071,557	9,876,829	10,323,125	10,175,541
METRO	0.25%	Feb 01, 1991	9,840,984	10,603,695	11,910,769	12,731,595	13,133,804	13,977,569	14,800,821	15,283,091	16,548,007	16,078,157

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

# METRO Regional Transit Authority

## Miscellaneous Statistics

Date METRO was created	August 26, 1969
Form of Government	Board of Trustees
Number of Trustees	12
Type of tax support	1/4 of 1 percent sales and use tax for Summit County
Size of service area (Square miles)	419.92
Population of County (2000)	542,899
Miles of routes	411.1
Number of buses	
Motor bus	144
Demand Response	68
Number of routes	44
Customer Service information calls answered (2001)	224,000
SCAT Reservation Clerks calls answered (2001)	151,060



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
AUGUST 22, 2002**