

***METRO REGIONAL
TRANSIT AUTHORITY***

AUDIT REPORT

For the year ended December 31, 2010

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, 2010 through December 31, 2010. 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

February 21, 2012

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Metro Regional Transit Authority
SUMMIT COUNTY, OHIO
AUDIT REPORT
For the Year Ended December 31, 2010

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

**OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES**

**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 Transportation Authority, Summit County (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 21, 2011. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our 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 conducted in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals 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 opinion.

Our audit was performed for the purpose of forming opinions on the financial statements of the Metro Regional Transportation Authority, Summit County that collectively comprise the basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
June 21, 2011

Metro Regional Transit Authority
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2010

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Program Expenditures
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
Federal Transit Cluster			
Direct Program:			
Urbanized Area Formula Program	OH-57-X017	20.507	\$ 26,665
	OH-55-0003	20.507	228,141
	OH-04-0024	20.507	135,130
	OH-04-0063	20.507	500,000
	OH-37-X055	20.507	123,465
	OH-90-X686	20.507	5,723,200
	OH-90-X643	20.507	507,077
ARRA- Urbanized Area Formula Program	OH-96-X014	20.507	2,739,214
Pass Through Ohio Department of Transportation Urbanized Area Formula Program	OH-70-X002	20.507	<u>317,132</u>
Total Federal Transit Cluster			<u>10,300,024</u>
Total U. S. Department of Transportation			10,300,024
<u>U.S. Department of Energy</u>			
Pass through Ohio Department of Development			
ARRA - State Energy Program	ARRA-SEP-10-13	81.041	<u>1,000,000</u>
Total Federal Financial Assistance	.		<u>\$ 11,300,024</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, 2010

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

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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, 2010, and have issued our report thereon dated June 21, 2011. 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 Controls 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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

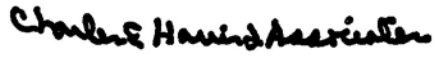
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal 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. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

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*.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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 21, 2011

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

**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 are applicable to its major federal programs for the year ended December 31, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2010.

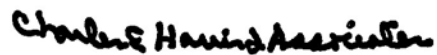
Internal Control Over Compliance

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 in order to determine our auditing procedures for the purpose of opining on 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.

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



Charles E. Harris & Associates, Inc.
June 21, 2010

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

**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
DECEMBER 31, 2010**

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>	Yes
(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 State Energy Program CFDA# 81.041
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$339,000 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, 2010

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

FINDING NUMBER 2010-001 MATERIAL WEAKNESS

A fixed assets management system ensures that policies and procedures are in place to safeguard assets and maintains the integrity of financial statement information. These procedures should include: authorizing and recording disposals and transfers of assets: recording purchases as additions at the time items are received: tagging assets to ensure that each asset is in the appropriate location and described accurately in the Authority's capital asset list. The serial numbers, along with item description and location, will be added to an equipment register which will be updated annually. Also, fixed asset sub-ledgers should be maintained detailing all Authority-owned assets and the corresponding depreciation for the current year and in total. This sub-ledger should trace to the balances that are listed in the trial balance system.

During our testing of capital assets, we noted that depreciation was not always calculated correctly in the sub-ledger and that the sub-ledger did not trace to the trial balance system, thus requiring adjustments. We noted some assets with accumulated depreciation in excess of cost. In addition we noted a five year old asset with twenty four years of useful life that was fully depreciated. Lastly, we noted that the Authority's capital assets threshold is \$5,000, however, the Authority depreciates assets that are below the threshold. These amounts were corrected in the financial statements and the Authority's records.

We recommend that the Authority coordinate its effort to maintain a complete and accurate calculation of depreciation and the implementation of policies and procedures which address reporting to the Finance Director for updating Authority-wide records. These records should calculate each asset's depreciation and be recorded in the ledger, which should trace to the trial balance. Also, depreciation should be posted correctly to the depreciation expense line item in the trial balance system and not be calculated on assets below the capitalization threshold.

Management Response:

Management stated they will institute procedures to better track depreciation.

3. FINDINGS FOR FEDERAL AWARDS

None.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY, OHIO
December 31, 2010

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	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
2009-01	Material Weakness-Capital Assets	No	Not Corrected, repeated as Item 2010-01

Comprehensive Annual Financial Report

for the year ending December 31, 2010



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

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METRO Regional Transit Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010



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, 2010

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Introductory Section



Ms. Sandra Foster
President



Mr. Scott C. Meyer
Vice President



Mr. Bernard Bear



Ms. Elizabeth Britton

Introductory Section – 2010

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 21, 2011

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, 2010.

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, 2009. 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, 2009

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.



President

Executive Director

METRO Regional Transit Authority

Board of Trustees and Administration as of December 31, 2010

Members of the Board of Trustees

Representing the City of Akron

Bernard Bear
Saundra M. Foster
Barbara O'Malley
Elizabeth Britton
James D Switzer
Open

Representing the County of Summit

Paul Shiplett
Heather Heslop Licata
Scott C. Meyer

Representing the City of Barberton

David T. Incorvati

Representing the City of Cuyahoga Falls

Stephan Kremer

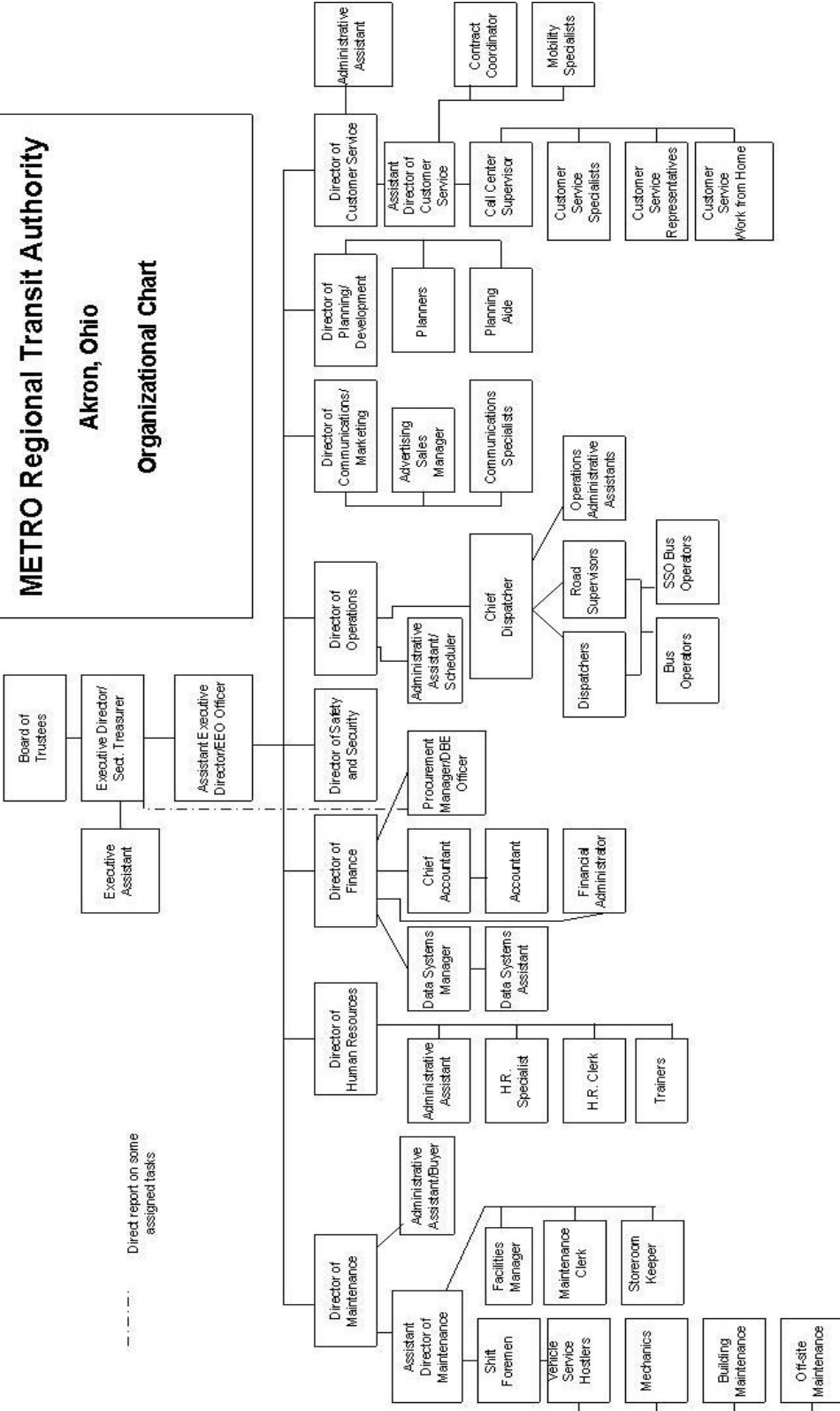
Representing the City of Stow

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
Catondra Noye, Director of Planning
Mark Pry, Director of Safety & Security

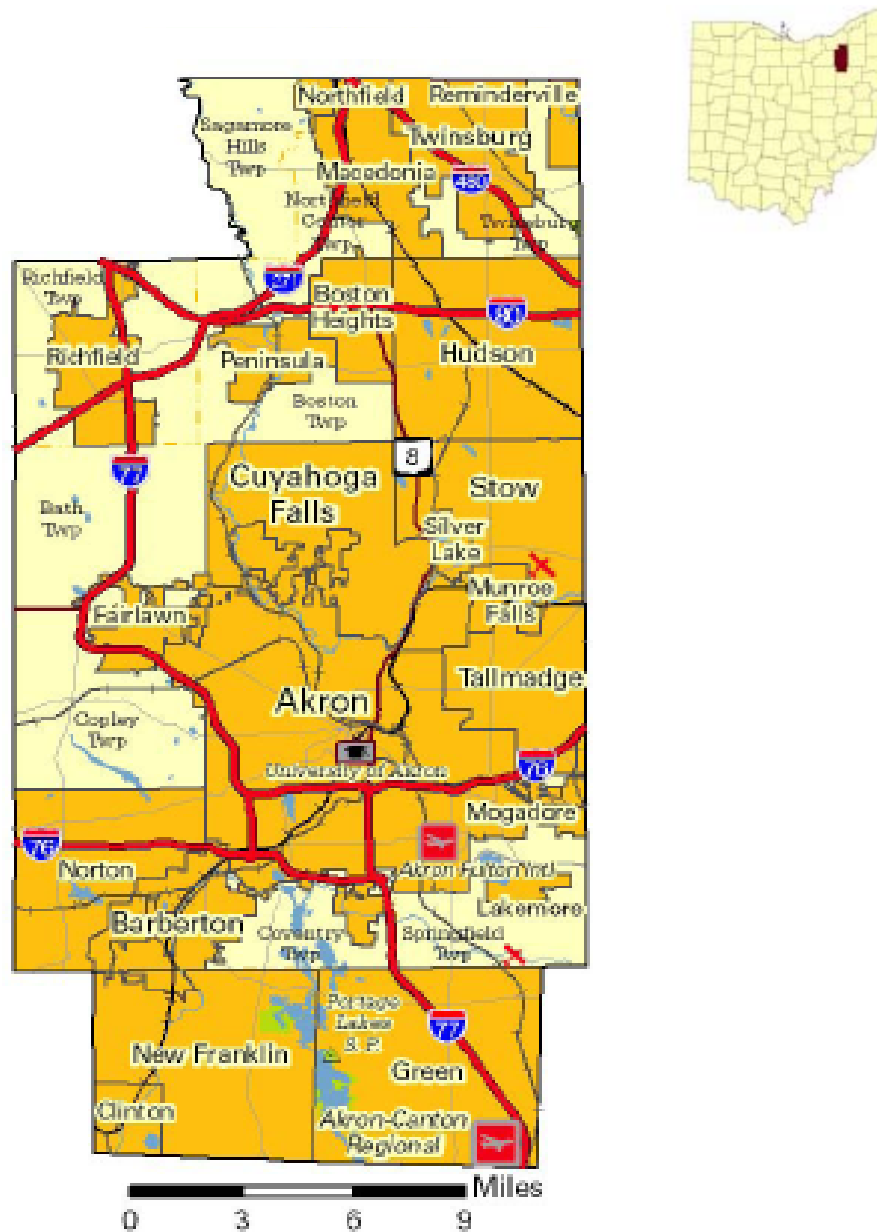
METRO Regional Transit Authority Akron, Ohio Organizational Chart



--- Directed report on some assigned tasks

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.

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 2010 was 9.92%, compared with a national average of 9.6%.

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 (est)	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>
2006	5.2%	5.5%	4.6%
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%

MAJOR INITIATIVES

Recent Developments

Highlights of the 2010 year of operations include the following:

- * Completed the replacement of roofs for two bus storage barns.
- * Installed two solar arrays with a combined maximum production of 833 kilowatts.
- * updated the second floor offices with new skylights, walls and carpet.
- * Completed the second phase of the parking lot repaving.
- * Took delivery of ten 40-foot Gillig low floor diesel buses and METRO's first diesel-electric Hybrid bus.
- * Took delivery of twenty <30-foot demand response diesel buses.
- * Replaced four bus hoists in the maintenance garage.
- * Updated the computer system with new virtual servers, desktop computer, printers and wireless access.
- * Added an addition 50 parking spaces to our James Fisher Park and Ride lot.
- * Replaced the backup generator.
- * Provided 4,798,745 line service passenger trips on METRO.
- * Provided 227,949 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 up to forty-nine 35 to 40 foot low floor buses. There are 6 forty foot and 6 thirty-five foot low floor diesel buses, 3 forty foot Hybrid buses and 26 forty foot low floor CNG buses scheduled for delivery in 2011.

Replace up to seventy Paratransit buses; the next order of 10 is scheduled for delivery in 2011.

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		
	2010	2009	2008
Sales Tax	\$34,521,101	\$33,616,287	\$25,052,152
Passenger Fares	4,004,439	3,758,642	4,745,301
Federal Assistance	4,123,465	3,655,202	4,548,257
State Assistance	829,767	1,003,295	1,017,883
Interest Income	55,230	14,130	110,763
Auxiliary Transportation Revenue	363,317	275,014	266,370
Non-transportation Revenue	448,785	333,086	261,706
TOTAL	\$44,346,104	\$42,655,656	\$36,002,432

Sales Tax revenues increased over last year. This is a sales and use tax of ½ of 1% on all goods and services sold in Summit County. In 2008 the voters of Summit County approved an increase on the sales tax rate from ¼ to ½ percent. There is no limit on its duration. The additional sales tax collection began in July 2008.

Passenger fares are comprised of farebox revenues, tickets sales, special transit fares, a contract with the Department of Jobs and Family Services to provide transportation for TANF clients, 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 in 2010 can be attributed to a decrease in use of discounted tickets and passes. In 2009 ridership dropped from 2008 which decreased 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 2010 was slightly higher compared to 2009 due to a decrease in funding for preventive maintenance.

State assistance funds are received from the Ohio Department of Transportation for capital, Elderly and Handicapped one-half fare program, and fuel tax refunds. The amounts in 2010 were slightly lower compared to 2009 due to a decrease in state funding assistance.

Auxiliary Transportation Revenue consists of advertising and miscellaneous revenue. Auxiliary revenue in 2010 was slightly higher compared to 2009. This was due to an increase in rates for advertising.

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 2010 there was increase compared to 2009 due to revenue from rental of space at METRO's new Intermodal facility.

Operating Expenses

Operating Expenses by Object Class

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Labor	\$14,808,947	\$14,424,006	\$12,809,410
Fringe Benefits	9,359,814	8,463,897	8,086,016
Materials and Supplies	5,676,943	5,405,463	5,519,828
Services	2,331,548	2,342,761	1,307,801
Utilities	573,273	582,685	536,138
Casualty and Liability	1,264,872	975,060	850,567
Taxes	250,354	229,918	218,819
Purchased Transportation	1,209,177	1,057,824	1,147,559
Interest Expense	24,072	19,050	44,784
Miscellaneous	441,111	355,603	305,665
	<u>\$35,940,111</u>	<u>\$33,856,267</u>	<u>\$30,826,587</u>

Total operating expenses, excluding depreciation, increased in 2010 by 6.15% and 9.83% in 2009. These increases in expenses are largely due to increases in wages, fringe benefits, liability insurance and services.

Labor and Fringe Benefits are METRO's major expense items. Wages were up due to wage increases and hiring new Operators to expand bus service. Fringe benefits were up due to continued raising cost of health insurance.

Material and Supplies were up 2010, due to raising parts cost. In 2009 cost were down due to a decrease in fuel cost.

Services were slightly lower in 2010 but higher in 2009 due to increased cost for Architectural and Engineering design work for planned facility upgrades.

Casualty and Liability were higher in 2009 and 2010 due to an increase in the premium cost.

Purchased Transportation was up in 2010 due to higher demand. It was down slightly in 2009 due to more trips being transported on METRO's buses rather than outsourcing to subcontractor.

Miscellaneous Expenses was higher in 2010 and 2009, due to higher cost for media and travel and meeting cost.

Financial Operating Results

METRO's net revenue for the years ended December 31, 2010 and 2009 was \$8,404,993 and \$8,799,389 respectively. This is before Capital Contributions and Depreciation.

Debt Administration

The Authority has outstanding bonds of \$395,000, a decrease of \$90,000 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 2010, 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, 2010.

METRO also participates in the Federal single audit program, which consists of a single audit of all federally funded programs administered by METRO. As a requirement for continued funding eligibility, participation in the single audit program is mandatory for most local governments, including METRO. The single audit performed by 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, 2010.

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.

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Financial Section



Ms. Heather Heslop Licata



Mr. David Incorvati



Mr. William Lutz



Mr. Stephan Kremer

Financial Section – 2010

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.

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 Metro Regional Transit Authority, Summit County, Ohio (the Authority) as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical tables are presented for the purpose of additional analysis and are not a required part of the financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Charles Harris Associates

Charles E. Harris & Associates, Inc.
June 21, 2011

METRO REGIONAL TRANSIT AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2010

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, 2010. 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 \$73.1 million. These net assets result from the difference between total assets of \$78.1 million and total liabilities of \$5.1 million.
- Current assets of \$22.5 million primarily consist of non-restricted Cash and Cash Equivalents of \$14.2 million; Sales and Use Tax receivable of \$4.7 million and long-term investments of \$1.7 million.
- Current liabilities of \$4.4 million primarily consist of Accrued Compensation and taxes payable of \$1.6 million and accrued taxes of \$1.1 million.
- Long-Term Debt consists mainly of bonds of \$0.3 million or 5.9% of the total liabilities balance of \$5.1 million.

METRO’s overall financial position is in a very good position. 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 slightly 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, 2010

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, 2010

Financial Analysis of the Authority

Condensed Summary of Net Assets

	2010	2009	2008
Current and other assets	\$ 22,570,054	\$ 20,000,698	\$ 12,106,464
Capital assets, net of accumulated depreciation	<u>55,623,863</u>	<u>50,222,003</u>	<u>47,922,867</u>
Total assets	78,193,917	70,222,701	60,029,331
Current liabilities	4,395,874	3,631,215	3,819,495
Non-current liabilities	<u>5,092,387</u>	<u>791,977</u>	<u>904,402</u>
Total liabilities	<u>9,488,261</u>	<u>4,423,192</u>	<u>4,723,897</u>
Net assets:			
Invested in capital assets, Net of related debt	55,228,863	49,737,003	47,352,867
Unrestricted net assets	<u>17,872,667</u>	<u>16,062,506</u>	<u>7,952,567</u>
Total net assets	<u>\$ 73,101,530</u>	<u>\$ 65,799,509</u>	<u>\$ 55,305,434</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, 2010

Condensed Summary of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
OPERATING REVENUES:			
Passenger fares	\$ 4,004,439	\$ 3,758,642	\$ 3,867,029
Advertising and concessions	363,317	275,014	266,370
Total Operating Revenues	\$ 4,367,756	\$ 4,033,656	\$ 4,133,399
OPERATING EXPENSES			
Labor	\$ 14,808,947	\$ 14,424,006	\$ 12,809,410
Fringe benefits	9,359,814	8,463,897	8,086,016
Materials and supplies	5,676,943	5,405,463	5,519,828
Services	2,331,548	2,342,761	1,307,801
Utilities	573,273	582,685	536,138
Casualty and liability	1,264,872	975,060	850,567
Taxes	250,354	229,918	218,819
Purchased transportation service	1,209,177	1,057,824	1,147,559
Miscellaneous	441,111	355,603	305,665
Total Operating Expenses excluding depreciation	\$ 35,916,039	\$ 33,837,217	\$ 30,781,803
OPERATING LOSS BEFORE DEPRECIATION	\$ (31,548,283)	\$ (29,803,561)	\$ (26,648,404)
Depreciation Expense	(6,237,556)	(6,446,278)	(5,937,844)
OPERATING LOSS	\$ (37,785,839)	\$ (36,249,839)	\$ (32,586,248)
NON-OPERATING REVENUES (EXPENSES):			
Sales tax revenue	\$ 34,521,101	\$ 33,616,287	\$ 25,052,152
Federal operating grants and reimbursements	4,123,465	3,655,202	4,548,257
State operating grants and special fare assistance	829,767	1,003,295	1,017,883
Student fare and other assistance	1,099,910	1,033,958	878,272
Interest income	55,230	14,130	110,763
Interest expense	(24,072)	(19,050)	(44,784)
Gain (Loss) from disposal of assets	6,990	22,533	8,809
Other	441,795	310,553	252,897
Total Non-Operating Revenues - net	\$ 41,054,186	\$ 39,636,908	\$ 31,824,249
CAPITAL GRANT REVENUE			
Federal Capital Grant	\$ 6,059,733	\$ 7,107,006	\$ 10,742,855
State Capital Grant	-	-	1,534,616
Local Capital Grant	-	-	2,235,000
Total Capital Grants	\$ 6,059,733	\$ 7,107,006	\$ 14,512,471
CHANGE IN NET ASSETS	9,328,080	10,494,075	13,750,472
Net Assets, Beginning Balance	\$ 65,799,509	\$ 55,305,434	\$ 41,554,962
Prior Period Adjustment	(2,026,059)	-	-
Net Assets, Ending Balance	\$ 73,101,530	\$ 65,799,509	\$ 55,305,434

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

Year Ended December 31, 2010

The Authority's operating revenues increased \$334,100 to \$4.4 million in 2010. This 8.2% increase is a result from an increase in passenger fares. While 2009 had a decrease of \$99,743 from a decrease in passenger fares. Operating expenses, excluding depreciation, increased by \$2.1 million in 2010 and \$3.1 million in 2009. The main increase in both years came from increases in wages, benefits and services. Depreciation expense decreased by \$0.2 million in 2010 and increased by \$.5 million in 2009.

The increase in non-operating revenues of \$1.4 million for 2010 and \$7.8 million in 2009 is related to the increase in collection of sales tax compared to presiding years.

Condensed Summary of Cash Flows

Net cash used for operating activities increased by \$93,992 in 2010 as a result of an increase in expenses for wages and benefits a decrease in expenses for goods and services. In 2009 cash flow operating activities increased by \$3.7 million due to increased cost for wages, benefits and the cost goods and services. Net cash from non-capital activity decreased by \$1.3 million in 2010 due to increased federal grant assistance, while they increased by \$7.6 in 2009. Cash and cash equivalents increased in 2010 by \$2.2 million and increased in 2009 by \$9.8 million.

CASH FLOWS FROM OPERATING ACTIVITIES:	2010	2009	2008
Cash received from customers	\$ 4,028,244	\$ 3,634,718	\$ 4,360,468
Cash received from others for miscellaneous services	805,112	275,014	252,897
Cash payments to suppliers for goods and services	(10,991,962)	(19,817,621)	(18,305,063)
Cash payments to employees for services	(24,088,330)	(14,245,055)	(12,739,162)
Net cash used in operating activities	(30,246,936)	(30,152,944)	(26,430,860)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Sales taxes received	34,521,101	35,774,513	27,980,733
Operating grants and other assistance received	5,681,513	5,692,455	5,899,432
Net cash provided by non-capital financing activities	40,202,614	41,466,968	33,880,165
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	6,059,733	7,107,006	7,877,777
Acquisition and construction of capital assets	(13,782,301)	(8,569,607)	(15,379,598)
Principal paid on bonds	(90,000)	(85,000)	(80,000)
Interest paid on bonds	(11,662)	(19,050)	(44,784)
Net cash provided by capital and related financing activities	(7,824,230)	(1,566,651)	(7,626,605)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received from investments	55,230	14,130	110,763
Net cash provided by investing activities	55,230	14,130	110,763
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,186,678	9,761,503	(66,537)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,055,965	2,294,462	2,360,999
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,242,643	\$ 12,055,965	\$ 2,294,462

METRO REGIONAL TRANSIT AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Year Ended December 31, 2010

Capital Asset and Debt Administration

Capital Assets

The Authority's investment in capital assets amounts to \$55.6 million, net of accumulated depreciation as of December 31, 2010, an increase of \$5.4 million compared to 2009. 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 \$395,000 a decrease of \$90,000 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 2010 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, 2010

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,242,643	\$ 12,055,965
Investments	1,680,235	1,151,810
Receivables:		
Sales taxes	4,689,846	4,707,015
Trade and other	475,368	499,173
Materials and supplies inventory	822,327	1,036,161
Prepaid expenses	583,335	446,336
Total current assets	22,493,754	19,896,460
PROPERTY, FACILITIES AND EQUIPMENT		
Land	3,765,689	3,765,689
Buildings and building improvements	40,287,567	33,796,360
Infrastructure	4,383,657	3,895,436
Right-of-ways	10,653,206	10,653,206
Transportation equipment	44,088,497	40,619,095
Other equipment	8,027,063	9,449,520
Total	111,205,679	102,179,306
Less: Accumulated depreciation	(55,581,816)	(51,957,303)
Property, facilities and equipment - net	55,623,863	50,222,003
OTHER ASSETS		
Other assets	76,300	104,238
Total non-current assets	55,700,163	50,326,241
TOTAL ASSETS	\$ 78,193,917	\$ 70,222,701

(Continued)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET ASSETS (Continued)
DECEMBER 31, 2010

LIABILITIES AND NET ASSETS	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES:		
Bonds payable - current maturities	\$ 95,000	\$ 90,000
Accrued interest payable	1,941	1,194
Accounts payable	962,635	425,629
Accrued payroll	1,693,648	1,374,460
Accrued payroll taxes	1,122,469	1,110,872
Other liabilities	<u>520,181</u>	<u>629,060</u>
Total current liabilities	<u>\$ 4,395,874</u>	<u>\$ 3,631,215</u>
NONCURRENT LIABILITIES:		
Bonds payable	\$ 300,000	\$ 395,000
Deferred Capital grant	1,000	1,000
Deferred Revenue	<u>395,513</u>	<u>395,977</u>
Total noncurrent liabilities	<u>\$ 696,513</u>	<u>\$ 791,977</u>
Total liabilities	<u>\$ 5,092,387</u>	<u>\$ 4,423,192</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	\$ 55,228,863	\$ 49,737,003
Unrestricted	<u>17,872,667</u>	<u>16,062,506</u>
Total net assets	<u>73,101,530</u>	<u>65,799,509</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 78,193,917</u></u>	<u><u>\$ 70,222,701</u></u>

See accompanying notes to the financial statements.

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

	2010	2009
OPERATING REVENUES:		
Passenger fares	\$ 4,004,439	\$ 3,758,642
Advertising and concessions	363,317	275,014
Total operating revenues	\$ 4,367,756	\$ 4,033,656
OPERATING EXPENSES		
Labor	\$ 14,808,947	\$ 14,424,006
Fringe benefits	9,359,814	8,463,897
Materials and supplies	5,676,943	5,405,463
Services	2,331,548	2,342,761
Utilities	573,273	582,685
Casualty and liability	1,264,872	975,060
Taxes	250,354	229,918
Purchased transportation service	1,209,177	1,057,824
Miscellaneous	441,111	355,603
Total operating expenses excluding depreciation	\$ 35,916,039	\$ 33,837,217
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(31,548,283)	(29,803,561)
DEPRECIATION EXPENSE:		
On assets acquired with capital grants	\$ 6,215,570	\$ 6,432,232
On other assets	21,986	14,046
Total depreciation expense	6,237,556	6,446,278
OPERATING LOSS	\$ (37,785,839)	\$ (36,249,839)
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	\$ 34,521,101	\$ 33,616,287
Federal operating grants and reimbursements	4,123,465	3,655,202
State operating grants, reimbursements, and special fare assistance	829,767	1,003,295
Student fare and other assistance	1,099,910	1,033,958
Interest income	55,230	14,130
Interest expense	(24,072)	(19,050)
Gain (Loss) from disposal of assets	6,990	22,533
Other	441,795	310,553
Total Non-Operating Revenues - net	\$ 41,054,186	\$ 39,636,908
NET INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	3,268,347	3,387,069
CAPITAL CONTRIBUTIONS	6,059,733	7,107,006
Increase (decrease) in Net Assets	\$ 9,328,080	\$ 10,494,075
Net Assets, Beginning Balance	\$ 65,799,509	\$ 55,305,434
Prior Period Adjustment	(2,026,059)	-
Net Assets, Ending Balance	\$ 73,101,530	\$ 65,799,509

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 4,028,244	\$ 3,634,718
Cash received from others for miscellaneous services	805,112	275,014
Cash payments to suppliers for goods and services	(10,991,962)	(19,817,621)
Cash payments to employees for services	(24,088,330)	(14,245,055)
Net cash used in operating activities	\$ (30,246,936)	\$ (30,152,944)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Sales taxes received	\$ 34,521,101	\$ 35,774,513
Operating grants and other assistance received	5,681,513	5,692,455
Net cash provided by non-capital financing activities	\$ 40,202,614	\$ 41,466,968
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	\$ 6,059,733	\$ 7,107,006
Acquisition and construction of capital assets	(13,782,301)	(8,569,607)
Principal paid on bonds	(90,000)	(85,000)
Interest paid on bonds	(11,662)	(19,050)
Net cash provided (used) by capital and related financing activities	\$ (7,824,230)	\$ (1,566,651)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	\$ 55,230	\$ 14,130
Net cash provided by investing activities	\$ 55,230	\$ 14,130
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,186,678	\$ 9,761,503
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,055,965	2,294,462
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,242,643	\$ 12,055,965
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (37,785,839)	\$ (36,249,839)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	6,237,556	6,446,278
Cash received from others for miscellaneous services	441,795	310,553
Change in assets and liabilities:		
Accounts receivable-trade	23,805	(123,924)
Materials and supplies inventory	213,834	58,053
Prepaid expenses	(136,999)	(409,305)
Accounts payable	537,006	4,895
Accrued payroll	319,188	(332,478)
Accrued payroll taxes	11,597	106,275
Other current liabilities	(108,879)	36,548
NET CASH USED IN OPERATING ACTIVITIES	\$ (30,246,936)	\$ (30,152,944)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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, 2010

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

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

Nonexchange Transactions - 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, 2010 and 2009, \$6,059,733 and \$7,107,006 in capital contributions 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, 2010

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

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, 2010

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

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.

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

For the Year Ended December 31, 2010

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.

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, 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. At December 31, 2009, the carrying amount of the Authority's deposits was \$4,934,066 and the bank balance was \$5,080,638, \$258,786 of which was covered by the FDIC and \$4,821,582 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, 2010, the Authority had \$1,825 in petty cash.

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

For the Year Ended December 31, 2010

3. DEPOSITS AND INVESTMENTS (Cont'd)

Investments

Investments at December 31, 2010 are summarized as follows:

Rating Moody	Description	Fair Value	Investment Maturities In Months (0-6)	Percentage Of Total Investment
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	75,094	4%
Aaa	U.S. Treasury Notes	805,444	437,622	7%
Aaa	FNMA	<u>250,115</u>	<u>0</u>	<u>2%</u>
		<u>\$10,905,233</u>	<u>\$9,924,595</u>	<u>100%</u>

Investments at December 31, 2009 are summarized as follows:

Rating Moody	Description	Fair Value	Investment Maturities In Months (0-6)	Percentage Of Total Investment
Aaa	Repurchase Agreements	\$7,393,524	\$7,393,524	89%
Aaa	U.S. Treasury Bonds	386,090	127,162	5%
Aaa	U.S. Treasury Notes	<u>492,270</u>	<u>335,007</u>	<u>6%</u>
		<u>\$8,271,884</u>	<u>\$7,855,693</u>	<u>100%</u>

Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2010

3. DEPOSITS AND INVESTMENTS (Cont'd)

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 \$9,225,000 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. BONDS AND LOAN PAYABLE

Issue	Average Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
General obligations bonds 2004	4.03%	\$ 485,000	\$ -	\$ 90,000	\$ 395,000	\$ 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, 2010

4. BONDS AND LOAN PAYABLE (Cont'd)

The annual requirements to pay principal and interest on the general obligation bonds and loan outstanding at December 31, 2010 are as follows:

	Principal	Interest
2011	\$ 95,000	\$ 19,275
2012	95,000	15,000
2013	100,000	10,250
2014	105,000	5,250
Total	<u>\$ 395,000</u>	<u>\$ 49,775</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 is as follows:

Description	Balance 1/1/2010	Additions	Disposals	Balance 12/31/2010
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	33,796,360	6,741,231	(250,024)	40,287,567
Infrastructure	3,895,436	488,221	-	4,383,657
Transportation Equipment	40,619,096	5,753,036	(2,283,635)	44,088,497
Other Equipment	9,449,521	799,813	(2,222,271)	8,027,063
Total Capital Assets Being Depreciated	87,760,413	13,782,301	(4,755,930)	96,786,784
Less Accumulated Depreciation:				
Building & Building Improvements	18,783,983	1,523,430	(237,405)	20,070,008
Infrastructure	2,190,199	376,374	-	2,566,573
Transportation Equipment	24,631,059	3,653,604	(2,138,235)	26,146,428
Other Equipment	6,352,064	684,148	(237,405)	6,798,807
Total Accumulated Depreciation	<u>51,957,305</u>	6,237,556	(2,613,045)	<u>55,581,816</u>
Total Capital Assets Being Depreciated, Net	<u>35,803,108</u>			<u>41,204,968</u>
Total Capital Assets, Net	<u>\$ 50,222,003</u>			<u>\$ 55,623,863</u>

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

For the Year Ended December 31, 2010

6. PURCHASED TRANSPORTATION SERVICES

During 2010 and 2009, 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 \$1,209,177 and \$1,057,824, in 2010 and 2009. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

7. EMPLOYEE RETIREMENT PLANS

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 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, employer contributions are invested by the retirement system to provide a formula, retirement benefit similar in 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 Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. 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, 2010

7. EMPLOYEE RETIREMENT PLANS (Cont'd)

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The Authority's contribution rate of 14.00 percent was allocated to fund pension benefits for members of the Traditional Plan and the Combined Plan. The pension allocation for the Traditional Plan was 8.50 percent from January 1 through February 28, 2010 and 9.00 percent from March 1 through December 31, 2010. The pension allocation for the Combined Plan was 9.27 percent from January 1 through February 28, 2010 and 9.77 percent from March 1 through December 31, 2010. The Authority's required pension contributions for the Traditional Pension and Combined plans for the years ended December 31, 2010, 2009, and 2008 were \$2,312,597, \$2,201,561, and \$2,055,486, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2010

7. EMPLOYEE RETIREMENT PLANS (Cont'd)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. The 2010 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.50 percent from January 1 through February 28, 2010 and 5.00 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010. 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. The Authority's actual employer contributions for December 31, 2010 which were used to fund post-employment benefits were \$908,619; 100 percent has been contributed for 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the Year Ended December 31, 2010

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

Grants, reimbursements and special fare assistance in the statements of revenues and expenses for the years ended December 31, consist of the following:

	<u>2010</u>	<u>2009</u>
FEDERAL:		
FTA Maintenance and Other Assistance	\$ 4,123,465	\$ 3,655,202
FTA Capital Contribution	6,059,733	7,107,006
Total	<u>\$ 10,183,198</u>	<u>\$ 10,762,208</u>
STATE:		
ODOT Maintenance and Other Assistance	\$ 589,880	\$ 781,303
ODOT Fuel Tax Reimbursement	239,887	221,992
ODOT Capital Contribution	1,099,910	1,033,958
Total	<u>\$ 1,929,677</u>	<u>\$ 2,037,253</u>

9. 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 2010 and \$50,000 for 2009 (except for the Authority the auto physical damage, which was \$25,000.)

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

For the Year Ended December 31, 2010

9. RISK MANAGEMENT (Cont'd)

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

As of January 1, 2010, 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 2010 was 32.015% in the primary layer and 24.685% in the secondary layer.

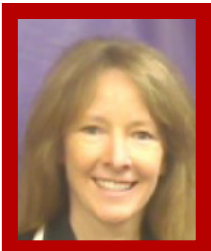
10. RESTATEMENT

In 2010, beginning net assets were restated by \$2,026,059 for errors in recording accumulated depreciation.

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Statistical Section

METRO 
Board of Trustees



Ms. Barbara O'Malley



Mr. Paul V. Shiplett



Mr. James D. Switzer



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

Statistical Section – 2010

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

2010
(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 EIGHT FISCAL YEARS

(Unaudited)

TABLE 1

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
NET ASSETS					
Invested in Capital Assets	\$ 55,228,863	\$ 49,737,003	\$ 47,352,867	\$ 37,831,113	\$ 38,662,489
Restricted					
Unrestricted (Deficits)	<u>17,872,667</u>	<u>16,062,506</u>	<u>7,952,567</u>	<u>3,723,849</u>	<u>4,891,107</u>
TOTAL NET ASSETS	<u><u>\$ 73,101,530</u></u>	<u><u>\$ 65,799,509</u></u>	<u><u>\$ 55,305,434</u></u>	<u><u>\$ 41,554,962</u></u>	<u><u>\$ 43,553,596</u></u>
	<u>2005</u>	<u>2004</u>	<u>2003</u>		
NET ASSETS					
Invested in Capital Assets	\$ 39,524,117	\$ 42,117,832	\$ 46,448,258		
Restricted			36,116		
Unrestricted (Deficits)	<u>5,422,392</u>	<u>5,689,448</u>	<u>3,491,500</u>		
TOTAL NET ASSETS	<u><u>\$ 44,946,509</u></u>	<u><u>\$ 47,807,280</u></u>	<u><u>\$ 49,975,874</u></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

	2010	2009	2008	2007	2006
OPERATING REVENUES:					
Passenger fares	\$ 4,004,439	\$ 3,758,642	\$ 3,867,029	\$ 3,696,452	\$ 3,470,873
Charter revenue	-	-	-	9,731	11,452
Advertising and concessions	363,317	275,014	266,370	359,479	353,961
TOTAL OPERATING REVENUE	\$ 4,367,756	\$ 4,033,656	\$ 4,133,399	\$ 4,065,662	\$ 3,836,286
OPERATING EXPENSES					
Labor	\$ 14,808,947	\$ 14,424,006	\$ 12,809,410	\$ 12,814,016	\$ 12,695,931
Fringe benefits	9,359,814	8,463,897	8,086,016	7,451,164	7,048,865
Materials and supplies	5,676,943	5,405,463	5,519,828	4,567,606	4,529,963
Services	2,331,548	2,342,761	1,307,801	1,342,851	1,069,850
Utilities	573,273	582,685	536,138	468,205	652,651
Casualty and liability	1,264,872	975,060	850,567	1,309,673	1,066,711
Taxes	250,354	229,918	218,819	221,687	196,644
Purchased transportation service	1,209,177	1,057,824	1,147,559	1,143,753	1,061,558
Miscellaneous	441,111	355,603	305,665	174,336	178,361
TOTAL OPERATING EXPENSES					
BEFORE DEPRECIATION EXPENSE	\$ 35,916,039	\$ 33,837,217	\$ 30,781,803	\$ 29,493,291	\$ 28,500,534
OPERATING LOSS					
BEFORE DEPRECIATION EXPENSE	\$ (31,548,283)	\$ (29,803,561)	\$ (26,648,404)	\$ (25,427,629)	\$ (24,664,248)
Depreciation expense	6,237,556	6,446,278	5,937,844	4,842,469	5,704,175
OPERATING LOSS	\$ (37,785,839)	\$ (36,249,839)	\$ (32,586,248)	\$ (30,270,098)	\$ (30,368,423)
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	\$ 34,521,101	\$ 33,616,287	\$ 25,052,152	\$ 18,503,004	\$ 18,144,910
Federal operating grants and reimbursements	4,123,465	3,655,202	4,548,257	4,570,868	4,507,059
State operating grants and special fare assistance	829,767	1,003,295	1,017,883	1,076,387	1,079,041
Student fare and other assistance	1,099,910	1,033,958	878,272	825,967	1,082,313
Investment loss	0	0	0	0	0
Interest income	55,230	14,130	110,763	176,229	235,685
Interest expense	(24,072)	(19,050)	(44,784)	(44,556)	(55,596)
Gain (Loss) from disposal of assets	6,990	22,533	8,809	2,849	24,580
Other	441,795	310,553	252,897	170,428	204,136
NON-OPERATING REVENUES/EXPENSES - NET	\$ 41,054,186	\$ 39,636,908	\$ 31,824,249	\$ 25,281,176	\$ 25,222,128
CAPITAL GRANT REVENUE					
Federal Capital Grant	\$ 6,059,733	\$ 7,107,006	\$ 10,742,855	\$ 2,808,870	\$ 3,658,132
State Capital Grant	0	0	1,534,616	181,418	95,250
Local Contributions	0	0	2,235,000	0	0
TOTAL CAPITAL GRANTS	\$ 6,059,733	\$ 7,107,006	\$ 14,512,471	\$ 2,990,288	\$ 3,753,382
CHANGE IN NET ASSETS/FUND BALANCES	\$ 9,328,080	\$ 10,494,075	\$ 13,750,472	\$ (1,998,634)	\$ (1,392,913)
Net Assets, Beginning Balance	65,799,509	55,305,434	41,554,962	43,553,596	47,807,280
Prior Period Auditor Adjustment	(2,026,059)	0	0	0	0
Net Assets, Ending Balance	\$ 73,101,530	\$ 65,799,509	\$ 55,305,434	\$ 41,554,962	\$ 43,553,596

METRO Regional Transit Authority

CHANGES IN NET ASSETS/FUND BALANCES

FOR THE LAST TEN FISCAL YEARS

(Unaudited)

TABLE 2 (continued)

	2005	2004	2003	2002	2001
OPERATING REVENUES:					
Passenger fares	\$ 3,514,296	\$ 2,955,934	\$ 3,282,581	\$ 3,378,867	\$ 3,534,850
Charter revenue	94,133	195,569	203,248	176,812	180,596
Advertising and concessions	306,435	299,535	354,381	298,843	274,868
TOTAL OPERATING REVENUE	\$ 3,914,864	\$ 3,451,038	\$ 3,840,210	\$ 3,854,522	\$ 3,990,314
OPERATING EXPENSES					
Labor	\$ 12,599,824	\$ 12,779,273	\$ 12,915,126	\$ 13,098,078	\$ 13,189,822
Fringe benefits	7,479,976	7,206,629	7,141,771	6,283,020	6,027,924
Materials and supplies	3,561,216	3,000,077	3,163,939	3,064,413	3,103,817
Services	1,131,184	1,111,932	1,207,788	940,454	1,169,490
Utilities	536,629	426,072	404,700	417,332	485,770
Casualty and liability	1,225,109	1,188,010	890,037	762,078	542,239
Taxes	181,661	180,145	167,216	158,551	174,354
Purchased transportation service	1,076,844	1,051,375	1,887,041	2,265,605	1,914,939
Miscellaneous	169,364	237,345	264,521	333,715	551,201
TOTAL OPERATING EXPENSES					
BEFORE DEPRECIATION EXPENSE	\$ 27,961,807	\$ 27,180,858	\$ 28,042,139	\$ 27,323,246	\$ 27,159,556
OPERATING LOSS					
BEFORE DEPRECIATION EXPENSE	\$ (24,046,943)	\$ (23,729,820)	\$ (24,201,929)	\$ (23,468,724)	\$ (23,169,242)
Depreciation expense	6,504,003	6,203,140	6,173,717	5,554,611	5,493,068
OPERATING LOSS	\$ (30,550,946)	\$ (29,932,960)	\$ (30,375,646)	\$ (29,023,335)	\$ (28,662,310)
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	\$ 17,929,848	\$ 17,784,103	\$ 17,167,953	\$ 16,652,028	\$ 16,471,661
Federal operating grants and reimbursements	4,556,093	4,808,598	5,062,561	3,098,114	2,723,040
State operating grants and special fare assistance	1,327,249	1,382,307	1,305,676	1,699,085	1,965,532
Student fare and other assistance	1,031,175	928,393	1,666,411	1,331,874	1,250,698
Investment loss	(37,568)	(17,611)	(16,996)	6,566	17,769
Interest income	130,247	64,670	46,650	68,835	167,902
Interest expense	(65,652)	(95,211)	(107,085)	(115,415)	(129,805)
Gain (Loss) from disposal of assets	8,977	(640,912)	(229,860)	(70,757)	0
Other	95,132	191,851	218,215	187,473	(368,079)
NON-OPERATING REVENUES/EXPENSES - NET	\$ 24,975,501	\$ 24,406,188	\$ 25,113,525	\$ 22,857,803	\$ 22,098,718
CAPITAL GRANT REVENUE					
Federal Capital Grant	\$ 2,714,674	\$ 3,358,178	\$ 7,479,162	\$ 9,815,766	\$ 7,007,638
State Capital Grant	0	0	0	0	0
Local Contributions	0	0	0	0	0
TOTAL CAPITAL GRANTS	\$ 2,714,674	\$ 3,358,178	\$ 7,479,162	\$ 9,815,766	\$ 7,007,638
CHANGE IN NET ASSETS/FUND BALANCES	\$ (2,860,771)	\$ (2,168,594)	\$ 2,217,041	\$ 3,650,234	\$ 444,046
Net Assets, Beginning Balance	50,668,051	52,836,645	50,619,604	46,969,370	46,525,324
Prior Period Auditor Adjustment	0	0	0	0	0
Net Assets, Ending Balance	\$ 47,807,280	\$ 50,668,051	\$ 52,836,645	\$ 50,619,604	\$ 46,969,370

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>		
2001	32.5%	17.3%	49.8%	20.1%	25.2%	4.9%	50.2%	100.0%
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 *

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>		
2001	12.9%	3.5%	16.4%	63.4%	7.3%	12.9%	83.6%	100.0%
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	9.0%	1.9%	10.9%	77.9%	1.9%	9.3%	89.1%	100.0%

(1) Source: The American Public Transit Association, "APTA 2011 Transit Fact Book - Table 20"

(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 & Fringes</u>	<u>Material & Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty & Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2001	69.5%	10.1%	5.9%	3.3%	2.1%	12.7%	-3.4%	100.0%
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 *								

METRO Regional Transit Authority (2)

<u>Year</u>	<u>Labor & Fringes</u>	<u>Material & Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty & Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2001	68.9%	11.2%	4.2%	1.7%	1.9%	6.9%	5.2%	100.0%
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%

(1) Source: The American Public Transit Association, "APTA 2011 Transit Fact Book - Table 18"

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

* Information not available

METRO Regional Transit Authority

TABLE 5



METRO Regional Transit Authority

Sales Tax - Comparison to other Regional Transit Authorities in Ohio

Last Ten Years
(Unaudited)

TABLE 6

System	Rate	Date Imposed	2001	2002	2003	2004	2005	2006	2007	2008*	2009	2010
GCRTA	1.00%	Oct 1, 1975	157,823,888	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
COTA	0.50%	Jan 1, 2008	41,601,224	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
Laketran	0.25%	Aug 1, 1988	7,175,596	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
WRTA	0.25%	Apr 1, 2009									4,167,214	6,732,485
GDRTA	0.50%	Jul 1, 1980	31,968,728	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
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
SARTA	0.25%	Jul 1, 1997	10,175,541	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
METRO	0.50%	Jul 1, 2008	16,078,157	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

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

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

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

Numbers are on a cash basis.

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

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

Revenue Capacity Information

2010
(Unaudited)

Table 7 – Revenues by Source

Table 8 – Revenues by Source (Graph)

Table 9 – Expenses by Object Class

METRO Regional Transit Authority

Revenues by Source - Last Ten Years

(Unaudited)

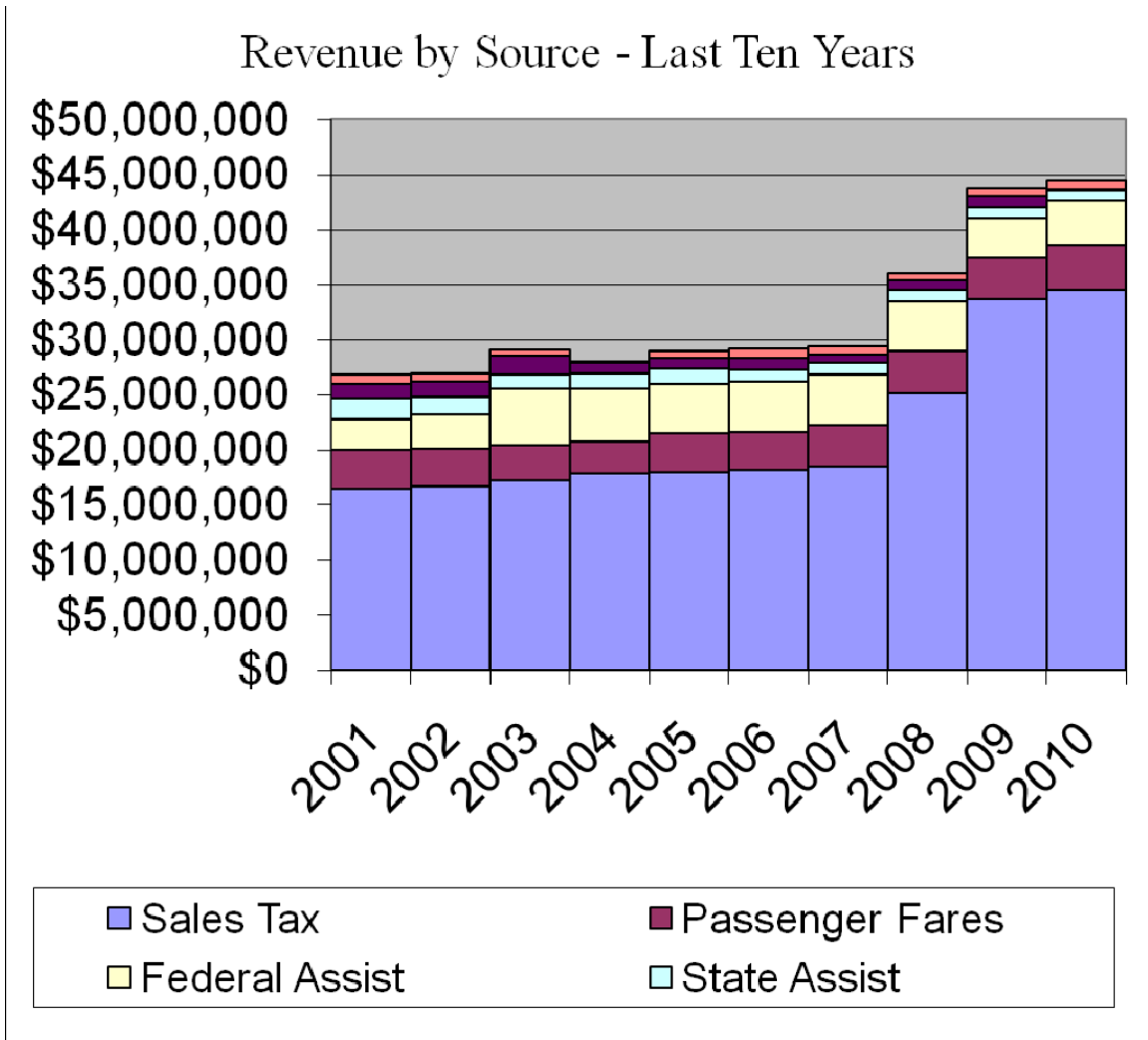
TABLE 7

Operating Revenues	<u>2001</u>	<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>
Passengers Fares	\$3,534,850	\$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
Charter Fares	180,596	176,812	203,248	195,569	94,133	11,452	9,731	0	0	0
Advertising	274,868	298,843	354,381	299,535	306,435	353,961	359,479	266,370	275,014	363,317
Total operating revenues	4,241,901	3,990,314	3,854,522	3,840,210	3,451,038	3,914,864	3,836,286	4,065,662	4,133,399	4,367,756
Non-operating Revenues										
Sales Tax revenue	16,471,661	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
Federal grants	2,723,040	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
State grants	1,965,532	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
Student fares assistance	1,250,698	1,331,874	1,666,411	928,393	1,031,175	1,082,313	825,967	878,272	1,033,958	1,099,910
Interest income	185,671	75,401	29,654	30,063	92,679	235,685	176,229	110,763	14,130	55,230
Gain (loss) from disposal of assets	0	0	-229,860	(640,912)	8,977	24,580	2,849	8,809	22,533	6,990
Other non-transportation revenue	202,075	187,473	218,215	208,847	95,132	204,136	170,428	252,897	310,553	441,795
Total non-operating revenues	23,805,554	22,798,677	23,043,975	25,220,610	24,501,399	25,041,153	25,277,724	25,325,732	31,869,033	41,078,258
Total Revenues	\$28,047,455	\$26,788,991	\$26,898,497	\$29,060,820	\$27,952,437	\$28,956,017	\$29,114,010	\$29,391,394	\$36,002,432	\$45,446,014

Source: METRO's independently audited annual financial statements

METRO Regional Transit Authority

TABLE 8



METRO Regional Transit Authority

Expenses by Object Class - Last Ten years

(Unaudited)

TABLE 9

	<u>2001*</u>	<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>
Operating Expenses										
Labor	\$13,189,822	\$13,098,078	\$12,915,126	\$12,779,273	\$12,599,824	\$12,695,931	\$12,814,016	\$12,809,410	\$14,424,006	\$14,808,947
Fringe Benefits	6,027,924	6,283,020	7,141,771	7,206,629	7,479,976	7,048,865	7,451,164	8,086,016	8,463,897	9,359,814
Materials and Supplies	3,103,817	3,064,413	3,163,939	3,000,077	3,561,216	4,529,963	4,567,606	5,519,828	5,405,463	5,676,943
Services	1,169,490	940,454	1,207,788	1,111,932	1,131,184	1,069,850	1,342,851	1,307,801	2,342,761	2,331,548
Utilities	485,770	417,332	404,700	426,072	536,629	652,651	468,205	536,138	582,685	573,273
Casualty and Liability	542,239	762,078	890,037	1,188,010	1,225,109	1,066,711	1,309,673	850,567	975,060	1,264,872
Taxes	174,354	158,551	167,216	180,145	181,661	196,644	221,687	218,819	229,918	250,354
Purchased Transportation	1,914,939	2,265,605	1,887,041	1,051,375	1,076,844	1,061,558	1,143,753	1,147,559	1,057,824	1,209,177
Interest Expense	129,805	115,415	107,085	95,211	65,652	55,596	44,556	44,784	19,050	24,072
Miscellaneous *	1,121,355	404,472	264,521	237,345	169,364	178,361	174,336	305,665	355,603	441,111
Total	27,828,613	27,859,515	27,509,418	28,149,224	27,276,069	28,027,459	28,556,130	29,537,847	30,826,587	35,940,111
Depreciation	4,680,867	5,493,068	5,554,611	6,173,717	6,203,140	5,704,175	4,842,469	5,937,844	6,446,278	6,237,556
Total Expenses	\$31,657,808	\$32,540,382	\$33,002,486	\$33,703,835	\$33,449,786	\$34,230,599	\$34,260,305	\$34,380,316	\$36,764,431	\$42,177,667

Source: METRO's audited annual financial statements

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

Debt Capacity Information

2010
(Unaudited)

Table 10 – Debt Service

METRO Regional Transit Authority

Debt Service

(Unaudited)

Table 10

YEAR	REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	BOND DEBT (3)	POPULATION (6)	BOND DEBT PER CAPITAL	COVERAGE RATIO
2001	\$26,788,991	\$27,859,515	(\$1,070,524)	\$2,025,000	545,179	\$3.71	(0.53)
2002	26,898,497	27,509,418	(610,921)	1,790,000	545,771	\$3.28	(0.34)
2003	29,060,820	28,149,224	911,596	2,402,029 (4)	545,637	\$4.40	0.38
2004	27,952,437	27,276,069	676,368	2,117,029 (5)	545,545	\$3.88	0.32
2005	28,956,017	28,027,459	928,558	1,782,029	545,347	\$3.27	0.52
2006	29,114,010	28,556,130	557,880	1,005,000	545,931	\$1.84	0.56
2007	29,391,394	29,537,847	(146,453)	650,000	543,899	\$1.20	(0.23)
2008	36,002,432	30,826,587	5,175,845	570,000	542,562	\$1.05	9.08
2009	43,689,614	33,856,267	9,833,347	485,000	542,405	\$0.89	20.27
2010	45,446,014	35,940,111	9,505,903	395,000	541,781	\$0.73	24.07

(1) Gross revenue includes interest, federal & state grants, special fare assistance and other non-operating revenue.

(2) Total expenses is exclusive of depreciation.

(3) Total principal due on all outstanding debt.

(4) 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.

(5) 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.

(6) U.S. Bureau of Census, Bureau of Labor Statistics

Demographic & Economic Information

2010
(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>K - 12 School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2001	545,179	\$30,420	84,595	4.6%
2002	545,771	30,903	84,331	6.0%
2003	545,637	31,900	84,064	6.2%
2004	545,545	33,095	83,555	6.1%
2005	545,347	34,375	83,231	5.7%
2006	545,931	35,979	82,122	5.2%
2007	543,899	37,612	80,682	5.4%
2008	542,562	38,940	80,598	6.2%
2009	542,405	38,001	75,791	9.8%
2010	541,781	*	*	9.9%

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

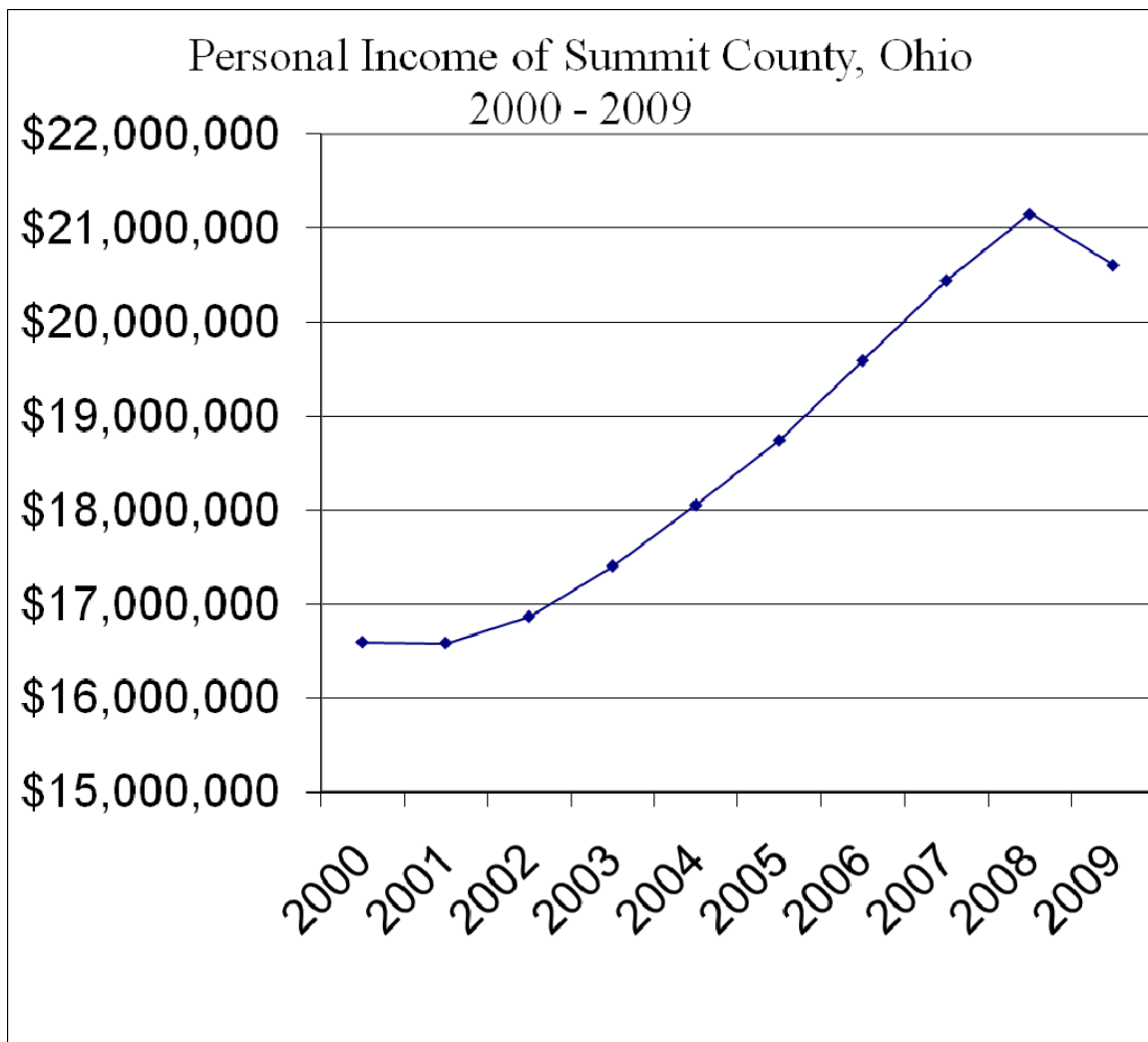
(3) Ohio Department of Education - enrollment data

(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	
Company/Organization	Employees	Company/Organization	Employees
Summa Health System	10,000	Summa Health System	6,104
Akron General Health System	4,277	Akron General Health System	4,263
Summit County	3,468	The Goodyear Tire & Rubber Co.	3,502
Akron School District	3,095	Summit County	3,470
Goodyear Tire & Rubber Company	3,000	Akron School District	3,050
University of Akron Akron	2,845	The University of Akron	2,847
Akron General Medical Center	2,820	Akron General Medical Center	2,820
FirstEnergy Corp	2,708	FirstMerit Corporation	2,697
FirstMerit Corporation	2,695	Akron Children's Hospital	2,569
Akron Children's Hospital	2,681	City of Akron	2,520
Time Warner Cable NEO	2,440	Associated Materials Inc.	2,500
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 and 2007)

Note: Information for 2010, 2008 and prior to 2007 not available

Operating Information

2010
(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>2001</u>	<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>
System Ridership (1)										
Motor Bus	6,021,569	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
Demand Response	333,200	322,995	262,240	216,252	179,652	153,336	212,144	214,000	230,808	227,949
Average Weekday System Ridership (1)										
Motor Bus	20,890	22,631	21,037	19,210	19,466	19,795	18,490	19,033	16,342	16,507
Demand Response	1,568	1,253	1,016	828	695	596	826	827	889	885
Total Vehicle Miles (1)										
Motor Bus	4,428,731	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
Demand Response	2,200,408	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
Total Revenue Miles (1)										
Motor Bus	3,884,900	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
Demand Response	2,046,397	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
Passenger Miles (1)										
Motor Bus	24,194,261	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
Demand Response	1,927,542	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

(Continued)

METRO Regional Transit Authority

Operating Statistics - Last Ten Years (Continued)

(Unaudited)

	<u>2001</u>	<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>
Full Time Employees (1)	356	354	336	322	326	326	312	324	352	349
Total Vehicle Hours (1)										
Motor Bus	314,316	293,198	283,704	261,818	260,734	255,174	255,508	251,552	266,762	284,619
Demand Response	157,402	150,527	136,343	131,578	131,038	111,832	118,488	111,920	119,165	127,559
Total Vehicle Revenue Hours (1)										
Motor Bus	270,475	240,642	248,158	229,084	229,008	228,469	226,734	226,397	240,127	256,792
Demand Response	151,993	145,554	131,736	126,205	125,185	107,112	112,692	104,796	102,539	104,288
Vehicle Accidents average per month (2)										
Motor Bus	2.5	2.0	2.0	3.6	2.1	7.7	6.8	5.8	7.3	6.8
Demand Response	2.3	2.6	2.0	1.5	1.8	1.5	2.1	2.4	2.3	1.2
Miles between Roadcalls (2)	3,691	4,269	4,198	3,538	2,629	4,391	4,226	2,650	3,334	3,140
Total Revenue Vehicles (1)										
Motor Bus	152	137	135	137	122	117	109	111	125	139
Demand Response	176	163	156	144	148	152	145	139	150	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, 2010

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 (2010)	541,781
Miles of routes	442.4
Number of buses (Directly Operated)	
Motor bus	139
Demand Response	97
Number of routes	36
Customer Service information calls answered (2010)	265,239
SCAT Reservation Clerks calls answered (2010)	227,949

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED UPON PROCEDURES**

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

To the Board of Trustees:

We understand that the Metro Regional Transit Authority (the Authority) is eligible to receive grants under Section 9 of the Urban Mass Transportation Act of 1964, as amended, and in connection therewith, the Authority is required to report certain information to the Federal Transit Administration (FTA).

The FTA has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form (FFA-10) of the Authority's annual National Transit Database (NTD) report:

- A system is place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following the FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by the FTA or meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about the Authority's operations.

We have applied the procedures to the data contained in the accompanying Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year ended December 31, 2010. Such procedures, which were agreed to and specified by FTA in the Declarations section of the *2010 Reporting Manual* and were agreed to by the Authority, were applied to assist you in evaluating whether the Authority complied with the standards described in the second paragraph of this report and that the information included in the NTD report Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year ended December 31, 2010 is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993 and as presented in the *2010 Reporting Manual*.

This engagement to apply agreed upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose. This report is intended solely for your information and FTA and should not be used by those who did not participate in determining the procedures.

The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, fixed guideway directional route miles, passenger miles, and operating expenses of the Authority for the fiscal year ended December 31, 2010 for each of the following modes:

- Motor Bus-directly operated
- Demand Responsive-directly operated
- Demand Responsive-purchased transportation

The following information and finding came to our attention as a result of performing the procedures described in the Attachment to this report:

None

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Federal Funding Allocation Statistics Form (FFA-10). Accordingly, we do not express such an opinion. Also, we do not express an opinion on the Authority's system of internal control taken as a whole.

In performing the procedures, no matters came to our attention that caused us to believe that the information included in the NTD report on the Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year-ended December 31, 2010 is not presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993 and as presented in the *2010 Reporting Manual*. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report relates only to the information described above and does not extend to the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report, other than the Federal Funding Allocation Statistics Form (FFA-10), for any date or period.

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

June 21, 2011



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
MARCH 8, 2012**