

***METRO REGIONAL  
TRANSIT AUTHORITY***

***AUDIT REPORT***

***For the year ended December 31, 2011***

***Charles E. Harris & Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Metro Regional Transit Authority, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 that reads "Dave Yost".

Dave Yost  
Auditor of State

November 6, 2012

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**Metro Regional Transit Authority**  
**SUMMIT COUNTY, OHIO**  
**AUDIT REPORT**  
For the Year Ended December 31, 2011

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
Schedule of Federal Awards Expenditures	1
Notes to the Schedule of Federal Awards Expenditures	2
Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3-4
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by <i>OMB Circular A-133</i>	5-6
Schedule of Findings	7-8
Schedule of Prior Audit Findings	9

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**Metro Regional Transit Authority**  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2011

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Program Expenditures
<b><u>U.S. Department of Transportation</u></b>			
Federal Transit Administration			
Federal Transit Cluster			
Direct Program:			
Urbanized Area Formula Program	OH-37-X055	20.507	\$ 28,818
	OH-37-X065	20.507	83,958
	OH-37-X084	20.507	216,561
	OH-57-X017	20.507	14,744
	OH-90-X643	20.507	270,837
	OH-90-X686	20.507	3,842,061
	OH-95-X057	20.507	2,593,392
	OH-95-X078	20.507	2,310,845
ARRA- Urbanized Area Formula Program	OH-96-X014	20.507	156,643
Pass Through Ohio Department of Transportation			
Urbanized Area Formula Program	OH-70-X002	20.507	63,685
	OH-95-X050	20.507	1,921,759
	OH-04-0068	20.507	<u>622,760</u>
Total Federal Transit Administration			<u>12,126,063</u>
Total Federal Financial Assistance			<u>\$ 12,126,063</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

***Metro Regional Transit Authority***  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2011**

**1. General**

The accompanying schedule of federal awards expenditures is a summary of the activity of Metro Regional Transit Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

**2. Matching**

Certain federal programs require that the Board contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on this schedule.



**Charles E. Harris & Associates, Inc.**  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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

To the Board of Trustees:

We have audited the financial statements of the METRO Regional Transit Authority, Summit County Ohio (the Authority) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

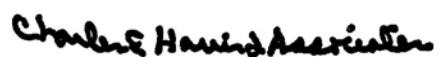
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

### Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, federal awarding agencies and pass-through entities and others within the Authority. We intend it for no one other than these specified parties.



*Charles E. Harris & Associates, Inc.*  
June 18, 2012

**Charles E. Harris & Associates, Inc.**  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Metro Regional Transportation Authority  
Summit County  
416 Kenmore Blvd.  
Akron, Ohio 44301

To the Board of Trustees:

**Compliance**

We have audited the compliance of the Metro Regional Transit Authority, Summit County, Ohio (the Authority) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could directly and materially affect each of the Authority's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' in *Government Auditing Standards*, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major program. 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 Metro Regional Transportation Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal program for the year ended December 31, 2011.

**Internal Control Over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

***A deficiency in internal control over compliance*** exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A ***material weakness in internal control over compliance*** is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Federal Awards Expenditures**

We have also audited and issued our unqualified opinion on the financial statements of the Metro regional Transit Authority, Summit County as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. Our audit was performed to form opinions on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures provides additional information required by the 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 financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, other within the Authority, federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

*Charles E. Harris & Associates*

**Charles E. Harris & Associates, Inc.**  
June 18, 2012

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY  
DECEMBER 31, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Federal Transit Administration Cluster: Urbanized Area Formula Prog. CFDA# 20.507
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$363,782 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**SCHEDULE OF FINDINGS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**METRO REGIONAL TRANSIT AUTHORITY**  
**SUMMIT COUNTY**  
**DECEMBER 31, 2011**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY, OHIO  
December 31, 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain: Per ADAM 2001-10- Disclose the current year finding in this schedule</b>
<b>2010-01</b>	<b>Material Weakness-Capital Assets</b>	<b>Yes</b>	<b>Finding No Longer Valid</b>

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# Comprehensive Annual Financial Report

*for the year ending December 31, 2011*



SUMMIT COUNTY  
416 Kenmore Blvd. • Akron, Ohio • 44301

# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2011



Saundra Foster  
President,  
Board of Trustees

Robert K. Pfaff  
Executive Director/  
Secretary-Treasurer

Prepared by:  
The General Administration Department  
Dean J. Harris, CPA  
Director of Finance/Assistant Secretary-Treasurer

Summit County, Ohio

# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2011

### TABLE OF CONTENTS PAGE

#### **Introductory Section**

Letter of Transmittal . . . . .	1
Certificate of Achievement Award in Financial Reporting . . . . .	3
Board of Trustees and Administration . . . . .	4
Organization Chart . . . . .	5
Reporting Entity . . . . .	7
Economic Condition and Outlook . . . . .	8
Major Initiatives. . . . .	9
Financial Information . . . . .	10
Other Information . . . . .	13

#### **Financial Section**

Independent Auditors' Report . . . . .	15
Management Discussion and Analysis . . . . .	17
Financial Statements:	
Statement of Net Assets . . . . .	23
Statement of Revenues, Expenses and Changes in Net Assets . . . . .	25
Statement of Cash Flows . . . . .	26
Notes to Financial Statements . . . . .	27

#### **Statistical Section**

##### ***Financial Trend Information***

Net Assets/Fund Balances by Component . . . . .	41
Changes in Net Assets/Fund Balances . . . . .	42
Revenues and Operating Assistance –	
Comparison to Industry Trend Data . . . . .	44
Operating Expenses –	
Comparison to Industry Trend Data . . . . .	45
Passenger Fares vs. Operating Expenses (Graph) . . . . .	46
Sales Tax – Comparison to other Regional Transit Authorities in Ohio . . . . .	47

***Revenue Capacity Information***

Revenues by Source . . . . . 48

Revenues by Source (Graph) . . . . . 49

Expenses by Object Class . . . . . 50

***Debt Capacity Information***

Debt Service . . . . . 51

***Demographic and Economic Information***

Demographic Statistics . . . . . 52

Personal Income (Graph) . . . . . 53

Largest Employers . . . . . 54

***Operating Information***

Operating Statistics . . . . . 55

Fare Rate Structure . . . . . 57

Miscellaneous Statistics . . . . . 58

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# Introductory Section



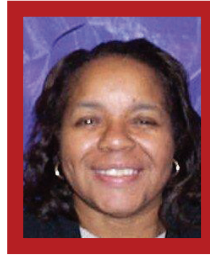
Ms. Sandra Foster  
President



Mr. Scott C. Meyer  
Vice President



Mr. Bernard Bear



Ms. Elizabeth Britton

## Introductory Section – 2011

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

**METRO REGIONAL TRANSIT AUTHORITY**  
416 Kenmore Boulevard  
Akron, Ohio 44301  
330/762-7267  
330/762-0854 FAX

June 29, 2012

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

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the METRO Regional Transit Authority ("METRO" or "Authority") for the fiscal year ended December 31, 2011.

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

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



The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the eleventh consecutive year that METRO has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,  
Executive Director/  
Secretary-Treasurer



Dean J. Harris  
Director of Finance  
Assistant Secretary-Treasurer

# 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, 2010

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.



*Linda C. Danson*

President

*Jeffrey R. Emer*

Executive Director

# METRO Regional Transit Authority

Board of Trustees and Administration as of December 31, 2011

## Members of the Board of Trustees

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

Bernard Bear  
Saundra M. Foster  
Jack Hefner  
Elizabeth Britton  
James D. Switzer  
Open

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

Paul V. Shiplett  
Heather Heslop Licata  
Scott C. Meyer

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

Craig Megyes

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

Stephan Kremer

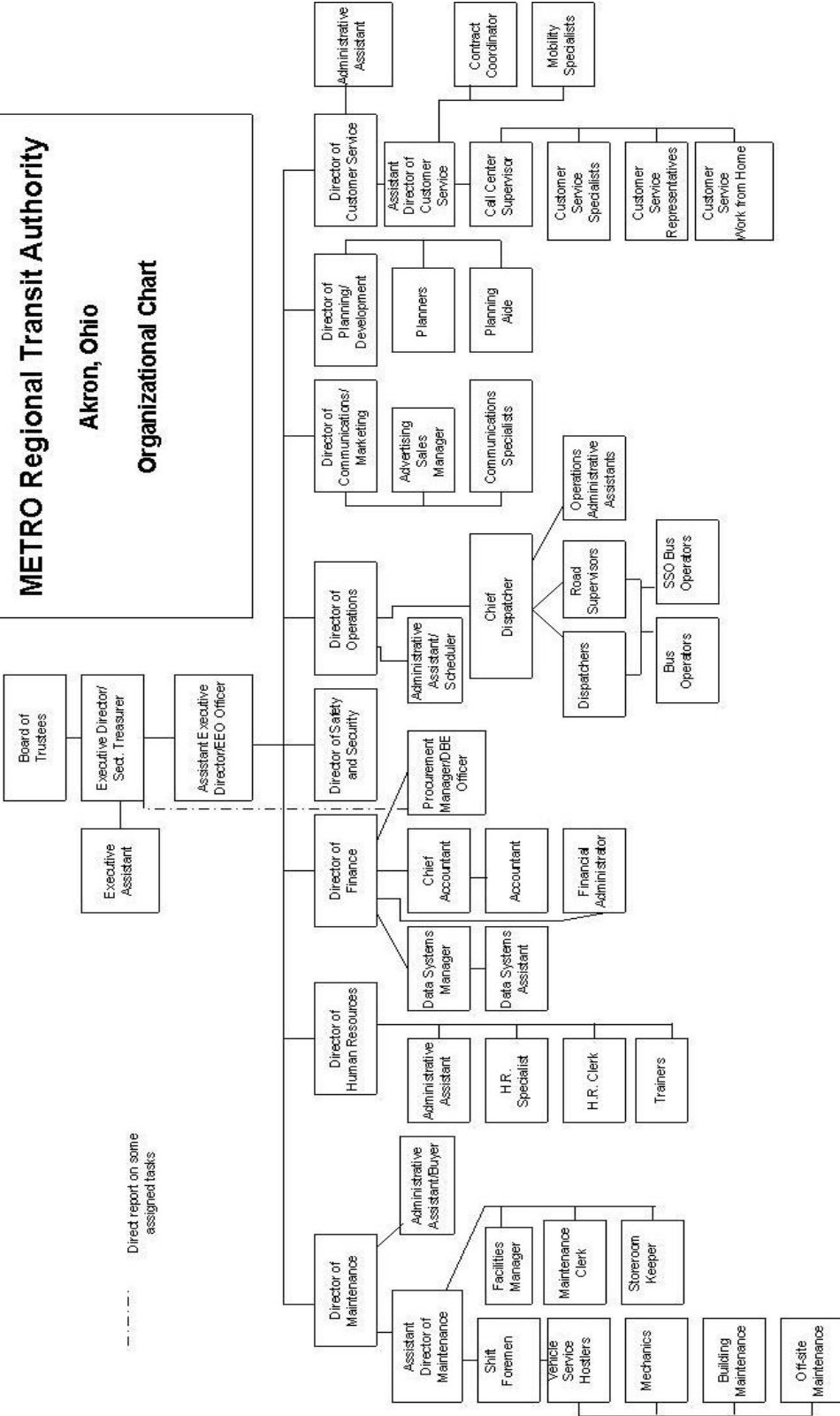
### **Representing the City of Stow**

William Lutz

## Administration

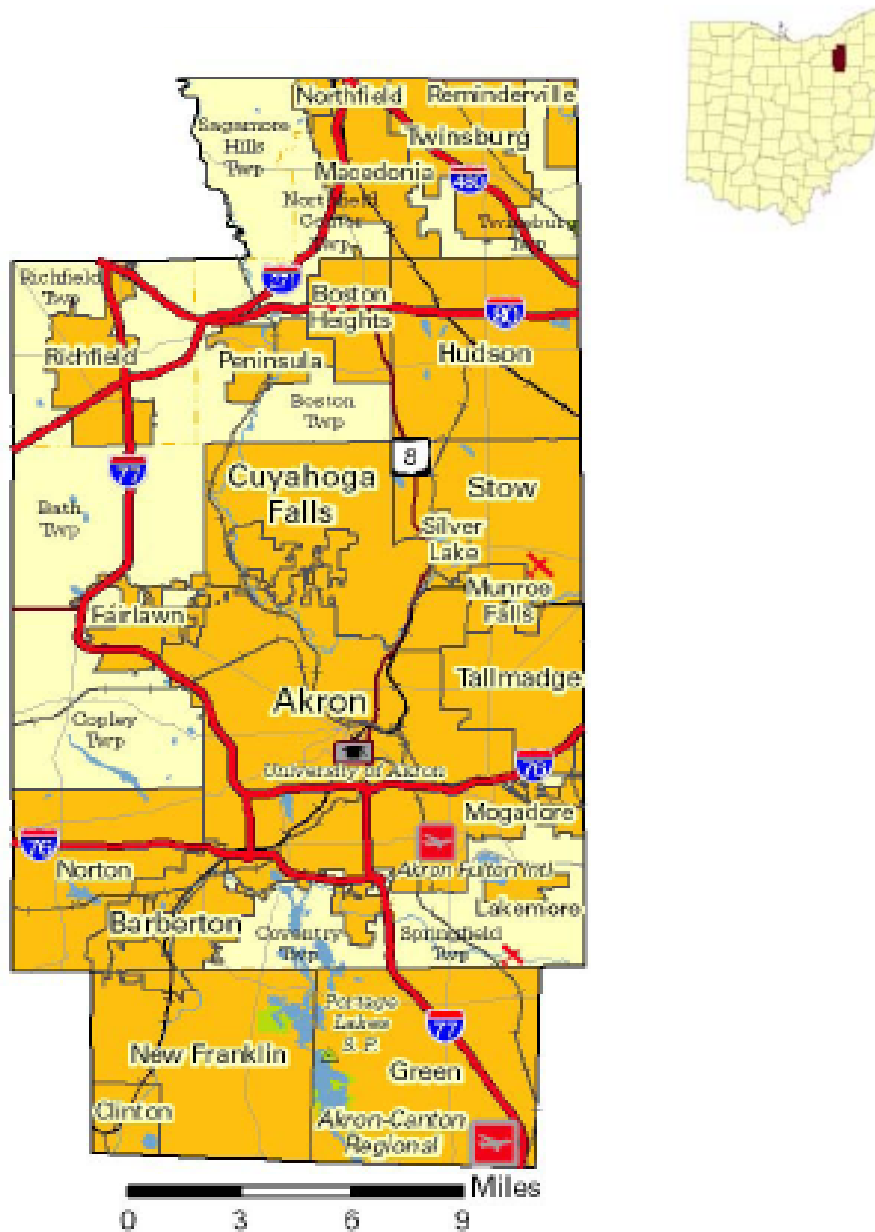
Robert K. Pfaff, Executive Director/Secretary-Treasurer  
Dean J. Harris, Director of Finance/Assistant Secretary-Treasurer  
Charles R. Rector, Director of Operations  
Jim Miller, Director of Maintenance  
Sue Rice, Director of Human Resources  
Molly Becker, Director of Communication & Marketing  
Bambi Miller, Director of Customer Service  
Richard Enty, Director of Planning  
Mark Pry, Director of Safety & Security

# METRO Regional Transit Authority Akron, Ohio Organizational Chart



Last Updated: 10-2009

## SUMMIT COUNTY, OHIO



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

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

## 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 countywide transit system. METRO's service area covers 419.92 square miles in Summit County. Express service to downtown Cleveland, Ohio is also provided.

### Operations and Funding

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

### Facilities

METRO has five facilities that are located at:

- \* 416 Kenmore Boulevard - METRO's main administration and maintenance facility.
- \* 631 South Broadway – an intermodal facility located in downtown Akron that provides ticket sales and customer information, passenger amenities, and the facility includes a Greyhound terminal. The facility also provides connection to Portage Area Regional Transportation Authority and the Stark Area Regional Transit Authority
- \* 2340 Romig Road – Transfer Center (Southwest Akron)
- \* 465 Ghent Road – James Fisher Park and Ride lot (West Akron)
- \* 2600 Creekside Drive – Park and Ride lot (Twinsburg)

### Services

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

### Management, Board of Trustees

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

## Administration

The administration of METRO, subject to the policies and supervision of its Board of Trustees, is directed by an Executive Director. The Executive Director is under contract to the Board of Trustees. The Executive Director selects the remaining senior administrative staff. An organizational chart, which depicts the key functional responsibilities, is shown on page 5 of this Introductory Section.

## ECONOMIC CONDITION AND OUTLOOK

### General

Summit County (METRO's primary service area) is located in northeast Ohio, and the City of Akron is located near the center of the county and is the county seat. The Primary Akron Metropolitan Statistical Area (PMSA) consists of Summit and Portage Counties. The, 2000 PMSA population was 694,960. Summit County represents 78% of the two counties' total population.

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

The Summit County unemployment rate for 2011 was 8.4%, compared with a national average of 8.9%.

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

### Population

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

<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
2010	199,110	541,781

## Employment

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

Average Unemployment Rates (last five years)			
<u>Year</u>	<u>Summit County</u>	<u>Ohio</u>	<u>U.S.</u>
2007	5.4%	5.6%	4.6%
2008	9.2%	6.5%	5.8%
2009	9.8%	10.2%	9.3%
2010	9.9%	10.1%	9.6%
2011	8.4%	8.6%	8.9%

## MAJOR INITIATIVES

### Recent Developments

Highlights of the 2011 year of operations include the following:

- \* Took delivery of six 40-foot Gillig and six 35-foot Gillig low floor diesel buses, three diesel-electric hybrid buses and three CNG buses.
- \* Replaced a bridge on the Sandyville rail line.
- \* Installed new video security cameras on all of our line service buses
- \* Provided 5,044,895 line service passenger trips on METRO.
- \* Provided 281,264 demand response passenger trips on SCAT.

### Future Projects

METRO continues to implement its current 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:

Continue the rehabilitation of the maintenance facilities, including replacing the bus servicing and bus washing building.

Replace 23 40-foot CNG low floor buses in 2012.

Replace 31 CNG Paratransit buses in 2012.



# FINANCIAL INFORMATION

## Internal Control Structure

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

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

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

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

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

## Financial Operating Results

### Revenues

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

	Revenue by Source		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Sales Tax	\$36,279,210	\$34,521,101	\$33,616,287
Passenger Fares	4,207,746	4,004,439	3,758,642
Federal Assistance	5,998,391	4,123,465	3,655,202
State Assistance	629,962	829,767	1,003,295
Interest Income	92,127	55,230	14,130
Auxiliary Transportation Revenue	398,486	363,317	275,014
Non-transportation Revenue	366,555	448,785	333,086
<b>TOTAL</b>	<u><u>\$47,972,477</u></u>	<u><u>\$44,346,104</u></u>	<u><u>\$42,655,656</u></u>

**Sales Tax** revenues increased five percent over last year. This is a sales and use tax of ½ of 1% on all goods and services sold in Summit County. There is no limit on its duration. With the recession ending and unemployment decreasing this has help the sales tax revenue continues to grow.

**Passenger fares** are comprised of farebox revenues, tickets sales, special transit fares and a contract with the Akron Board of Education. METRO also has additional contracts with local governmental agencies to provide Paratransit service. The increase in passenger fares of five percent in 2011 can be attributed to a decrease in use of discounted tickets and passes. In additional ridership growth has increased farebox revenue.

**Federal assistance** funds are received from the Federal Transit Administration for certain items that are classified as capital assistance. Capital assistance, as defined by the FTA, includes preventive maintenance, leases, planning, and other operating items that are part of capital projects. The level of funds received in 2011 was 45% higher compared to 2010 due to an increase in pass through funds from the State of Ohio. These funds were given to METRO in place of state funds for preventive maintenance.

**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 amounts in 2011 were 24% lower compared to 2010 due to a change in how funds were allocated. The reduction in state funding assistance was caused by the way state funds were allocated from ODOT. ODOT passed some of their federal funds to METRO. This required the funds to be classified as federal and is reported under federal assistance.

**Auxiliary Transportation Revenue** consists of advertising and miscellaneous revenue. Auxiliary revenue in 2011 was about 10% higher compared to 2010. This was due to an increase in rates for advertising and additional advertising sales.

**Non-Transportation Revenue** consists primarily of revenue from the sales of obsolete assets, gain/loss from disposal of assets and all other miscellaneous revenue. In 2011 there was an 18% decrease compared to 2010 due to lower revenue from the sales of assets.

## Operating Expenses

### Operating Expenses by Object Class

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Labor	\$15,729,019	\$14,808,947	\$14,424,006
Fringe Benefits	10,490,896	9,359,814	8,463,897
Materials and Supplies	6,083,212	5,676,943	5,405,463
Services	2,320,702	2,331,548	2,342,761
Utilities	582,260	573,273	582,685
Casualty and Liability	1,166,261	1,264,872	975,060
Taxes	276,498	250,354	229,918
Purchased Transportation	1,374,797	1,209,177	1,057,824
Interest Expense	19,234	24,072	19,050
Miscellaneous	401,032	441,111	355,603
	<u>\$ 38,443,911</u>	<u>\$ 35,940,111</u>	<u>\$ 33,856,267</u>

Total operating expenses, excluding depreciation, increased in 2011 by 7% and 6% in 2010. These increases in expenses are largely due to increases in wages, fringe benefits and purchase transportation.

**Labor and Fringe Benefits** are METRO's major expense items. Wages were up 6% in 2011 due to wage increases and hiring new Operators to expand bus service. Fringe benefits were up 12% in 2011 due to the continued rising cost of health insurance.

**Material and Supplies** were up 7% in 2011 due to the rising cost of parts and fuel.

**Services** were about the same in 2011 as they were in 2010.

**Casualty and Liability** were 8% lower in 2011 due to a decrease in the premium cost.

**Purchased Transportation** was up 14% in 2011 due to higher passenger trips and a rate increase.

**Miscellaneous Expenses** was 9% lower in 2011 due to lower costs for media, travel and meeting.

## Financial Operating Results

METRO's net revenue for the years ended December 31, 2011 and 2010 was \$10,435,756 and \$8,404,993 respectively. This is before Capital Contributions and Depreciation.

## Debt Administration

The Authority has outstanding bonds of \$300,000, a decrease of \$95,000 from the prior year. This debt consists of capital facilities bonds issued for the purpose of purchasing, acquiring, constructing, replacing, improving, extending and enlarging transit facilities and other equipment.

In December 2011, the Authority, made its annual payment on its bonds.

There was no other activity relating to debt for the Authority.

## OTHER INFORMATION

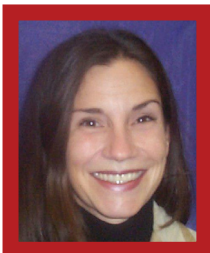
METRO's independent auditing firm, Charles E. Harris and Associates, Inc, has rendered an unqualified auditors' report on METRO's financial statements for the fiscal year ended December 31, 2011.

METRO also participates in the Federal single audit program, which consists of a single audit of all federally funded programs administrated 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 Charles E. Harris and Associates, Inc 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, 2011.

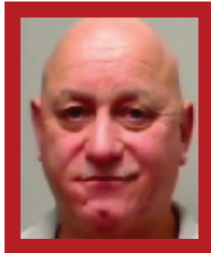
## Certificate of Achievement Program

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.

# Financial Section



Ms. Heather Heslop Licata



Mr. Jack Hefner



Mr. Stephan Kremer



Mr. William Lutz

## Financial Section – 2011

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

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 West Superior Avenue Suite 1242  
Cleveland, OH 44113-1306  
Office Phone - (216) 575-1630  
Fax - (216) 436-2411

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

**Metro Regional Transit Authority  
Summit County  
416 Kenmore Blvd.  
Akron, Ohio 44301**

**To the Board of Trustees:**

We have audited the accompanying financial statements of the business-type activities of the Metro Regional Transit Authority, Summit County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

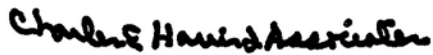
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Metro Regional Transit Authority, Summit County, Ohio, as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the Metro Regional Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Metro Regional Transit Authority's financial statements taken as a whole. The introductory section and statistical section information provides additional analysis and is not a required part of the basic financial statements. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it them.



*Charles E. Harris & Associates, Inc.*  
June 18, 2012



METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2011

As financial management of the METRO Regional Transit Authority (the Authority”), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

**Financial Highlights**

- The Authority has net assets of \$85 million. These net assets result from the difference between total assets of \$89 million and total liabilities of \$4.0 million.
- Current assets of \$28.8 million primarily consist of non-restricted Cash and Cash Equivalents of \$19.8 million; Sales and Use Tax receivable of \$4.8 million and long-term investments of \$2.2 million.
- Current liabilities of \$3.5 million primarily consist of accrued compensation of \$1.6 million and accrued taxes of \$1 million.
- Long-Term Debt consists mainly of bonds of \$205,000 or 5.1% of the total liabilities balance of \$4.0 million.

METRO’s overall financial position is very good. With the passage of an additional sales tax in 2008 METRO was able to increase revenue while maintaining a strong fiscal control over cost. These two factors have allowed METRO to increase service while also rebuilding our fund balance.

**Basic Financial Statements and Presentation**

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

## METRO REGIONAL TRANSIT AUTHORITY

### MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2011

#### **Basic Financial Statements and Presentation (Cont'd)**

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

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

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

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found on pages 27-39 of this report.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2011

**Financial Analysis of the Authority**

**Condensed Summary of Net Assets**

	2011	2010	2009
Current and other assets	\$ 28,986,315	\$ 22,570,054	\$ 20,000,698
Capital assets, net of accumulated depreciation	<u>60,030,829</u>	<u>55,623,863</u>	<u>50,222,003</u>
Total assets	<u>89,017,144</u>	<u>78,193,917</u>	<u>70,222,701</u>
Current liabilities	3,485,528	4,395,874	3,631,215
Non-current liabilities	<u>534,367</u>	<u>696,513</u>	<u>791,977</u>
Total liabilities	<u>4,019,895</u>	<u>5,092,387</u>	<u>4,423,192</u>
Net assets:			
Invested in capital assets, Net of related debt	59,730,829	55,228,863	49,737,003
Unrestricted net assets	<u>25,266,420</u>	<u>17,872,667</u>	<u>16,062,506</u>
Total net assets	<u>\$ 84,997,249</u>	<u>\$ 73,101,530</u>	<u>\$ 65,799,509</u>

By far, the largest portion of the Authority's net assets reflect investment in capital assets (e.g., line service and Paratransit buses, operating facilities including our administrative/maintenance office, intermodal transit center, transfer center and our banked railroad property) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide public transportation service for Summit County citizens. These assets are not available to liquidate liabilities or to cover other spending.

METRO REGIONAL TRANSIT AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2011

**Condensed Summary of Revenues, Expenses and Changes in Net Assets**

	2011	2010	2009
<b>OPERATING REVENUES:</b>			
Passenger fares	\$ 4,207,746	\$ 4,004,439	\$ 3,758,642
Advertising and concessions	398,486	363,317	275,014
<b>Total Operating Revenues</b>	<b>\$ 4,606,232</b>	<b>\$ 4,367,756</b>	<b>\$ 4,033,656</b>
<b>OPERATING EXPENSES</b>			
Labor	\$ 15,729,019	\$ 14,808,947	\$ 14,424,006
Fringe benefits	10,490,896	9,359,814	8,463,897
Materials and supplies	6,083,212	5,676,943	5,405,463
Services	2,320,702	2,331,548	2,342,761
Utilities	582,260	573,273	582,685
Casualty and liability	1,166,261	1,264,872	975,060
Taxes	276,498	250,354	229,918
Purchased transportation service	1,374,797	1,209,177	1,057,824
Miscellaneous	401,032	441,111	355,603
<b>Total Operating Expenses excluding depreciation</b>	<b>\$ 38,424,677</b>	<b>\$ 35,916,039</b>	<b>\$ 33,837,217</b>
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	<b>\$ (33,818,445)</b>	<b>\$ (31,548,283)</b>	<b>\$ (29,803,561)</b>
Depreciation Expense	(6,397,734)	(6,237,556)	(6,446,278)
<b>OPERATING LOSS</b>	<b>\$ (40,216,179)</b>	<b>\$ (37,785,839)</b>	<b>\$ (36,249,839)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Sales tax revenue	\$ 36,279,210	\$ 34,521,101	\$ 33,616,287
Federal operating grants and reimbursements	5,998,391	4,123,465	3,655,202
State operating grants and special fare assistance	629,962	829,767	1,003,295
Student fare and other assistance	852,768	1,099,910	1,033,958
Interest income	92,127	55,230	14,130
Interest expense	(19,234)	(24,072)	(19,050)
Gain (Loss) from disposal of assets	54,422	6,990	22,533
Other	366,555	441,795	310,553
<b>Total Non-Operating Revenues - net</b>	<b>\$ 44,254,201</b>	<b>\$ 41,054,186</b>	<b>\$ 39,636,908</b>
<b>CAPITAL GRANT REVENUE</b>			
Capital Grant Revenue	\$ 7,583,812	\$ 6,059,733	\$ 7,107,006
<b>CHANGE IN NET ASSETS</b>	11,621,834	9,328,080	10,494,075
Net Assets, Beginning Balance	\$ 73,101,530	\$ 65,799,509	\$ 55,305,434
Prior Period Adjustment	273,885	(2,026,059)	-
<b>Net Assets, Ending Balance</b>	<b>\$ 84,997,249</b>	<b>\$ 73,101,530</b>	<b>\$ 65,799,509</b>

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2011

The Authority's operating revenue was \$48.9 million in 2011. This is a 7.6% increase over 2010. This increase is a result from an increase in sales tax and federal revenue. While in 2010 METRO had an operating revenue of \$45.5 million. This was an increase of 4% over 2009. This increase was a result of an increase in sales tax and federal revenue. Operating expenses, excluding depreciation, increased by \$2.5 million in 2010 and \$2.1 million in 2009. The main increase in both years came from increases in wages, benefits, material and supplies. Depreciation expense decreased by \$0.1 million in 2011 and by \$0.2 million in 2010.

**Condensed Summary of Cash Flows**

Net cash used for operating activities increased by \$4.2 million in 2011 as a result of an increase in expenses for wages and benefits. In 2010 cash flow from operating activities increased by \$0.1 million due to increased cost for wages and benefits. Net cash from non-capital activity increased by \$2.2 million in 2011 due to increased sales tax revenue. In 2010 net cash from non-capital activity decreased by \$1.2 million due to decreased sales tax revenue. Cash and cash equivalents increased in 2011 by \$5.5 million and increased in 2010 by \$2.2 million.

	2011	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 4,045,546	\$ 4,028,244	\$ 3,634,718
Cash received from others for miscellaneous services	398,486	805,112	275,014
Cash payments to suppliers for goods and services	(11,505,112)	(10,991,962)	(19,817,621)
Cash payments to employees for services	(27,452,166)	(24,088,330)	(14,245,055)
Net cash used in operating activities	<u>(34,513,246)</u>	<u>(30,246,936)</u>	<u>(30,152,944)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Sales taxes received	36,203,544	34,521,101	35,774,513
Operating grants and other assistance received	6,228,353	5,681,513	5,692,455
Net cash provided by non-capital financing activities	<u>42,431,897</u>	<u>40,202,614</u>	<u>41,466,968</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants received	6,527,673	6,059,733	7,107,006
Acquisition and construction of capital assets	(10,628,610)	(13,782,301)	(8,569,607)
Principal paid on bonds	(95,000)	(90,000)	(85,000)
Interest paid on bonds	(19,193)	(11,662)	(19,050)
Net cash provided by capital and related financing activities	<u>(4,215,130)</u>	<u>(7,824,230)</u>	<u>(1,566,651)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash proceeds from sale of investments - net	1,739,052	0	0
Interest received from investments	92,127	55,230	14,130
Net cash provided by investing activities	<u>1,831,179</u>	<u>55,230</u>	<u>14,130</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,534,700</b>	<b>2,186,678</b>	<b>9,761,503</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>14,242,643</b>	<b>12,055,965</b>	<b>2,294,462</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 19,777,343</u></b>	<b><u>\$ 14,242,643</u></b>	<b><u>\$ 12,055,965</u></b>

## METRO REGIONAL TRANSIT AUTHORITY

### MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2011

#### **Capital Asset and Debt Administration**

##### **Capital Assets**

The Authority's investment in capital assets amounts to \$60 million, net of accumulated depreciation as of December 31, 2011, an increase of \$4.1 million compared to 2010. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and computer equipment

Additional information on capital asset activity can be found in note 5 to the financial statements.

##### **Long-term Debt**

The Authority has outstanding bonds of \$300,000 a decrease of \$95,000 from the prior year. This debt consists solely of capital facilities bonds issued for the purpose of purchasing, acquiring, constructing, replacing, improving, extending and enlarging transit facilities and other equipment. The bonds were authorized to be issued and sold under resolutions passed by the Board of Trustees. The bonds are general obligations of the Authority. During 2011 the Authority had no new debt activity except for payments made for interest and principal. Additional information on long-term debt activity can be found in note 4 to the financial statements.

##### **Requests for Information**

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

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

ASSETS	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 19,777,343	\$ 14,242,643
Investments	2,203,441	1,680,235
Receivables:		
Sales taxes	4,765,512	4,689,846
Intergovernmental -Federal Grants	400,000	-
Trade and other	270,422	475,368
Materials and supplies inventory	848,111	822,327
Prepaid expenses	<u>546,993</u>	<u>583,335</u>
 Total current assets	 <u>28,811,822</u>	 <u>22,493,754</u>
<b>NONCURRENT ASSETS:</b>		
<b>PROPERTY, FACILITIES AND EQUIPMENT</b>		
Land	3,765,689	3,765,689
Buildings and building improvements	40,768,338	40,287,567
Infrastructure	4,784,735	4,383,657
Right-of-ways	10,653,206	10,653,206
Transportation equipment	46,129,487	44,088,497
Other equipment	<u>10,024,046</u>	<u>8,027,063</u>
Total	116,125,501	111,205,679
Less: Accumulated depreciation	<u>(56,094,672)</u>	<u>(55,581,816)</u>
 Property, facilities and equipment - net	 <u>60,030,829</u>	 <u>55,623,863</u>
 Other noncurrent assets	 <u>174,493</u>	 <u>76,300</u>
 Total non-current assets	 <u>60,205,322</u>	 <u>55,700,163</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 89,017,144</u></b>	 <b><u>\$ 78,193,917</u></b>

(Continued)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET ASSETS (Continued)  
DECEMBER 31, 2011

LIABILITIES AND NET ASSETS	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES:</b>		
Bonds payable - current maturities	\$ 95,000	\$ 95,000
Accrued interest payable	1,900	1,941
Accounts payable	420,830	962,635
Accrued payroll	1,640,607	1,693,648
Accrued payroll taxes	964,855	1,122,469
Deferred Capital grant	301,000	1,000
Deferred Revenue	28,367	395,513
Other liabilities	<u>362,336</u>	<u>520,181</u>
Total current liabilities	<u>\$ 3,814,895</u>	<u>\$ 4,792,387</u>
<b>NONCURRENT LIABILITIES:</b>		
Bonds payable	<u>\$ 205,000</u>	<u>\$ 300,000</u>
Total noncurrent liabilities	<u>\$ 205,000</u>	<u>\$ 300,000</u>
Total liabilities	<u>\$ 4,019,895</u>	<u>\$ 5,092,387</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	\$ 59,730,829	\$ 55,228,863
Unrestricted	<u>25,266,420</u>	<u>17,872,667</u>
Total net assets	<u>84,997,249</u>	<u>73,101,530</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 89,017,144</u></u>	<u><u>\$ 78,193,917</u></u>

See accompanying notes to the financial statements.



METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Passenger fares	\$ 4,207,746	\$ 4,004,439
Advertising and concessions	<u>398,486</u>	<u>363,317</u>
Total operating revenues	4,606,232	4,367,756
OPERATING EXPENSES		
Labor	15,729,019	14,808,947
Fringe benefits	10,490,896	9,359,814
Materials and supplies	6,083,212	5,676,943
Services	2,320,702	2,331,548
Utilities	582,260	573,273
Casualty and liability	1,166,261	1,264,872
Taxes	276,498	250,354
Purchased transportation service	1,374,797	1,209,177
Miscellaneous	<u>401,032</u>	<u>441,111</u>
Total operating expenses excluding depreciation	<u>38,424,677</u>	<u>35,916,039</u>
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(33,818,445)	(31,548,283)
DEPRECIATION EXPENSE:		
On assets acquired with capital grants	6,361,486	6,215,570
On other assets	<u>36,248</u>	<u>21,986</u>
Total depreciation expense	<u>6,397,734</u>	<u>6,237,556</u>
OPERATING LOSS	(40,216,179)	(37,785,839)
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	36,279,210	34,521,101
Federal operating grants and reimbursements	5,998,391	4,123,465
State operating grants, reimbursements, and special fare assistance	629,962	829,767
Student fare and other assistance	852,768	1,099,910
Interest income	92,127	55,230
Interest expense	(19,234)	(24,072)
Gain (Loss) from disposal of assets	54,422	6,990
Other	<u>366,555</u>	<u>441,795</u>
Total non-operating revenues - net	<u>44,254,201</u>	<u>41,054,186</u>
NET INCOME BEFORE CAPITAL CONTRIBUTION	4,038,022	3,268,347
CAPITAL CONTRIBUTIONS	<u>7,583,812</u>	<u>6,059,733</u>
Increase (decrease) in Net Assets	11,621,834	9,328,080
Net Assets, Beginning of Year	73,101,530	65,799,509
Prior Period Adjustment	<u>273,885</u>	<u>(2,026,059)</u>
Net Assets, Ending of Year	<u>\$ 84,997,249</u>	<u>\$ 73,101,530</u>

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 4,045,546	\$ 4,028,244
Cash received from others for miscellaneous services	398,486	805,112
Cash payments to suppliers for goods and services	(11,505,112)	(10,991,962)
Cash payments to employees for services	(27,452,166)	(24,088,330)
Net cash used in operating activities	(34,513,246)	(30,246,936)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Sales taxes received	36,203,544	34,521,101
Operating grants and other assistance received	6,228,353	5,681,513
Net cash provided by non-capital financing activities	42,431,897	40,202,614
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	7,583,812	6,059,733
Acquisition and construction of capital assets	(10,628,610)	(13,782,301)
Principal paid on bonds	(95,000)	(90,000)
Interest paid on bonds	(19,193)	(11,662)
Net cash provided (used) by capital and related financing activities	(3,158,991)	(7,824,230)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash proceeds from sale of investments - net	682,913	-
Interest received from investments	92,127	55,230
Net cash provided by investing activities	775,040	55,230
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,534,700	2,186,678
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	14,242,643	12,055,965
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 19,777,343	\$ 14,242,643
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (40,216,179)	\$ (37,785,839)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	6,397,734	6,237,556
Cash received from others for miscellaneous services	-	441,795
Change in assets and liabilities:		
Accounts receivable-trade	204,946	23,805
Materials and supplies inventory	(25,784)	213,834
Prepaid expenses	36,342	(136,999)
Accounts payable	(541,805)	537,006
Accrued payroll	(53,041)	319,188
Accrued payroll taxes	(157,614)	11,597
Other current liabilities	(157,845)	(108,879)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (34,513,246)	\$ (30,246,936)

See accompanying notes to the financial statements.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

For the Year Ended December 31, 2011

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - The Authority has also complied with the provisions of Statement No. 33 of the Governmental Accounting Standards Board ("GASB") regarding the Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue. Accordingly, during the years ended December 31, 2011 and 2010, \$7,583,812 and \$6,059,733 in capital contribution were recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Assets for the Authority.

In 2005, the Authority implemented a financial reporting model, as required by the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended and interpreted.

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.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, at and during the reported period. Actual results could differ from those estimates.

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. Property over \$5,000 is capitalized.

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

<u>Description</u>	<u>Years</u>
Building and Building Improvements	20-40
Infrastructure	20-30
Transportation equipment	5-12
Other equipment	3-10

Net Assets - Equity displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

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

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

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.

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

For the Year Ended December 31, 2011

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

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

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

At December 31, 2011, the carrying amount of the Authority's deposits was \$2,382,559 and the bank balance was \$2,549,685, \$250,000 of which was covered by the FDIC and \$2,299,685 of which was uninsured and uncollateralized as defined by the GASB. At December 31, 2010, the carrying amount of the Authority's deposits was \$5,015,820 and the bank balance was \$5,089,852, \$257,785 of which was covered by the FDIC and \$4,832,067 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. At December 31, 2011, the Authority had \$1,825 in petty cash.

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

For the Year Ended December 31, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

Investments

Investments at December 31, 2011 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year or less	More than one year and less than three years	More than three years	
Aaa	Repurchase Agreements	\$13,340,000	\$13,340,000			68%
Aaa	Money Market	1,592,644	1,592,644			8%
Aaa	U.S. Treasury Bonds	206,211		\$206,211		1%
Aaa	U.S. Treasury Notes	726,804	228,934	497,870		4%
Aaa	U. S. Government Agencies	3,626,558		2,624,584	\$1,001,974	19%
Various	Ohio Municipal Obligations	106,008		106,008		1%
		<u>\$19,598,225</u>	<u>\$15,161,578</u>	<u>\$3,434,673</u>	<u>\$1,001,974</u>	<u>100%</u>

Investments at December 31, 2010 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year or less	More than one year and less than three years	More than three years	
Aaa	Repurchase Agreements	\$9,225,000	\$9,225,000			85%
Aaa	Money Market	186,879	186,879			2%
Aaa	U.S. Treasury Bonds	437,795	230,092	\$207,703		4%
Aaa	U.S. Treasury Notes	805,444	75,038	627,750	\$102,656	7%
Aaa	U. S. Government Agencies	250,115		150,115	100,000	2%
		<u>\$10,905,233</u>	<u>\$9,717,009</u>	<u>\$985,568</u>	<u>\$202,656</u>	<u>100%</u>



METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk: an investment is the risk that in the event of failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's \$13,340,000 investments in repurchase agreements are held in the Authority's name by its custodian (agent).

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

Credit risk: the possibility that an issuer or other counter-party to an investment will not fulfill its obligation. The Authority's investment policy limits investments to, among others, obligations of the U.S. government or agencies thereof.

4. LONG TERM DEBT

Issue	Average Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
General obligation bonds 2004	4.03%	\$ 395,000	\$ -	\$ 95,000	\$ 300,000	\$ 95,000

In June 2004, the Authority issued general obligation bonds, which are tax-exempt and have annual maturity dates through 2014. These bonds were used to refinance bonds issued in June 1992 and to provide additional funds to cover the local share for capital projects. The proceeds were deposited into a trust fund for the purpose paying the 1992 bonds and, therefore are excluded from the financial statements. The refinance resulted in an accounting gain of \$39,948 and an economic gain of \$30,090.

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

For the Year Ended December 31, 2011

4. LONG TERM DEBT (Continued)

The annual requirements to pay principal and interest on the general obligation bonds and loan outstanding at December 31, 2011 are as follows:

	Principal	Interest
2012	\$ 95,000	\$ 15,000
2013	100,000	10,250
2014	105,000	5,250
Total	<u>\$ 300,000</u>	<u>\$ 30,500</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 is as follows:

Description	Balance 1/1/2011	Additions	Disposals	Balance 12/31/2011
Capital Assets Not Being Depreciated				
Land	\$ 3,765,689	\$ -	\$ -	\$ 3,765,689
Right-of-ways	10,653,206	-	-	10,653,206
Total Capital Assets Not Being Depreciated	<u>14,418,895</u>	-	-	<u>14,418,895</u>
Capital Assets Being Depreciated:				
Building & Building Improvements	40,287,567	488,538	(7,766)	40,768,339
Infrastructure	4,383,657	401,078	-	4,784,735
Transportation Equipment	44,088,497	7,399,841	(5,358,852)	46,129,486
Other Equipment	8,027,063	2,339,153	(342,171)	10,024,045
Total Capital Assets Being Depreciated	96,786,784	10,628,610	(5,708,789)	101,706,605
Less Accumulated Depreciation:				
Building & Building Improvements	19,263,151	1,727,421	(7,766)	20,982,806
Infrastructure	2,787,062	645,377	-	3,432,439
Transportation Equipment	26,843,964	3,320,380	(5,275,751)	24,888,593
Other Equipment	6,413,754	704,556	(327,476)	6,790,834
Total Accumulated Depreciation	55,307,931	6,397,734	(5,610,993)	56,094,672
Total Capital Assets Being Depreciated, Net	<u>41,478,853</u>			<u>45,611,933</u>
Total Capital Assets, Net	<u>\$ 55,897,748</u>			<u>\$ 60,030,828</u>

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

For the Year Ended December 31, 2011

6. PURCHASED TRANSPORTATION SERVICES

During 2011 and 2010, the Authority had a contract with a local taxi company to provide transit services within Summit County for elderly and handicapped persons. Expenses under this contract amounted to \$1,374,797 and \$1,209,177, in 2011 and 2010. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

7. EMPLOYEE RETIREMENT PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar on nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

7. EMPLOYEE RETIREMENT PLANS (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2011, members in the state and local divisions contributed 10% of covered payroll. The Authority employed no public safety members and no law enforcement members in either 2011 or 2010.

The Authority's contribution rate for state and local members in 2011 and 2010 was 14% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010 and 2009 were \$2,397,495, \$2,201,561 and \$2,055,486, respectively. The full amount has been contributed for 2011, 2010 and 2009. There were no contributions to the member-directed plan for 2011 or 2010.

8. POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

8. POST EMPLOYMENT BENEFITS (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1, 2010 through February 28, 2010, 5.0% from March 1, 2010 through December 31, 2010 and 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010 and 6.05% for 2011. The portion of employer contributions allocated to health care for the year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2011

8. POST EMPLOYMENT BENEFITS (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Authority's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010 and 2009 were \$684,964, \$908,619 and \$1,100,780 respectively. The full amount has been contributed for those years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased 2006 through 2008. These rate increases allowed additional funds to be allocated to the healthcare plan.

9. 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:

	<u>2011</u>	<u>2010</u>
FEDERAL:		
FTA Maintenance and Other Assistance	\$ 5,998,391	\$ 4,123,465
FTA Capital Contribution	6,527,673	6,059,733
Total	<u>\$ 12,526,064</u>	<u>\$ 10,183,198</u>
STATE:		
ODOT Maintenance and Other Assistance	\$ 369,218	\$ 589,880
ODOT Fuel Tax Reimbursement	260,744	239,887
ODOT Capital Contribution	-	1,099,910
Total	<u>\$ 629,962</u>	<u>\$ 1,929,677</u>
Other Capital Contributions	<u>\$ 1,056,139</u>	<u>\$ -</u>

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

For the Year Ended December 31, 2011

10. RISK MANAGEMENT

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

During the loss year of 2010, OTRP provided to the Authority commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage the pool provided \$50,000,000 in coverage and retained \$250,000. For auto liability the pool provided \$7,500,000. For crime the pool provided \$4,000,000 in coverage. For general liability, E&O and EBL the pool provided \$5,000,000. For each of these lines the pool retained \$1,000,000. METRO's deductible for all claims was \$5,000 for 2011 and 2010 (except for the Authority the auto physical damage, which was \$25,000.)

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

As of January 1, 2011, the Authority has met all obligations to OTRP. There are no special assessments being billed at this time and no known loss developments which would lead to a special assessment.

The Authority pays OTRP through an initial contribution for purchased insurance and quarterly payments for their self insured loss and administrative costs. The Authority's contribution percentage for 2011 was 28.421%. In 2010 it was 32.015% in the primary layer and 24.685% in the secondary layer.

11. PRIOR PERIOD ADJUSTMENT

In 2011, beginning net assets were restated by \$273,885 for revaluing several fixed assets' accumulated depreciation.

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# Statistical Section

**METRO**   
Board of Trustees



Mr. Craig Megyes



Mr. Paul V. Shiplett



Mr. James D. Switzer



Mr. Robert K. Pfaff  
Executive Director/  
Secretary-Treasurer

# Statistical Section – 2011

The Statistical Section includes Financial Trend Information, Revenue Capacity Information, Operating Information, Debt Capacity Information, and Demographic and Economic Information.

## Financial Trends and Revenue Capacity                      pages 41 - 50

These schedules indicate how the Authority's performance and conditions have changed over a ten year time frame. Also contained in these schedules is information to help the reader understand the Authority's most significant revenue sources.

## Debt Capacity    page 51

These schedules indicate the Authority's debt service.

## Economic and Demographic Information                      pages 52 - 54

These schedules contain economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.

## Operating Information    pages 55 - 58

These schedules contain data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

# Financial Trend Information

2011  
(Unaudited)

Table 1 – Net Assets and Fund Balances

Table 2 – Changes in Net Assets and Changes in Fund Balances

Table 3 – Revenues and Operating Assistance –  
Comparison to Industry Trend Data

Table 4 – Operating Expenses –  
Comparison to Industry Trend Data

Table 5 – Passenger Fares vs. Operating Expenses (Graph)

Table 6 – Sales Tax: Comparison to other Regional Transit  
Authorities in Ohio

# METRO Regional Transit Authority

## NET ASSETS/FUND BALANCES BY COMPONENT FOR THE LAST NINE FISCAL YEARS

(Unaudited)

	2011	2010	2009	2008	2007
<b>NET ASSETS</b>					
Invested in Capital Assets	\$ 59,730,829	\$ 55,228,863	\$ 49,737,003	\$ 47,352,867	\$ 37,831,113
Restricted					
Unrestricted (Deficits)	25,266,420	17,872,667	16,062,506	7,952,567	3,723,849
<b>TOTAL NET ASSETS</b>	<u>\$ 84,997,249</u>	<u>\$ 73,101,530</u>	<u>\$ 65,799,509</u>	<u>\$ 55,305,434</u>	<u>\$ 41,554,962</u>
<b>NET ASSETS</b>					
Invested in Capital Assets	\$ 38,662,489	\$ 39,524,117	\$ 42,117,832	\$ 46,448,258	
Restricted				36,116	
Unrestricted (Deficits)	4,891,107	5,422,392	5,689,448	3,491,500	
<b>TOTAL NET ASSETS</b>	<u>\$ 43,553,596</u>	<u>\$ 44,946,509</u>	<u>\$ 47,807,280</u>	<u>\$ 49,975,874</u>	

Source: METRO's audited annual financial statements

Note: Information prior to 2003 not available

# METRO Regional Transit Authority

## CHANGES IN NET ASSETS/FUND BALANCES

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 2

	2011	2010	2009	2008	2007
<b>OPERATING REVENUES:</b>					
Passenger fares	\$ 4,207,746	4,004,439	3,758,642	3,867,029	3,696,452
Charter revenue	-	-	-	-	9,731
Advertising and concessions	398,486	363,317	275,014	266,370	359,479
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,606,232</b>	<b>4,367,756</b>	<b>4,033,656</b>	<b>4,133,399</b>	<b>4,065,662</b>
<b>OPERATING EXPENSES</b>					
Labor	\$ 15,729,019	14,808,947	14,424,006	12,809,410	12,814,016
Fringe benefits	10,490,896	9,359,814	8,463,897	8,086,016	7,451,164
Materials and supplies	6,083,212	5,676,943	5,405,463	5,519,828	4,567,606
Services	2,320,702	2,331,548	2,342,761	1,307,801	1,342,851
Utilities	582,260	573,273	582,685	536,138	468,205
Casualty and liability	1,166,261	1,264,872	975,060	850,567	1,309,673
Taxes	276,498	250,354	229,918	218,819	221,687
Purchased transportation service	1,374,797	1,209,177	1,057,824	1,147,559	1,143,753
Miscellaneous	401,032	441,111	355,603	305,665	174,336
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 38,424,677</b>	<b>35,916,039</b>	<b>33,837,217</b>	<b>30,781,803</b>	<b>29,493,291</b>
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ 38,424,677</b>	<b>35,916,039</b>	<b>33,837,217</b>	<b>30,781,803</b>	<b>29,493,291</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ (33,818,445)</b>	<b>(31,548,283)</b>	<b>(29,803,561)</b>	<b>(26,648,404)</b>	<b>(25,427,629)</b>
Depreciation expense	6,397,734	6,237,556	6,446,278	5,937,844	4,842,469
<b>OPERATING LOSS</b>	<b>\$ (40,216,179)</b>	<b>(37,785,839)</b>	<b>(36,249,839)</b>	<b>(32,586,248)</b>	<b>(30,270,098)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax revenue	\$ 36,279,210	34,521,101	33,616,287	25,052,152	18,503,004
Federal operating grants and reimbursements	5,998,391	4,123,465	3,655,202	4,548,257	4,570,868
State operating grants and special fare assistance	629,962	829,767	1,003,295	1,017,883	1,076,387
Student fare and other assistance	852,768	1,099,910	1,033,958	878,272	825,967
Investment loss	0	0	0	0	0
Interest income	92,127	55,230	14,130	110,763	176,229
Interest expense	(19,234)	(24,072)	(19,050)	(44,784)	(44,556)
Gain (Loss) from disposal of assets	54,422	6,990	22,533	8,809	2,849
Other	366,555	441,795	310,553	252,897	170,428
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>\$ 44,254,201</b>	<b>41,054,186</b>	<b>39,636,908</b>	<b>31,824,249</b>	<b>25,281,176</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant Contributions	\$ 7,583,812	6,059,733	7,107,006	10,742,855	2,808,870
<b>CHANGE IN NET ASSETS/FUND BALANCES</b>	<b>\$ 11,621,834</b>	<b>9,328,080</b>	<b>10,494,075</b>	<b>9,980,856</b>	<b>(2,180,052)</b>
Net Assets, Beginning Balance	73,101,530	65,799,509	55,305,434	41,554,962	43,553,596
Prior Period Adjustment	273,885	(2,026,059)	0	0	0
Net Assets, Ending Balance	<b>\$ 84,997,249</b>	<b>73,101,530</b>	<b>65,799,509</b>	<b>51,535,818</b>	<b>41,373,544</b>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## CHANGES IN NET ASSETS/FUND BALANCES

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 2 (continued)

	2006	2005	2004	2003	2002
<b>OPERATING REVENUES:</b>					
Passenger fares	\$ 3,470,873	\$ 3,514,296	\$ 2,955,934	\$ 3,282,581	\$ 3,378,867
Charter revenue	11,452	94,133	195,569	203,248	176,812
Advertising and concessions	353,961	306,435	299,535	354,381	298,843
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 3,836,286</b>	<b>\$ 3,914,864</b>	<b>\$ 3,451,038</b>	<b>\$ 3,840,210</b>	<b>\$ 3,854,522</b>
<b>OPERATING EXPENSES</b>					
Labor	\$ 12,695,931	\$ 12,599,824	\$ 12,779,273	\$ 12,915,126	\$ 13,098,078
Fringe benefits	7,048,865	7,479,976	7,206,629	7,141,771	6,283,020
Materials and supplies	4,529,963	3,561,216	3,000,077	3,163,939	3,064,413
Services	1,069,850	1,131,184	1,111,932	1,207,788	940,454
Utilities	652,651	536,629	426,072	404,700	417,332
Casualty and liability	1,066,711	1,225,109	1,188,010	890,037	762,078
Taxes	196,644	181,661	180,145	167,216	158,551
Purchased transportation service	1,061,558	1,076,844	1,051,375	1,887,041	2,265,605
Miscellaneous	178,361	169,364	237,345	264,521	333,715
<b>TOTAL OPERATING EXPENSES</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ 28,500,534</b>	<b>\$ 27,961,807</b>	<b>\$ 27,180,858</b>	<b>\$ 28,042,139</b>	<b>\$ 27,323,246</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>\$ (24,664,248)</b>	<b>\$ (24,046,943)</b>	<b>\$ (23,729,820)</b>	<b>\$ (24,201,929)</b>	<b>\$ (23,468,724)</b>
Depreciation expense	5,704,175	6,504,003	6,203,140	6,173,717	5,554,611
<b>OPERATING LOSS</b>	<b>\$ (30,368,423)</b>	<b>\$ (30,550,946)</b>	<b>\$ (29,932,960)</b>	<b>\$ (30,375,646)</b>	<b>\$ (29,023,335)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax revenue	\$ 18,144,910	\$ 17,929,848	\$ 17,784,103	\$ 17,167,953	\$ 16,652,028
Federal operating grants and reimbursements	4,507,059	4,556,093	4,808,598	5,062,561	3,098,114
State operating grants and special fare assistance	1,079,041	1,327,249	1,382,307	1,305,676	1,699,085
Student fare and other assistance	1,082,313	1,031,175	928,393	1,666,411	1,331,874
Investment loss	0	(37,568)	(17,611)	(16,996)	6,566
Interest income	235,685	130,247	64,670	46,650	68,835
Interest expense	(55,596)	(65,652)	(95,211)	(107,085)	(115,415)
Gain (Loss) from disposal of assets	24,580	8,977	(640,912)	(229,860)	(70,757)
Other	204,136	95,132	191,851	218,215	187,473
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>\$ 25,222,128</b>	<b>\$ 24,975,501</b>	<b>\$ 24,406,188</b>	<b>\$ 25,113,525</b>	<b>\$ 22,857,803</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant Contributions	\$ 3,753,382	\$ 2,714,674	\$ 3,358,178	\$ 7,479,162	\$ 9,815,766
<b>CHANGE IN NET ASSETS/FUND BALANCES</b>	<b>\$ (1,392,913)</b>	<b>\$ (2,860,771)</b>	<b>\$ (2,168,594)</b>	<b>\$ 2,217,041</b>	<b>\$ 3,650,234</b>
Net Assets, Beginning Balance	47,807,280	50,668,051	52,836,645	50,619,604	46,969,370
Prior Period Adjustment	0	0	0	0	0
Net Assets, Ending Balance	<b>\$ 43,553,596</b>	<b>\$ 47,807,280</b>	<b>\$ 50,668,051</b>	<b>\$ 52,836,645</b>	<b>\$ 50,619,604</b>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

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

Last Ten Years

(Unaudited)

TABLE 3

### TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL</u>	<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>		
2002	32.5%	17.3%	49.8%	21.6%	23.7%	4.9%	50.2%	100.0%
2003	32.5%	17.3%	49.8%	21.6%	23.7%	4.9%	50.2%	100.0%
2004	32.9%	16.7%	49.6%	20.8%	22.6%	7.0%	50.4%	100.0%
2005	32.4%	15.7%	48.1%	21.0%	23.6%	7.3%	51.9%	100.0%
2006	33.2%	15.2%	48.4%	21.1%	22.8%	7.7%	51.6%	100.0%
2007	31.4%	6.5%	37.9%	31.0%	23.6%	7.5%	62.1%	100.0%
2008	31.3%	6.4%	37.7%	29.5%	25.8%	7.0%	62.3%	100.0%
2009	31.5%	5.8%	37.4%	29.0%	25.3%	8.2%	62.6%	100.0%
2010	32.1%	5.4%	37.5%	28.1%	25.0%	9.4%	62.5%	100.0%

2011 \*

### METRO Regional Transit Authority

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL</u>	<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>		
2002	12.6%	2.7%	15.3%	65.9%	7.3%	11.5%	84.7%	100.0%
2003	11.2%	2.7%	13.9%	62.8%	6.3%	17.0%	86.1%	100.0%
2004	10.3%	2.6%	12.9%	65.4%	4.8%	16.8%	87.1%	100.0%
2005	12.1%	2.0%	14.2%	65.5%	4.6%	15.7%	85.8%	100.0%
2006	11.9%	2.8%	14.7%	66.1%	3.7%	15.5%	85.3%	100.0%
2007	12.6%	2.4%	15.0%	65.8%	3.7%	15.6%	85.0%	100.0%
2008	10.7%	1.8%	12.5%	72.0%	2.8%	12.6%	87.5%	100.0%
2009	8.6%	1.4%	10.0%	79.4%	2.3%	8.4%	90.0%	100.0%
2010	8.8%	1.9%	10.7%	78.4%	1.8%	9.1%	89.3%	100.0%
2011	8.6%	1.8%	10.4%	76.1%	1.3%	12.3%	89.6%	100.0%

(1) Source: The American Public Transit Association, "APTA 2012 Transit Fact Book - Table 63"

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

\* Information not available

# METRO Regional Transit Authority

## Operating Expenses - Comparison to Industry Trend Data

Last Ten Years  
(Unaudited)

TABLE 4

### TRANSPORTATION INDUSTRY (1):

<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>
2002	70.3%	9.1%	6.2%	3.1%	2.5%	12.0%	-3.2%	100.0%
2003	69.1%	9.1%	6.0%	3.0%	2.6%	13.4%	-3.2%	100.0%
2004	68.7%	9.1%	5.8%	3.0%	2.6%	13.4%	-2.6%	100.0%
2005	66.9%	10.1%	5.8%	3.2%	2.5%	13.8%	-2.3%	100.0%
2006	66.1%	11.3%	5.9%	3.2%	2.5%	13.4%	-2.4%	100.0%
2007	65.8%	11.6%	6.1%	3.4%	2.4%	13.0%	-2.3%	100.0%
2008	63.9%	12.8%	6.3%	3.4%	2.2%	13.7%	-2.3%	100.0%
2009	64.8%	11.3%	6.6%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	65.2%	10.7%	6.6%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011 *								

### 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>
2002	70.5%	11.1%	3.4%	1.5%	2.8%	8.2%	2.5%	100.0%
2003	71.3%	11.2%	4.3%	1.4%	3.2%	6.7%	1.9%	100.0%
2004	73.3%	11.0%	4.1%	1.6%	4.4%	3.9%	1.7%	100.0%
2005	71.6%	12.7%	4.0%	1.9%	4.4%	3.8%	1.6%	100.0%
2006	69.3%	15.7%	3.8%	2.3%	3.7%	3.7%	1.5%	100.0%
2007	68.6%	15.5%	4.5%	1.6%	4.4%	3.9%	1.5%	100.0%
2008	67.8%	17.9%	4.2%	1.7%	2.8%	3.7%	1.9%	100.0%
2009	67.6%	16.0%	6.9%	1.7%	2.9%	3.1%	1.8%	100.0%
2010	67.2%	15.8%	6.5%	1.6%	3.5%	3.4%	2.0%	100.0%
2011	68.2%	15.8%	6.0%	1.5%	3.0%	3.6%	1.8%	99.9%

(1) Source: The American Public Transit Association, "APTA 2012 Transit Fact Book - Table 51"

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

\* Information not available



# METRO Regional Transit Authority

TABLE 5



# Revenue Capacity Information

2011  
(Unaudited)

Table 7 – Revenues by Source

Table 8 – Revenues by Source (Graph)

Table 9 – Expenses by Object Class

# METRO Regional Transit Authority

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

Last Ten Years  
(Unaudited)

TABLE 6

System	Rate	Date Imposed	2002	2003	2004	2005	2006	2007	2008*	2009	2010	2011
GCRTA	1.00%	Oct 1, 1975	156,735,486	158,653,957	167,894,949	167,165,307	169,262,438	173,161,230	170,707,698	155,282,828	163,220,649	173,242,328
COTA	0.50%	Jan 1, 2008	41,334,523	43,205,469	44,940,803	44,741,979	46,371,674	47,598,995	88,246,021	87,819,553	91,961,890	97,952,515
Laketran	0.25%	Aug 1, 1988	7,202,698	7,440,529	7,637,135	7,552,509	7,728,333	7,913,161	7,744,815	7,157,306	7,240,999	7,665,538
WRTA	0.25%	Apr 1, 2009								4,167,214	6,732,485	7,343,527
GDRTA	0.50%	Jul 1, 1980	31,433,081	32,290,326	32,783,222	32,923,985	32,363,030	32,185,370	32,149,806	29,341,697	30,150,943	32,759,617
PARTA	0.25%	Feb 1, 2002	2,564,174	3,281,207	3,390,061	3,412,879	3,583,445	3,705,852	3,775,726	3,608,868	3,914,537	4,080,738
SARTA	0.25%	Jul 1, 1997	10,607,899	10,689,964	11,371,235	11,287,333	11,525,065	11,785,691	11,696,465	10,410,581	11,016,628	11,720,027
METRO	0.50%	Jul 1, 2008	16,484,481	16,995,514	17,605,364	17,749,845	17,989,459	18,306,155	24,848,457	32,829,001	34,194,603	35,842,081

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

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

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

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

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

# METRO Regional Transit Authority

## Revenues by Source - Last Ten Years

(Unaudited)

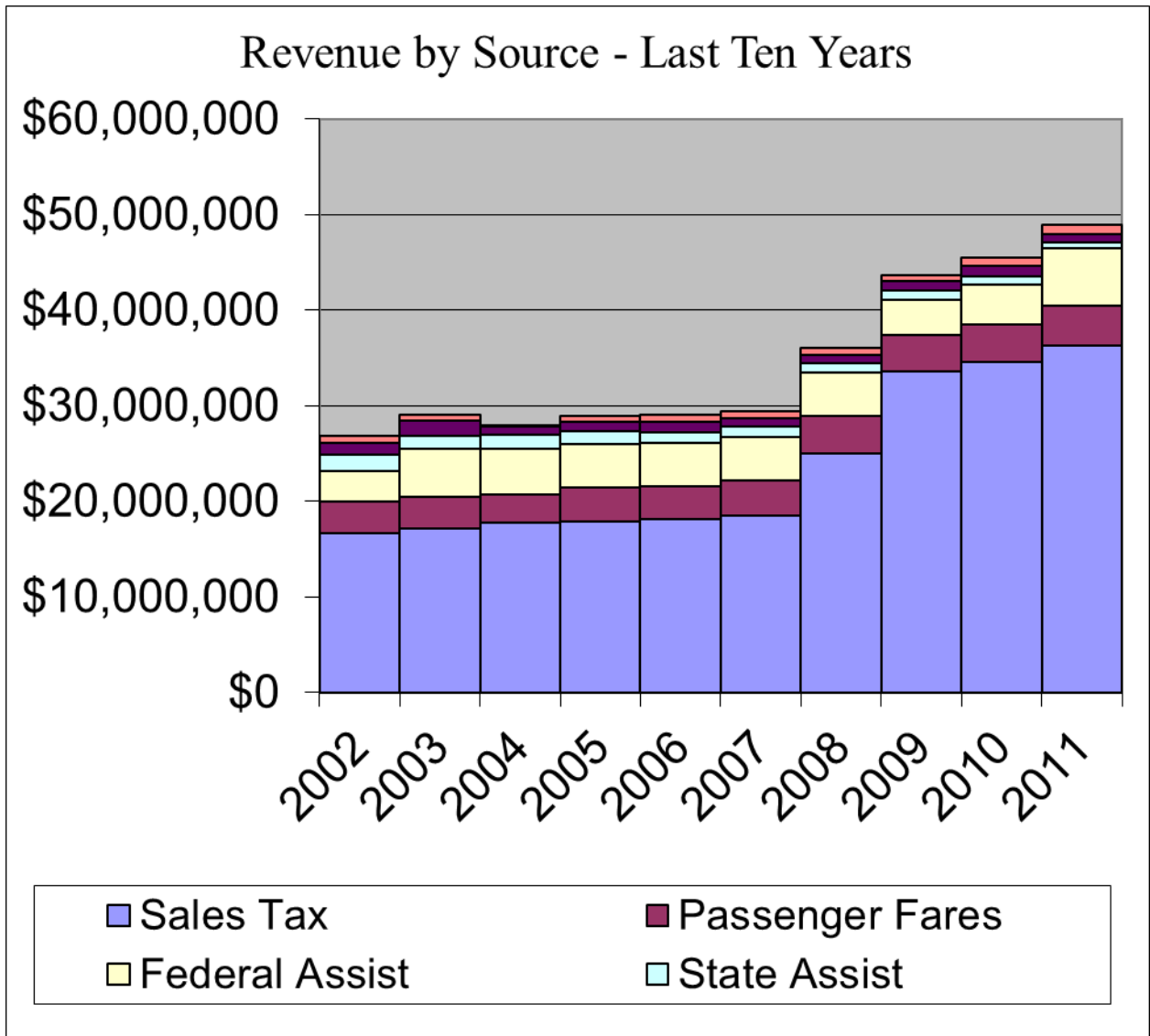
TABLE 7

Operating Revenues	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Passengers Fares	\$3,378,867	\$3,282,581	\$2,955,934	\$3,514,296	\$3,470,873	\$3,696,452	\$3,867,029	\$3,758,642	\$4,004,439	\$4,207,746
Charter Fares	176,812	203,248	195,569	94,133	11,452	9,731	0	0	0	0
Advertising	298,843	354,381	299,535	306,435	353,961	359,479	266,370	275,014	363,317	398,486
<b>Total operating revenues</b>	<b>3,854,522</b>	<b>3,840,210</b>	<b>3,451,038</b>	<b>3,914,864</b>	<b>3,836,286</b>	<b>4,065,662</b>	<b>4,133,399</b>	<b>4,033,656</b>	<b>4,367,756</b>	<b>4,606,232</b>
<b>Non-operating Revenues</b>										
Sales Tax revenue	16,652,028	17,167,953	17,784,103	17,929,848	18,144,910	18,503,004	25,052,152	33,616,287	34,521,101	36,279,210
Federal grants	3,098,114	5,062,561	4,808,598	4,556,093	4,507,059	4,570,868	4,548,257	3,655,202	4,123,465	5,998,391
State grants	1,699,085	1,305,676	1,382,307	1,327,249	1,079,041	1,076,387	1,017,883	1,003,295	829,767	629,962
Student fares assistance	1,331,874	1,666,411	928,393	1,031,175	1,082,313	825,967	878,272	1,033,958	1,099,910	852,768
Interest income	75,401	29,654	30,063	92,679	235,685	176,229	110,763	14,130	55,230	92,127
Gain (loss) from disposal of assets	0	-229,860	-640,912	8,977	24,580	2,849	8,809	22,533	6,990	54,422
Other non-transportation revenue	187,473	218,215	208,847	95,132	204,136	170,428	252,897	310,553	441,795	366,555
<b>Total non-operating revenues</b>	<b>23,043,975</b>	<b>25,220,610</b>	<b>24,501,399</b>	<b>25,041,153</b>	<b>25,277,724</b>	<b>25,325,732</b>	<b>31,869,033</b>	<b>39,655,958</b>	<b>41,078,258</b>	<b>44,273,435</b>
<b>Total Revenues</b>	<b>\$26,898,497</b>	<b>\$29,060,820</b>	<b>\$27,952,437</b>	<b>\$28,956,017</b>	<b>\$29,114,010</b>	<b>\$29,391,394</b>	<b>\$36,002,432</b>	<b>\$43,689,614</b>	<b>\$45,446,014</b>	<b>\$48,879,667</b>

Source: METRO's independently audited annual financial statements

# METRO Regional Transit Authority

TABLE 8



# Debt Capacity Information

2011  
(Unaudited)

Table 10 – Debt Service

# METRO Regional Transit Authority

## Debt Service

(Unaudited)

Table 10

YEAR	GENERAL OBLIGATION BONDS (1)	POPULATION (4)	PERSONAL INCOME (5)	PERCENTAGE	BOND
				OF PERSONAL INCOME	DEBT PER CAPITA
2002	\$1,790,000	545,771	\$16,865,894	0.011%	\$3.28
2003	2,402,029 (2)	545,637	17,405,900	0.014%	\$4.40
2004	2,117,029 (3)	545,545	18,055,061	0.012%	\$3.88
2005	1,782,029	545,347	18,746,168	0.010%	\$3.27
2006	1,005,000	545,931	19,596,752	0.005%	\$1.84
2007	650,000	543,899	20,450,669	0.003%	\$1.20
2008	570,000	542,562	21,156,926	0.003%	\$1.05
2009	485,000	542,405	20,611,827	0.002%	\$0.89
2010	395,000	542,889	21,661,915	0.002%	\$0.73
2011	300,000	541,781	*	*	\$0.55

(1) Total principal due on all outstanding debt.

(2) In 2003 METRO entered into a no interest loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank (SIB) loan of \$442,029 which was paid in full in 2005.

(3) In 2004 METRO refinance the remaining balance of bonds issued in 1992 and increased the bond debt by \$430,000. Bonds are payable through 2014.

(4) U.S. Bureau of Census, Bureau of Labor Statistics, Population for Summit County, Ohio

(5) U. S. Bureau of Economic Analysis

\* = Not Available

# Demographic & Economic Information

2011  
(Unaudited)

Table 11 – Demographic Statistics

Table 12 – Personal Income (graph)

Table 13 – Largest Employers



# METRO Regional Transit Authority

## Demographic Statistics

Last Ten Years  
(Unaudited)

TABLE 11

<u>Year</u>	<u>Population</u> (1)	<u>Per Capita Income</u> (2)	<u>Personal Income</u> (2)	<u>K - 12 School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2002	545,771	\$30,903	\$16,865,894	84,331	6.0%
2003	545,637	31,900	17,405,900	84,064	6.2%
2004	545,545	33,095	18,055,061	83,555	6.1%
2005	545,347	34,375	18,746,168	83,231	5.7%
2006	545,931	35,979	19,596,752	82,122	5.2%
2007	543,899	37,612	20,450,669	80,682	5.4%
2008	542,562	38,940	21,156,926	80,598	6.2%
2009	542,405	38,001	20,611,827	75,791	9.8%
2010	542,899	36,180	21,661,915	76,073	9.9%
2011	541,781	*	*	*	8.4%

Note: All information is presented for Summit County, Ohio

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

(2) Bureau of Economic Analysis

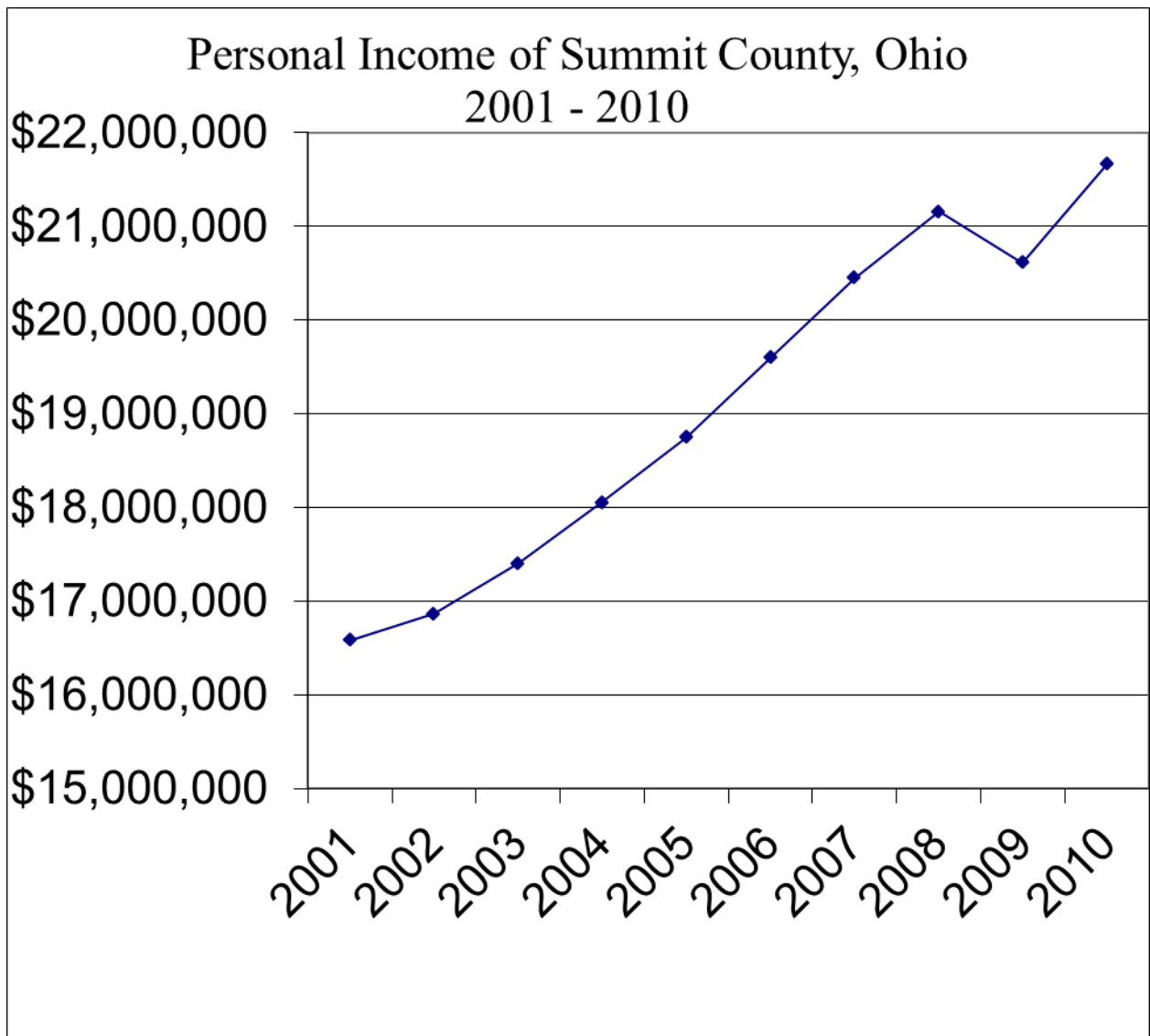
(3) Ohio Department of Education - enrollment data

(4) Bureau of Labor Statistics

\* Information not available

# METRO Regional Transit Authority

TABLE 12



Source: Bureau of Economic Analysis  
Note: Personal Income (\$000)

# METRO Regional Transit Authority

## Summit County, Ohio - Largest Employers

(Unaudited)

TABLE 13

2009		2007		2005	
Company/Organization	Employees	Company/Organization	Employees	Company/Organization	Employees
Summa Health System	10,000	Summa Health System	6,104	Goodyear Tire and Rubber Co	4,700
Akron General Health System	4,277	Akron General Health System	4,263	Summa Health System	3,650
Summit County	3,468	The Goodyear Tire & Rubber Co.	3,502	Akron Public Schools	3,000
Akron School District	3,095	Summit County	3,470	City of Akron	3,000
Goodyear Tire & Rubber Company	3,000	Akron School District	3,050	Akron General Medical Center	2,794
University of Akron Akron	2,845	The University of Akron	2,847	Fred Albrecht Grocery Co	2,000
Akron General Medical Center	2,820	Akron General Medical Center	2,820	Children's Hospital Medical Center	1,543
FirstEnergy Corp	2,708	FirstMerit Corporation	2,697	Roadway Express	1,500
FirstMerit Corporation	2,695	Akron Children's Hospital	2,569	FirstMerit Corp	1,475
Akron Children's Hospital	2,681	City of Akron	2,520	FirstEnergy	1,400
Time Warner Cable NEO	2,440	Associated Materials Inc.	2,500	Sterling Inc.	1,313
City of Akron Akron	2,150	FirstEnergy Corp.	2,416		
Sterling Jewelers, Inc.	2,045	Jo-Ann Fabric & Craft Stores	2,202		
Little Tikes Co.	1,800	Diebold Inc. Canton	2,002		
Acme Fresh Markets	1,650	Sterling Jewelers Inc.	1,923		
Allstate Insurance Co.	1,625	Allstate Insurance Co.	1,627		

Sources: Akron Chamber of Commerce (2009, 2007 and 2005)

Note: Information for 2011, 2010, 2008, 2006 and prior to 2005 not available

# Operating Information

2011  
(Unaudited)

Table 14 – Operating Statistics

Table 15 – Fare Rate Structure

Table 16 – Miscellaneous Statistics

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years

(Unaudited)

TABLE 14

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>System Ridership (1)</b>										
Motor Bus	6,395,457	5,988,354	5,562,406	5,534,269	5,612,011	5,290,612	5,501,367	4,792,622	4,798,745	5,044,895
Demand Response	322,995	262,240	216,252	179,652	153,336	212,144	214,000	230,808	227,949	281,264
<b>Average Weekday System Ridership (1)</b>										
Motor Bus	22,631	21,037	19,210	19,466	19,795	18,490	19,033	16,342	16,507	17,264
Demand Response	1,253	1,016	828	695	596	826	827	889	885	826
<b>Total Vehicle Miles (1)</b>										
Motor Bus	4,320,251	3,871,124	3,363,806	3,196,718	3,110,541	3,306,374	3,351,379	3,762,514	3,786,757	3,806,021
Demand Response	2,186,585	2,304,272	2,220,854	2,090,668	1,571,295	1,491,104	1,511,480	1,853,843	1,451,973	1,968,709
<b>Total Revenue Miles (1)</b>										
Motor Bus	3,666,103	3,437,344	2,930,046	2,702,622	2,647,393	2,665,098	2,672,512	3,020,065	3,057,428	3,129,675
Demand Response	2,025,375	1,912,278	2,005,785	1,831,631	1,418,170	1,373,638	1,368,460	1,620,671	1,213,859	1,704,813
<b>Passenger Miles (1)</b>										
Motor Bus	26,312,940	21,941,968	20,641,957	21,215,058	21,432,595	21,488,616	22,171,408	19,521,871	19,720,879	18,714,749
Demand Response	1,744,793	1,431,632	999,208	1,158,916	947,262	1,237,766	1,399,324	1,381,939	1,218,265	1,704,813

(Continued)

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years (Continued)

(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Full Time Employees (1)	354	336	322	326	326	312	324	352	349	365
Total Vehicle Hours (1)										
Motor Bus	293,198	283,704	261,818	260,734	255,174	255,508	251,552	266,762	284,619	296,036
Demand Response	150,527	136,343	131,578	131,038	111,832	118,488	111,920	119,165	127,559	130,389
Total Vehicle Revenue Hours (1)										
Motor Bus	240,642	248,158	229,084	229,008	228,469	226,734	226,397	240,127	256,792	267,134
Demand Response	145,554	131,736	126,205	125,185	107,112	112,692	104,796	102,539	104,288	112,929
Vehicle Accidents average per month (2)										
Motor Bus	2.0	2.0	3.6	2.1	7.7	6.8	5.8	7.3	6.8	8.3
Demand Response	2.6	2.0	1.5	1.8	1.5	2.1	2.4	2.3	1.2	3.3
Miles between Roadcalls (2)	4,269	4,198	3,538	2,629	4,391	4,226	2,650	3,334	3,140	4,448
Total Revenue Vehicles (1)										
Motor Bus	137	135	137	122	117	109	111	125	139	123
Demand Response	163	156	144	148	152	145	139	150	167	167

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

(2) METRO's Monthly Performance report

Note: Demand Response includes directly operated and purchased transportation

# METRO Regional Transit Authority

## Fare Rate Structure as of December 31, 2011

TABLE 15

<u>Cash fares</u>	
General	\$ 1.25
Senior / Disability	0.50
North Coast Express	5.00
SCAT	2.00
SCAT ADA	2.50
<u>Tickets/Passes</u>	
10 Ride Pass - North Coast Express	\$ 33.00
SCAT Ticket	20.00
Day Pass	2.50
31 Day Pass	
General	\$50.00
Senior / Disability	30.00

Source: METRO's Fare resolution passed by the Board of Trustees on March 25, 2009

# METRO Regional Transit Authority

## Miscellaneous Statistics

(Unaudited)

TABLE 16

Date METRO was created	August 26, 1969
Form of Government	Appointed Board of Trustees
Number of Trustees	12
Type of tax support	1/2 of 1 percent sales and use tax for Summit County
Size of service area (Square miles)	419.92
Population of County (2011)	541,781
Miles of routes	442.4
Number of buses (Directly Operated)	
Motor bus	139
Demand Response	97
Number of routes	33
Customer Service information calls answered (2011)	215,360
SCAT Reservation Clerks calls answered (2011)	164,820





# Dave Yost • Auditor of State

**METRO REGIONAL TRANSIT AUTHORITY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 20, 2012**