



Dave Yost • Auditor of State



METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY  
DECEMBER 31, 2015

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**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct Program</i>				
Federal Transit Cluster:				
Capital Investment Grants	20.500	OH-04-0024	\$ -	\$ 286,308
Capital Investment Grants	20.500	OH-34-0023	-	720,000
Urbanized Area Formula Grants	20.507	OH-90-X784	-	25,579
Urbanized Area Formula Grants	20.507	OH-90-X805	-	65,000
Urbanized Area Formula Grants	20.507	OH-90-X822	-	6,635,319
Urbanized Area Formula Grants	20.507	OH-95-X112	-	67,115
Urbanized Area Formula Grants	20.507	OH-95-X183	-	637,977
Urbanized Area Formula Grants	20.507	OH-95-X193	-	318,939
Urbanized Area Formula Grants	20.507	OH-95-X145	-	123,623
Total Federal Transit Cluster			<u>-</u>	<u>8,879,860</u>
Surface Transportation Discretionary Grants for Capital Investment	20.932	STP	<u>-</u>	<u>124,705</u>
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-16-X014	254,359	309,271
Job Access Reverse Commute Grant	20.516	OH-37-X100	559	62,449
Total Transit Services Programs Cluster			<u>254,918</u>	<u>371,720</u>
Total U.S. Department of Transportation			<u>254,918</u>	<u>9,376,285</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 254,918</u>	<u>\$ 9,376,285</u>

*The accompanying notes are an integral part of this schedule.*

**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Metro Regional Transit Authority (the Authority) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or cash flows of the Authority.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

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

As a subrecipient, the Government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Metro Regional Transit Authority, Summit County, Ohio, (the Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 26, 2016, wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our report refers to prior period financial statements for the year ended December 31, 2014 that were *audited by a predecessor auditor*.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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

September 26, 2016



# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

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

We have audited the Metro Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Metro Regional Transit Authority's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the Metro Regional Transit Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

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

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

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

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

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

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

We have also audited the financial statements of Metro Regional Transit Authority (the Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our unmodified report thereon dated September 26, 2016. Our opinion also explained that the Authority adopted *Governmental Accounting Standard No. 68 and No. 71* during the year. Our report refers to prior period financial statements for the year ended December 31, 2014 that were *audited by a predecessor auditor*. We conducted our audit to opine on the Authority's' basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

September 26, 2016

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**METRO REGIONAL TRANSIT AUTHORITY  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Administration: Federal Transit Cluster Capital Investment Grants CFDA # 20.500 Urbanized Area Formula CFDA # 20.507
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Comprehensive Annual Financial Report

*for the fiscal years ending December 31, 2015 & 2014*

METRO REGIONAL TRANSIT AUTHORITY  
**SUMMIT COUNTY**

416 Kenmore Blvd. • Akron, Ohio • 44301



# METRO Regional Transit Authority

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2015 and 2014



Sandra M. Foster  
President,  
Board of Trustees

Richard M. Enty  
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 Years Ended December 31, 2015 and 2014

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# Introductory Section



## Introductory Section – 2015

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

September 26, 2016

Saundra 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, 2015.

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

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

The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the thirteenth consecutive year The Government of Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to METRO Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the fourteenth 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.



## PROFILE OF GOVERNMENT OF REPORTING ENTITY

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

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

### Operations and Funding

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

### Facilities

METRO has facilities that are located at:

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

### Services

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

## Management, Board of Trustees

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

## Administration

The administration of METRO, subject to the policies and supervision of its Board of Trustees, is directed by an Executive Director. The Executive Director is under contract to the Board of Trustees. The Executive Director selects the remaining senior administrative staff. An organizational chart, which depicts the key functional responsibilities, is shown on page 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, 2010 PMSA population was 703,200. Summit County represents 78% of the two counties' total population.

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

The Summit County unemployment rate for 2015 was 5.7%, compared with a national average of 5.3%.

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

## Population

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

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

## Employment

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

Average Unemployment Rates (last five years)

<u>Year</u>	<u>Summit County</u>	<u>Ohio</u>	<u>U.S.</u>
2011	8.5%	8.6%	8.9%
2012	6.8%	7.2%	8.1%
2013	6.9%	7.3%	7.4%
2014	5.8%	5.6%	6.2%
2015	5.7%	4.9%	5.3%

## MAJOR INITIATIVES

### Recent Developments

Highlights of the 2015 year of operations include the following:

- \* Took delivery of eight 40-foot Gillig CNG buses and twenty Paratransit buses.
- \* Constructed a new Park n' Ride parking lot at the RKPTC.
- \* Completed construction of a new employee parking lot.
- \* Completed installation of a line service AVL system.
- \* Completed the construction of a replacement bus service and fueling lanes.
- \* Began construction on a new bus barn, this project is expected to be completed in 2016.
- \* Began construction on a new public CNG fueling station, this project is expected to be completed in 2016.
- \* Provided 5,052,855 line service passenger trips on METRO.
- \* Provided 268,732 demand response passenger trips on SCAT.

## Future Projects

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

- Replace forty-four (44) 40-foot CNG low floor buses.
- Replace fifty-two (52) Paratransit buses.
- Construct a new maintenance facility.
- Rehab the Administration offices.
- Update the Akron Secondary rail line in the Stow/Hudson area.

## FINANCIAL INFORMATION

### Internal Control Structure

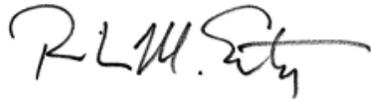
The management of METRO is responsible for establishing and maintaining an internal control structure designed to ensure that METRO's assets are protected from loss, theft, or misuse. Its responsibility is also to ensure that accurate accounting data is compiled to allow for the preparation of financial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

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

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

## Acknowledgment

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



Richard M. Enty,  
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, 2014**



Executive Director/CEO

# METRO Regional Transit Authority

Board of Trustees and Administration as of December 31, 2015

## Members of the Board of Trustees

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

Elizabeth Britton  
Robert E. DeJournett  
Nicholas P. Fernandez  
Saundra M. Foster  
Renee Greene  
Jack Hefner

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

Heather Heslop Licata  
Scott C. Meyer  
David E. Prentice

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

Charles R. Rector

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

Stephan Kremer

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

William Lutz

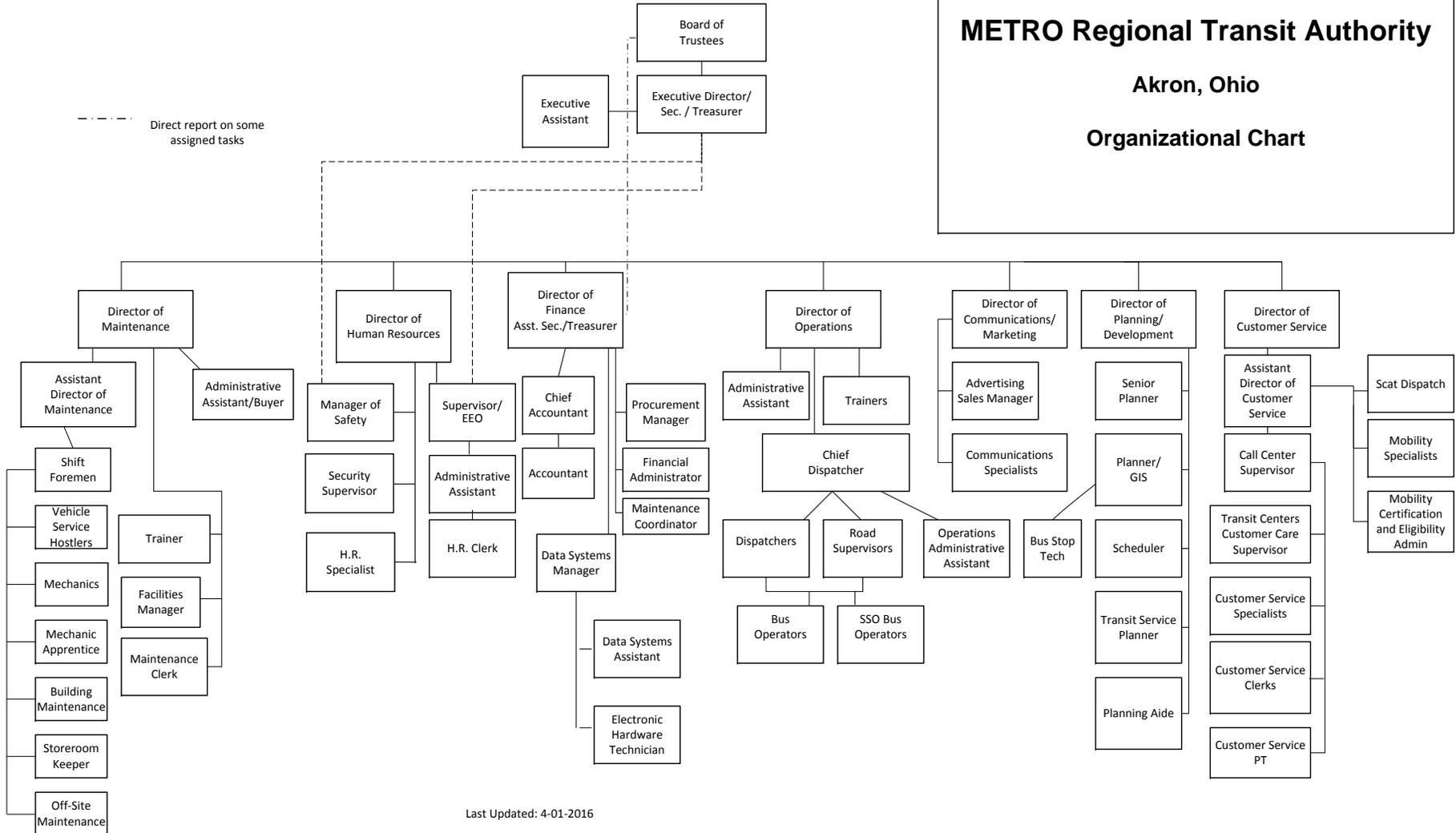
## Administration

Richard M. Enty, Executive Director/Secretary-Treasurer  
Dean J. Harris, Director of Finance/Assistant Secretary-Treasurer  
Dehavilland McCall, Director of Operations  
Jarrod Hampshire, Director of Maintenance  
Christine Hoffer, Director of Human Resources  
Molly Becker, Director of Communication & Marketing  
Bambi Miller, Director of Customer Service  
Kris Liljeblad, Director of Planning

# METRO Regional Transit Authority

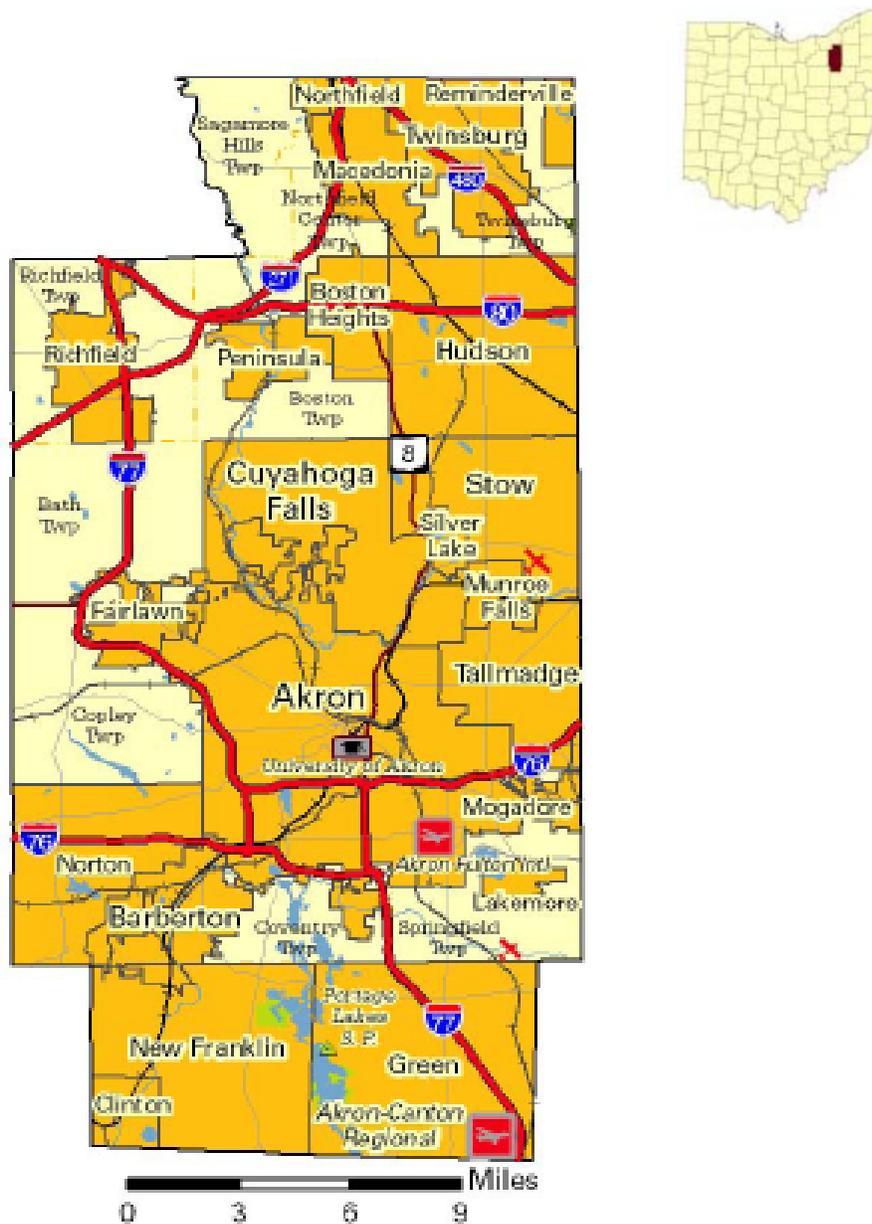
## Akron, Ohio

### Organizational Chart



----- Direct report on some assigned tasks

## SUMMIT COUNTY, OHIO



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

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

# Financial Section



## Financial Section – 2015

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.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Metro Regional Transit Authority, Summit County, Ohio (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Metro Regional Transit Authority, Summit County, Ohio, as of December 31, 2015, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 13 to the financial statements, during the year ended December 31, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Prior Period Financial Statements Audited by a Predecessor Auditor**

The financial statements of the Authority as of and for the year ended December 31, 2014 were audited by a predecessor auditor whose report dated May 14, 2015, expressed an unmodified opinion on those statements.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

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

September 26, 2016

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## METRO REGIONAL TRANSIT AUTHORITY

### MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2015 and 2014

As the financial management team for the METRO Regional Transit Authority (the “Authority”), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended December 31, 2015 and 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

#### **Financial Highlights for 2015**

- The Authority has a net position of \$123.4 million. This was a decrease of \$8.3 million from 2014. The net position results from the difference between total assets of \$146.2 million and total liabilities of \$22.9 million.
- Current assets of \$53.5 million primarily consist of non-restricted Cash and Cash Equivalents of \$31.8 million; Sales and Use Tax receivable of \$7.4 million and long-term investments of \$10.4 million.
- Current liabilities of \$3.4 million primarily consist of accrued payroll and payroll liabilities of \$2.8 million and accounts payable of \$0.5 million and other liabilities of \$0.1 million.
- Noncurrent liabilities of \$19.1 million consist of a Net Pension Liability. This liability was recorded in 2015 to reflect the changes required by GASB 68. Please review the notes to the financial statements for additional information.

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

#### **Financial Highlights in 2014**

- The Authority has a net position of \$131.7 million. This net position results from the difference between total assets of \$135.1 million and total liabilities of \$3.4 million.
- Current assets of \$49.2 million primarily consist of non-restricted Cash and Cash Equivalents of \$28.5 million; Sales and Use Tax receivable of \$7.2 million and long-term investments of \$10.4 million.
- Current liabilities of \$3.4 million primarily consist of accrued payroll and payroll liabilities of \$2.9 million and accounts payable of \$0.3 million and other liabilities of \$0.2 million.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2015 and 2014

**Basic Financial Statements and Presentation**

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

**Budgetary Controls**

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

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

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

**Financial Reporting**

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

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

**METRO REGIONAL TRANSIT AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Years Ended December 31, 2015 and 2014

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

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found on pages 29-52 of this report.

**Financial Analysis of the Authority**

**Condensed Summary of Net Position**

	2015	2014	2013
Current assets	\$ 53,453,816	\$ 49,216,585	\$ 44,464,716
Deferred outflows	3,485,891	-	-
Other noncurrent assets	59,602	55,562	-
Capital assets, net of accumulated depreciation	89,241,815	85,936,603	77,159,974
Total assets and Deferred Outflows	<u>146,241,124</u>	<u>135,208,750</u>	<u>121,624,690</u>
Current liabilities	3,376,229	3,474,696	3,513,434
Deferred inflows	336,801	-	-
Non-current liabilities	19,171,267	-	-
Total liabilities and Deferred Inflows	<u>22,884,297</u>	<u>3,474,696</u>	<u>3,513,434</u>
Net position:			
Net Investment in capital assets	89,241,815	85,936,603	77,054,974
Unrestricted net position	34,115,012	45,797,451	41,056,282
Total net position	<u>\$ 123,356,827</u>	<u>\$ 131,734,054</u>	<u>\$ 118,111,256</u>

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Net Position (Continued)**

During 2015, the Authority adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. Users of this financial statement will gain a clearer understanding of the Authority actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. This implementation also had the effect of restating net position at December 31, 2014. See Note 13 to the basic financial statements for further discussion on the implementation of GASB 68.

In accordance with GASB 68, the Authority’s statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan’s change in net pension liability not accounted for as deferred inflows/outflows.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of \$2,334,622 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,081,517. Consequently, in order to compare 2015 total operating expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	\$ 44,253,803
Pension expense under GASB 68	(2,081,517)
2015 contractually required contribution	<u>2,462,970</u>
Adjusted 2015 operating expenses	44,635,256
Total 2014 operating expenses under GASB 27	<u>40,943,524</u>
Increase in operating expenses not related to pension	<u><u>\$ 3,691,732</u></u>

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Net Position (Continued)**

As a result of GASB 68, the Authority is reporting a significant net pension liability and related deferred inflows of resources which have a negative effect on net position. In addition, the Authority is reporting deferred outflows of resources and a reduction of expenses related to pension for this fiscal year, which have a positive consequence on net position. This expense amount is the difference between the contractually required contributions and the pension expense resulting from the change in the net pension liability that is not reported as deferred inflows or outflows. To further explain the impact of this new accounting standard on the Authority's net position, additional information is presented below.

Net Position	\$ 123,356,827
Deferred outflows - pension	(3,485,891)
Deferred inflows - pension	336,801
Net Pension liability	<u>19,171,267</u>
Net position without new standard	<u><u>\$ 139,379,004</u></u>
Impact of GASB 68 on net position, end of year	\$ (16,022,177)
Pension expense under GASB 68	2,081,517
Contractually required contribution	<u>(2,462,970)</u>
Impact of GASB 68 on net position, beginning of year	<u><u>\$ (16,403,630)</u></u>

By far, the largest portion of the Authority's net position reflect net investment in capital assets (e.g., line service and Paratransit buses, operating facilities including our administrative/maintenance office, Robert K Pfaff Transit Center, Rolling Acres Transfer Center and our banked railroad property) less any related debt used to acquire those assets that 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. For additional information please reference note 4.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Net Position (Continued)**

Equity related to capital acquisitions is reflected in the line item “Net investment in capital assets”. The equity includes funding provided by the Federal Transit Administration (FTA) and the State of Ohio Department of Transportation (ODOT). The Authority’s investment in capital assets, net of accumulated depreciation, was \$89.2 million as of December 31, 2015, an increase of \$3.3 million from 2014 as capital asset expenditures represented more than depreciation expense and asset write-offs during the year. However, approximately 71.8% of the equity in capital assets is the result of grants from FTA and ODOT, and approximately 28.2% of the equity in capital assets are from local funds provided by the Authority. The equity portion of the capital assets related to the FTA and ODOT cannot be liquidated to provide a source of cash flow, as any premature sale would require repayments to both the FTA (approximately \$101.1 million) and ODOT (approximately \$1.7 million) for their remaining equity in capital assets.

Major capital asset expenditures during 2015 included the following:

- Purchase of eight (8) 40’ Low Floor CNG buses
- Purchase of thirteen (13) Paratransit buses
- Completed construction of an employee parking lot
- Completed construction of a bus service and wash lanes
- Completed construction of the RKPTC Park N’ Ride lot

The Authority’s investment in capital assets, net of accumulated depreciation, was \$85.9 million as of December 31, 2014, an increase of \$8.8 million from 2013 as capital asset expenditures represented more than depreciation expense and asset write-offs during the year.

Major capital asset expenditures during 2014 included the following:

- Purchase of six (6) 40’ Low Floor CNG buses
- Purchase of Thirty-one (31) Paratransit buses
- Purchase of land for an employee parking lot

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2015 and 2014

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

	2015	2014	2013
<b>OPERATING REVENUES:</b>			
Passenger fares	\$ 4,428,054	\$ 4,941,683	\$ 4,998,875
Advertising and concessions	417,915	443,133	451,535
<b>Total Operating Revenues</b>	4,845,969	5,384,816	5,450,410
<b>OPERATING EXPENSES</b>			
Labor	20,586,041	19,024,350	17,836,348
Fringe benefits	11,736,750	10,086,226	9,886,508
Materials and supplies	2,764,074	2,748,637	2,921,486
Fuel	2,683,857	2,996,525	3,119,612
Services	2,516,684	2,712,750	2,198,643
Utilities	913,740	691,099	539,188
Casualty and liability	1,262,850	1,268,181	1,163,565
Purchased transportation service	1,229,441	807,710	611,026
Miscellaneous	560,366	608,046	681,704
<b>Total Operating Expenses excluding depreciation</b>	44,253,803	40,943,524	38,958,080
<b>OPERATING LOSS BEFORE DEPRECIATION</b>	(39,407,834)	(35,558,708)	(33,507,670)
Depreciation Expense	(8,628,338)	(9,231,103)	(8,513,768)
<b>OPERATING LOSS</b>	(48,036,172)	(44,789,811)	(42,021,438)
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Sales tax revenue	44,896,182	43,346,649	39,769,341
Federal, State and local assistance	5,230,038	5,622,955	5,372,343
Interest income	146,698	102,124	35,095
Interest expense	-	(3,350)	(10,250)
Other	868,155	289,748	519,967
<b>Total Non-Operating Revenues - net</b>	51,141,073	49,358,126	45,686,496
<b>CAPITAL GRANT REVENUE</b>			
Capital contributions	4,921,502	9,054,483	9,837,865
<b>CHANGE IN NET POSITION</b>	8,026,403	13,622,798	13,502,923
Net Position, Beginning Balance	131,734,054	118,111,256	104,608,333
Cumulative effect of change in accounting principle (See Note 13)	(16,403,630)	-	-
<b>Net Position, Ending Balance</b>	\$ 123,356,827	\$ 131,734,054	\$ 118,111,256

## Financial Operating Results

### Revenues

**Sales Tax** revenues increased 3.6% over the previous year. This is a sales and use tax of ½ of 1% on all goods and services sold in Summit County. There is no limit on its duration. Sales tax increased due to a higher sales and services provided in Summit County.

**Passenger fares** are comprised of farebox revenues, tickets sales, special transit fares and contracts with the University of Akron and the Akron Board of Education. METRO also has additional contracts with local governmental agencies to provide Paratransit service. The decrease in passenger fares of 10.4% in 2015 compared to 2014 can be attributed to a decrease in the sale of tickets and passes from a decrease in ridership.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Revenues, Expenses and Changes in Net Position  
(Continued)**

**Federal assistance** funds are received from the Federal Transit Administration for certain items that are classified as capital assistance. Capital assistance, as defined by the FTA, includes preventive maintenance, leases, planning, and other operating items that are part of capital projects. The level of funding received in 2015 was 12.1% lower than 2014. This decrease was due to a reduction in federal funding.

**State assistance** funds are generally from fuel tax refunds. The amounts in 2015 were 29.3% lower compared to 2014 due to a one time funding for additional service in 2014 for the Gay Games held in Cleveland.

**Interest Income** consists of income from interest paid on investments. Interest income was up 43.6% in 2015 compared to 2014. This was due to a slightly better interest rate and a larger investment balance.

**Other Revenue** consists primarily of revenue from the sales of obsolete assets, gain disposal of assets, alternative fuel rebate and all other miscellaneous revenue. In 2015 there was a 63.9% increase compared to 2014 due to the renewal of the alternative fuel rebate that allowed for the request for two years worth of rebates.

### Operating Expenses

Total operating expenses, excluding depreciation, increased in 2015 by 8% compared to 2014. The increase in 2015 was due to primarily an increase in the cost of labor, health insurance and purchase transportation.

**Labor and Fringe Benefits** are METRO's major expense items. Wages were up 8.2% in 2015 due to wage increases and hiring of additional Operators to expand bus service. Fringe benefits were up 16.4% in 2015 due to a increase in medical claims.

**Material and Supplies** were down 0.6% in 2015 compared to 2014 due to the continued reduction in the number of buses that use diesel fuel and switching to Compressed Natural Gas (CNG). Also the cost for natural gas and diesel fuel both were less expensive in 2015 compared to 2014.

**Services** were down 7.2% in 2015 compared to 2014 due to the decrease in outside consultant services.

**Utilities** were up 32.2% in 2015 compared to 2014. This was due to the solar panels that normally provide 24% of the electricity being off-line during a construction project.

**Casualty and Liability** were 0.4% lower in 2015 due to a decrease in deductibles paid.

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Revenues, Expenses and Changes in Net Position  
(Continued)**

**Purchased Transportation** was up 52.2% in 2015 compared to 2014. This is due to an increase in the use of purchase transportation for passenger trips and normal rate increases paid to the sub-contractors.

**Miscellaneous Expenses** were down 8.9% in 2015 due to slightly lower costs for media, travel and meetings.

The Authority's total revenue was \$55.9 million in 2015. This is a 2.3% increase over 2014. This increase is a result from an increase in sales tax revenue. While in 2014 the Authority had total revenue of \$54.7 million. This was a decrease of 7.0% over 2013. This increase was a result of an increase in sales tax revenue.

The Authority's total operating expenses, excluding depreciation, was \$44.2 million in 2015. This is an increase of 8.1% over 2014. This increase was due to in an increase in labor, fringe benefits and purchased transportation service. In 2014 the Authority had total operating expenses of \$40.9 million. This was a 5.1% increase over 2013. This increase was due to an increase in labor and purchased transportation costs.

Depreciation expense decreased by \$0.6 million in 2015 and increased by \$0.7 million in 2014.

**Condensed Summary of Cash Flows**

Net cash used for operating activities increased by \$4.4 million in 2015 as a result of a increase in expenses for goods and services and wages. Net cash used for operating activities increased by \$67,132 in 2014 as a result of a decrease in expenses for goods and services. In 2015 net cash from non-capital financing activity increased by \$1.6 million due to an increase in sales tax revenue. In 2014 net cash from non-capital activity increased by \$2.6 million due to an increase in sales tax revenue. Cash and cash equivalents increased in 2015 by \$3.3 million and increased in 2014 by \$3.1 million.

**METRO REGIONAL TRANSIT AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

For the Years Ended December 31, 2015 and 2014

**Condensed Summary of Cash Flows (Continued)**

	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 4,472,530	\$ 4,846,005	\$ 4,993,726
Cash received from others for miscellaneous services	417,915	705,998	451,535
Other non-operating revenues	860,030	-	-
Cash payments to suppliers for goods and services	(12,558,247)	(11,690,160)	(12,911,978)
Cash payments to employees for services	(32,839,235)	(29,061,625)	(27,800,197)
Net cash used in operating activities	(39,647,007)	(35,199,782)	(35,266,914)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Sales taxes received	44,634,271	42,594,482	39,716,763
Operating grants and other assistance received	5,220,038	5,622,955	5,846,246
Net cash provided by non-capital financing activities	49,854,309	48,217,437	45,563,009
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants received	4,921,502	9,054,483	9,837,865
Acquisition and construction of capital assets	(11,933,550)	(18,007,732)	(15,078,335)
Sale of capital assets	8,125	26,883	-
Principal paid on bonds	-	(105,000)	(100,000)
Interest paid on bonds	-	(3,350)	(10,250)
Net cash used in capital and related financing activities	(7,003,923)	(9,034,716)	(5,350,720)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash proceeds from sale of investments - net	(24,729)	(975,653)	(4,175,456)
Interest received from investments	146,698	102,124	35,095
Net cash used in by investing activities	121,969	(873,529)	(4,140,361)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,325,348</b>	<b>3,109,410</b>	<b>805,014</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>28,548,307</b>	<b>25,438,897</b>	<b>24,633,883</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 31,873,655</b>	<b>\$ 28,548,307</b>	<b>\$ 25,438,897</b>

**Capital Asset and Debt Administration**

**Capital Assets**

The Authority's net investment in capital assets amounts to \$89.2 million as of December 31, 2015, an increase of \$3.3 million compared to 2014. While in 2014 the Authority's net investment in capital assets amounts to \$85.9 million as of December 31, 2014 which was an increase of \$8.8 million from 2013. Capital assets include land, construction-in-progress, building & building improvements, infrastructure, right-of-way, transportation and other equipment.

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

METRO REGIONAL TRANSIT AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2015 and 2014

**Long-term Debt**

The Authority has no outstanding debt as of December 31, 2015. Additional information on long-term debt activity can be found in note 3 to the financial statements.

**Requests for Information**

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

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015 and 2014

ASSETS	2015	2014
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 31,873,655	\$ 28,548,307
Investments	10,381,405	10,356,676
Receivables:		
Sales taxes	7,426,345	7,164,434
Trade and other	324,547	359,023
Materials and supplies inventory	1,439,006	1,095,435
Prepaid expenses	2,008,858	1,692,710
Total current assets	53,453,816	49,216,585
<b>NONCURRENT ASSETS</b>		
Other Noncurrent Assets	59,602	55,562
<b>CAPITAL ASSETS</b>		
Land	4,283,301	4,283,301
Construction in Progress	5,226,588	13,001,051
Buildings and building improvements	45,144,709	34,227,127
Infrastructure	7,702,623	5,751,165
Right-of-ways	10,653,206	10,653,206
Transportation equipment	66,992,703	64,656,735
Other equipment	8,451,652	11,161,456
Total capital assets	148,454,782	143,734,041
Less: accumulated depreciation	(59,212,967)	(57,797,438)
Capital Assets - net	89,241,815	85,936,603
Total noncurrent assets and capital assets	89,301,417	85,992,165
<b>DEFERRED OUTFLOW</b>		
Deferred outflows	3,485,891	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 146,241,124</b>	<b>\$ 135,208,750</b>

(Continued)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF NET POSITION (Continued)  
DECEMBER 31, 2015 and 2014

	2015	2014
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 477,082	\$ 346,771
Accrued payroll	1,829,565	2,066,737
Accrued payroll taxes	933,363	831,182
Other estimated liability	1,000	1,000
Other liabilities	135,219	229,006
Total current liabilities	3,376,229	3,474,696
<b>NONCURRENT LIABILITIES:</b>		
Net Pension Liability	19,171,267	-
Total noncurrent liabilities	19,171,267	-
<b>DEFERRED INFLOWS</b>		
Deferred inflows	336,801	-
Total deferred inflows	336,801	-
Total liabilities and deferred inflows	22,884,297	3,474,696
<b>NET POSITION:</b>		
Net Investment in capital assets	89,241,815	85,936,603
Unrestricted	34,115,012	45,797,451
Total net position	123,356,827	131,734,054
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 146,241,124</b>	<b>\$ 135,208,750</b>

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015	2014
OPERATING REVENUES:		
Passenger fares	\$ 4,428,054	\$ 4,941,683
Advertising and concessions	417,915	443,133
Total operating revenues	4,845,969	5,384,816
OPERATING EXPENSES		
Labor	20,586,041	19,024,350
Fringe benefits	11,736,750	10,086,226
Materials and supplies	2,764,074	2,748,637
Fuel	2,683,857	2,996,525
Services	2,516,684	2,712,750
Utilities	913,740	691,099
Casualty and liability	1,262,850	1,268,181
Taxes	183,769	194,698
Purchased transportation service	1,229,441	807,710
Miscellaneous	376,597	413,348
Total operating expenses excluding depreciation	44,253,803	40,943,524
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(39,407,834)	(35,558,708)
DEPRECIATION EXPENSE:		
On assets acquired with capital grants	8,591,775	9,189,413
On other assets	36,563	41,690
Total depreciation expense	8,628,338	9,231,103
OPERATING LOSS	(48,036,172)	(44,789,811)
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	44,896,182	43,346,649
Federal non-operating grants and reimbursements	4,243,338	4,826,204
State non-operating grants, reimbursements, and special fare assistance	177,512	251,223
Student fare and other assistance	809,188	545,528
Interest income	146,698	102,124
Interest expense	-	(3,350)
Gain from disposal of assets	8,125	26,883
Other	860,030	262,865
Total Non-Operating Revenues - net	51,141,073	49,358,126
NET INCOME BEFORE CAPITAL CONTRIBUTION	3,104,901	4,568,315
Capital Contributions	4,921,502	9,054,483
Increase (decrease) in Net Position	8,026,403	13,622,798
Net Position, Beginning Balance	131,734,054	118,111,256
Cumulative effect of change in accounting principle (see Note 13)	(16,403,630)	-
Net Position, Ending Balance	\$ 123,356,827	\$ 131,734,054

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 4,472,530	\$ 4,846,005
Cash received from others for miscellaneous services	417,915	705,998
Other non-operating revenues	860,030	-
Cash payments to suppliers for goods and services	(12,558,247)	(11,690,160)
Cash payments to employees for services	(32,839,235)	(29,061,625)
Net cash used in operating activities	(39,647,007)	(35,199,782)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Sales taxes received	44,634,271	42,594,482
Operating grants and other assistance received	5,220,038	5,622,955
Net cash provided by non-capital financing activities	49,854,309	48,217,437
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received	4,921,502	9,054,483
Acquisition and construction of capital assets	(11,933,550)	(18,007,732)
Sale of capital assets	8,125	26,883
Principal paid on bonds	-	(105,000)
Interest paid on bonds	-	(3,350)
Net cash used in capital and related financing activities	(7,003,923)	(9,034,716)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash proceeds from sale of investments - net	(24,729)	(975,653)
Interest received from investments	146,698	102,124
Net cash used in investing activities	121,969	(873,529)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,325,348	3,109,410
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	28,548,307	25,438,897
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 31,873,655	\$ 28,548,307
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (48,036,172)	\$ (44,789,811)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	8,628,338	9,231,103
Other non-operating revenue	860,030	-
Change in assets and liabilities:		
(Increase) decrease in Accounts receivable - trade	44,476	(95,678)
(Increase) decrease in Materials and supplies inventory	(343,571)	(82,219)
(Increase) decrease in Prepaid expenses	(316,148)	190,583
(Increase) decrease in Other current assets	(4,040)	-
Increase (Decrease) in Accounts payable, accrued payroll, accrued payroll taxes and other liabilities	(479,920)	346,240
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (39,647,007)	\$ (35,199,782)

See accompanying notes to the financial statements.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 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

For the Years Ended December 31, 2015 and 2014

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexchange Transactions - The Authority has also complied with the provisions of Statement No. 33 of the Governmental Accounting Standards Board (“GASB”) regarding the Accounting and Financial Reporting for Nonexchange Transactions. This statement requires that capital contributions be recognized as revenue. Accordingly, during the years ended December 31, 2015 and 2014, \$4,921,502 and \$9,054,483 in capital contribution were recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Authority.

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

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

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

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

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.

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

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

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

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position is displayed in three components as follows:

Net Investment in Capital Assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority’s policy to use restricted resources first, then unrestricted resources when they are needed.

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

Due to the adoption of GASB 68, the beginning net position at January 1, 2015 was adjusted to reflect a cumulative effect due to the change in accounting principles. The 2014 comparative information has not been restated because there was not enough information available. As a result, GASB 27 was followed in 2014 as presented in the financial statements.

#### 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.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recognition of Revenue and Receivables

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

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

#### Compensated Absences

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

#### Deferred Outflows/Inflows of Resources

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

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

#### Passenger Fares

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

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Pension Liability and Pension Expense

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

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

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

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

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Budgetary Accounting and Control

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

#### Estimates

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

### 2. DEPOSITS AND INVESTMENTS

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool ("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.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2015, the carrying amount of the Authority’s cash deposits was \$22,536,998 and the bank balance was \$22,806,394, \$250,000 of which was covered by the FDIC and \$22,556,394 of which was uninsured and uncollateralized as defined by the GASB. At December 31, 2015 the Authority had \$2,075 in petty cash.

At December 31, 2014, the carrying amount of the Authority’s deposits was \$20,562,541 and the bank balance was \$21,138,277, \$250,000 of which was covered by the FDIC and \$20,888,277 of which was uninsured and uncollateralized as defined by the GASB. At December 31, 2014 the Authority had \$2,075 in petty cash.

The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority’s name, as permitted under Ohio law.

The Board of Trustees has designated \$7,493,166 in 2015 and \$5,968,692 in 2014 as contingencies for future use that are included in cash and cash equivalents.

Investments at December 31, 2015 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year of less	More than one year and less than three years	Three years or more	
Aaa	Repurchase Agreements	\$ 1,315,000	\$ 1,315,000	\$ -	\$ -	7%
Aaa	Money Market	344,171	344,171	-	-	2%
	U.S. Treasury Notes	499,200	-	499,200	-	3%
	U. S. Government Agencies	3,724,907	500,910	1,398,827	1,825,170	19%
Various	Negotiable Certificate of Deposits	11,470,681	2,744,055	5,524,641	3,201,985	58%
Various	Ohio Municipal Obligations	2,362,028	483,934	694,405	1,183,689	12%
		<u>\$ 19,715,987</u>	<u>\$ 5,388,070</u>	<u>\$ 8,117,073</u>	<u>\$ 6,210,844</u>	<u>100%</u>
Percentage by Maturity		100%	27%	41%	32%	

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

2. DEPOSITS AND INVESTMENTS (Continued)

Investments at December 31, 2014 are summarized as follows:

Rating Moody	Description	Fair value	Investment Maturities			Percentage of total investment
			One year of less	More than one year and less than three years	More than three years	
Aaa	Repurchase Agreements	\$ 2,015,000	\$ 2,015,000	\$ -	\$ -	11%
Aaa	Money Market	340,759	340,759	-	-	2%
	U.S. Treasury Bonds	597,688	100,168	248,007	249,513	3%
	U. S. Government Agencies	3,841,788	754,765	1,595,452	1,491,571	21%
Various	Negotiable Certificate of Deposits	8,697,580	1,126,615	5,289,055	2,281,910	47%
Various	Ohio Municipal Obligations	2,847,552	718,852	1,195,526	933,174	16%
		<u>\$ 18,340,367</u>	<u>\$ 5,056,159</u>	<u>\$ 8,328,040</u>	<u>\$ 4,956,168</u>	<u>100%</u>
Percentage by Maturity		100%	28%	45%	27%	

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 investments in repurchase agreements, money markets, U.S. treasuries bonds, U.S. treasuries notes, U.S. government agencies, certificate of deposits and Ohio municipal obligations 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.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

3. LONG TERM OBLIGATIONS

During fiscal year 2015, the following changes occurred in long term obligations:

A. Bonds

In November 2014, the Authority retired all outstanding general obligation bonds. There was no bond activity in 2015.

B. Compensated Absences

	<u>2015</u>	<u>2014</u>
Beginning Balance	\$ 1,158,623	\$ 1,118,846
Liability Earned	1,280,326	1,257,464
Liability Paid	<u>1,247,686</u>	<u>1,217,687</u>
Ending Balance	<u>\$ 1,191,263</u>	<u>\$ 1,158,623</u>
Due Within One Year	<u>\$ 1,191,263</u>	<u>\$ 1,158,623</u>

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 is as follows:

Description	Balance 1/1/2015	Additions	Disposals	Transfers	Balance 12/31/2015
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 4,283,301	\$ -	\$ -	\$ -	\$ 4,283,301
Right-of-ways	10,653,206	-	-	-	10,653,206
Construction-in-progress	13,001,051	6,795,970	-	(14,570,433)	5,226,588
<b>Total Capital Assets Not Being Depreciated</b>	<b>27,937,558</b>	<b>6,795,970</b>	<b>-</b>	<b>(14,570,433)</b>	<b>20,163,095</b>
<b>Capital Assets Being Depreciated:</b>					
Building & Building Improvements	34,227,127	259,500	(3,200,139)	13,858,221	45,144,709
Infrastructure	5,751,165	334,818	-	1,616,640	7,702,623
Transportation Equipment	64,656,735	5,273,922	(2,937,954)	-	66,992,703
Other Equipment	11,161,456	300,170	(1,639,059)	(1,370,915)	8,451,652
<b>Total Capital Assets Being Depreciated</b>	<b>115,796,483</b>	<b>6,168,410</b>	<b>(7,777,152)</b>	<b>14,103,946</b>	<b>128,291,687</b>
<b>Less Accumulated Depreciation:</b>					
Building & Building Improvements	(18,345,822)	(1,408,842)	3,033,903	(161,020)	(16,881,781)
Infrastructure	(4,296,374)	(289,271)	-	(1,572,537)	(6,158,182)
Transportation Equipment	(25,976,390)	(6,008,315)	2,549,688	178,746	(29,256,271)
Other Equipment	(9,178,852)	(921,910)	1,629,218	1,554,811	(6,916,733)
<b>Total Accumulated Depreciation</b>	<b>(57,797,438)</b>	<b>(8,628,338)</b>	<b>7,212,809</b>	<b>-</b>	<b>(59,212,967)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>57,999,045</b>				<b>69,078,720</b>
<b>Total Capital Assets, Net</b>	<b>\$ 85,936,603</b>				<b>\$ 89,241,815</b>

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

4. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2014 is as follows:

Description	Balance 1/1/2014	Additions	Disposals	Balance 12/31/2014
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 4,168,020	\$ 115,281	\$ -	\$ 4,283,301
Right-of-ways	10,653,206	-	-	10,653,206
Construction-in-progress	1,521,736	11,490,784	(11,469)	13,001,051
<b>Total Capital Assets Not Being Depreciated</b>	<b>16,342,962</b>	<b>11,606,065</b>	<b>(11,469)</b>	<b>27,937,558</b>
<b>Capital Assets Being Depreciated:</b>				
Building & Building Improvements	34,227,127	-	-	34,227,127
Infrastructure	5,685,238	65,927	-	5,751,165
Transportation Equipment	60,870,960	6,098,532	(2,312,757)	64,656,735
Other Equipment	11,021,035	248,677	(108,256)	11,161,456
<b>Total Capital Assets Being Depreciated</b>	<b>111,804,360</b>	<b>6,413,136</b>	<b>(2,421,013)</b>	<b>115,796,483</b>
<b>Less Accumulated Depreciation:</b>				
Building & Building Improvements	(17,042,461)	(1,303,361)	-	(18,345,822)
Infrastructure	(3,969,373)	(327,001)	-	(4,296,374)
Transportation Equipment	(21,793,634)	(6,495,513)	2,312,757	(25,976,390)
Other Equipment	(8,181,880)	(1,105,228)	108,256	(9,178,852)
<b>Total Accumulated Depreciation</b>	<b>(50,987,348)</b>	<b>(9,231,103)</b>	<b>2,421,013</b>	<b>(57,797,438)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>60,817,012</b>			<b>57,999,045</b>
<b>Total Capital Assets, Net</b>	<b>\$ 77,159,974</b>			<b>\$ 85,936,603</b>

5. PURCHASED TRANSPORTATION SERVICES

During 2015 and 2014, the Authority had a contract with a local transportation company to provide transit services within Summit County for elderly and disabled passengers. Expenses under this contract amounted to \$1,229,441 and \$807,710 in 2015 and 2014, respectively. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 6. DEFINED BENEFIT PENSION PLANS

#### Net Pension Liability

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

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

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

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

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 6. DEFINED BENEFIT PENSION PLANS (Continued)

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

#### Ohio Public Employees Retirement System

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

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

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>State and Local</u>
<b>2015 Statutory maximum contribution rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2015 Actual contribution rates</b>	
Employer:	
Pension	12.00 %
Post-employment health care benefits	<u>2.00</u>
Total employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$2,462,970 for 2015. Of this amount, \$196,211 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate share of the net pension liability	\$ 19,171,267
Proportion of the net pension liability	0.158951%
Pension expense	\$ 2,081,517

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
<b>Deferred outflows of resources</b>	
Net difference between projects and actual earnings on pension plan investments	\$ 1,022,921
Authority contributions subsequent to the measurement date	2,462,970
Total deferred outflows of resources	<u>\$ 3,485,891</u>
<b>Deferred inflows of resources</b>	
Difference between expected and actual experience	<u>\$ 336,801</u>

\$2,462,970 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year ending Dec 31:	
2016	\$ 100,329
2017	100,329
2018	229,732
2019	255,730
Total	<u>\$ 686,120</u>

***Actuarial Assumptions - OPERS***

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	19.10	7.40
Other investments	<u>18.00</u>	<u>4.59</u>
Total	<u>100.00</u> %	<u>5.28</u> %

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

6. DEFINED BENEFIT PENSION PLANS (Continued)

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease <u>(7.00%)</u>	Current discount rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
Authority's proportional share of the net pension liability	\$ 35,269,637	\$ 19,171,267	\$ 5,612,560

7. POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

# METRO REGIONAL TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 7. POST EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring 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. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, the Authority contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2015, 2014 and 2013 were \$427,599, \$202,946 and \$172,645 respectively; 92.4% has been contributed for 2015, 2014 and 2013. \$32,702 representing the unpaid contribution for the year 2015 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

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, 2015 and 2014, consist of the following:

	<u>2015</u>	<u>2014</u>
FEDERAL:		
FTA Maintenance and Other Assistance	\$ 4,199,865	\$ 4,826,204
FTA Capital Contribution	4,921,502	9,054,483
Total	<u>\$ 9,121,367</u>	<u>\$ 13,880,687</u>
STATE:		
ODOT Other Assistance	-	53,939
ODOT Fuel Tax Reimbursement	177,512	197,284
Total	<u>\$ 177,512</u>	<u>\$ 251,223</u>

9. RISK MANAGEMENT

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

During the loss year of 2015, OTRP provided to the Authority commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage the pool provided \$50,000,000 in coverage and retained \$250,000. For crime the pool provided \$4,000,000 in coverage. METRO's deductible for property coverage is \$1,000 except for physical damage which was \$25,000. For Auto Liability, General Liability, E&O and EBL the pool provided \$10,000,000. For each of these lines the pool retained \$1,000,000 per occurrence. METRO's deductible for all liability claims was \$5,000 for 2015 and 2014.

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

## METRO REGIONAL TRANSIT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

#### 9. RISK MANAGEMENT (Continued)

As of January 1, 2015, the Authority has met all obligations to OTRP. The Authority pays OTRP through an initial contribution for purchased insurance and quarterly payments for their self-insured loss and administrative costs. The Authority's contribution percentage for 2015 it was 30.330%. In 2014 it was 26.576%.

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

The Authority pays the State of Ohio Worker's Compensation System a premium based on a rate per \$100 of salaries. The Authority's contributions allocated to fund Worker's Compensation benefits for the years ended December 31, 2015, 2014 and 2013 were \$361,733, \$729,929 and \$614,523 respectively. The full amount has been contributed for those years.

#### 10. CONTINGENCIES

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

At December 31, 2015, there were no material questioned costs that had not been resolved with appropriate federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

#### 11. SUBSEQUENT EVENTS/PENDING LITIGATION

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

METRO REGIONAL TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

12. FUEL PRICING MANAGEMENT PROGRAM

Pursuant to Ohio Revised Code sections 9.835 (A), (B) and (C) and Section 135.14, the Authority utilizes futures contracts and commodity swaps to manage the volatility of fuel costs. These techniques are traditional used to limit exposure to price fluctuations. Management recognized that fluctuations in fuel process could have a negative impact on the Authority's financial affairs. Accordingly, the Authority has utilized futures contracts and firm-fixed price contracts to offset against price volatility of diesel fuel in accordance with the Authority's Energy Price Risk Management Policy established by the Board of Trustees. These transactions are completely separate from the physical fuel purchase transactions. For the years ending December 31, 2015 and 2014 a loss of \$573,062 and \$36,457 respectively were recognized against the diesel fuel expense. There is no debt associated with these contracts. There are no open contracts beyond 2015.

13. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68". GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures: The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Business - Type Activities
Net Position: December 31, 2014	<u>131,734,054</u>
Adjustment:	
Net Pension Liability	18,738,252
Deferred Outflow - Payments Subsequent to Measurement Date	<u>(2,334,622)</u>
Restated Net Position: December 31, 2014	<u><u>115,330,424</u></u>

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflow resources as the information needed to generate these restatements was not available.

Required  
Supplemental  
Information

**METRO Regional Transit Authority**  
 Required Supplementary Information  
 Schedule of METRO Regional Transit Authority Proportionate Share of the Net Pension Liability  
 Last Two Years (1)

	2014	2013
<b>Ohio Public Employees Retirement System (OPERS) - Traditional Plan</b>		
Authority's proportion of the net pension liability	0.158951%	0.158951%
Authority's proportionate share of the net pension liability	\$ 19,171,267	\$ 18,738,252
Authority's covered employee payroll	\$ 19,455,183	\$ 18,486,369
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	98.54%	101.36%
Plan fiduciary net position as a percentage of total pension liability	86.45%	86.36%

(1) Information prior to 2013 is not available and the amounts presented are as of the Authority's measurement date which is the prior fiscal year end.

**METRO Regional Transit Authority**  
 Required Supplementary Information  
 Schedule of METRO Regional Transit Authority Contributions  
 Last Three Years (1)

	2015	2014	2013
<b>Ohio Public Employees Retirement System (OPERS) - Traditional Plan</b>			
Contractually required contribution	\$ 2,462,970	\$ 2,334,622	\$ 2,403,228
Contributions in relation to contractually required contribution	(2,462,970)	(2,334,622)	(2,403,228)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority covered employee payroll	\$ 20,524,750	\$ 19,455,183	\$ 18,486,369
Contributions as a percentage of covered employee payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

# Statistical Section



# Statistical Section – 2015

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 53 - 62

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 63

These schedules indicate the Authority's debt service.

Economic and Demographic Information                      pages 64 - 66

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 67 - 70

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

2015  
(Unaudited)

Table 1 – Net Position

Table 2 – Changes in Net Position

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 POSITION BY COMPONENT FOR THE LAST TEN FISCAL YEARS (Unaudited)

TABLE 1

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
NET POSITION					
Net Investment in capital assets	\$ 89,241,815	\$ 85,936,603	\$ 77,054,974	\$ 70,595,408	\$ 59,730,829
Unrestricted (Deficits)	<u>34,115,012</u>	<u>45,797,451</u>	<u>41,056,282</u>	<u>34,217,925</u>	<u>25,266,420</u>
TOTAL NET POSITION	<u><u>\$ 123,356,827</u></u>	<u><u>\$ 131,734,054</u></u>	<u><u>\$ 118,111,256</u></u>	<u><u>\$ 104,813,333</u></u>	<u><u>\$ 84,997,249</u></u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
NET POSITION					
Net Investment in capital assets	\$ 55,228,863	\$ 49,737,003	\$ 47,352,867	\$ 37,831,113	\$ 38,662,489
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 POSITION	<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>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS (Unaudited)

TABLE 2

	2015	2014	2013	2012	2011
<b>OPERATING REVENUES:</b>					
Passenger fares	\$ 4,428,054	\$ 4,941,683	\$ 4,998,875	\$ 4,846,581	\$ 4,207,746
Charter revenue	-	-	-	-	-
Advertising and concessions	417,915	443,133	451,535	405,113	398,486
<b>TOTAL OPERATING REVENUE</b>	<b>4,845,969</b>	<b>5,384,816</b>	<b>5,450,410</b>	<b>5,251,694</b>	<b>4,606,232</b>
<b>OPERATING EXPENSES</b>					
Labor	20,586,041	19,024,350	17,836,348	16,649,367	15,729,019
Fringe benefits	11,736,750	10,086,226	9,886,508	10,108,654	10,490,896
Materials and supplies	5,447,931	5,745,162	6,041,098	6,259,905	6,083,212
Services	2,516,684	2,712,750	2,198,643	2,349,651	2,320,702
Utilities	913,740	691,099	539,188	539,714	582,260
Casualty and liability	1,262,850	1,268,181	1,163,565	1,099,473	1,166,261
Taxes	183,769	194,698	228,390	273,560	276,498
Purchased transportation service	1,229,441	807,710	611,026	834,256	1,374,797
Miscellaneous	376,597	413,348	453,314	467,333	401,032
<b>TOTAL OPERATING EXPENSES</b>	<b>44,253,803</b>	<b>40,943,524</b>	<b>38,958,080</b>	<b>38,581,913</b>	<b>38,424,677</b>
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>44,253,803</b>	<b>40,943,524</b>	<b>38,958,080</b>	<b>38,581,913</b>	<b>38,424,677</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>(39,407,834)</b>	<b>(35,558,708)</b>	<b>(33,507,670)</b>	<b>(33,330,219)</b>	<b>(33,818,445)</b>
Depreciation expense	8,628,338	9,231,103	8,513,768	6,920,312	6,397,734
<b>OPERATING LOSS</b>	<b>(48,036,172)</b>	<b>(44,789,811)</b>	<b>(42,021,438)</b>	<b>(40,250,531)</b>	<b>(40,216,179)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Sales tax revenue	44,896,182	43,346,649	39,769,341	39,686,825	36,279,210
Federal operating grants and reimbursements	4,243,338	4,826,204	4,718,920	5,962,190	5,998,391
State operating grants and special fare assistance	177,512	251,223	218,943	260,230	629,962
Student fare and other assistance	809,188	545,528	434,480	487,357	852,768
Investment loss	-	-	-	-	-
Interest income	146,698	102,124	35,095	73,074	92,127
Interest expense	-	(3,350)	(10,250)	(15,000)	(19,234)
Gain (Loss) from disposal of assets	8,125	26,883	46,064	(75,107)	54,422
Other	860,030	262,865	473,903	562,911	366,555
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>51,141,073</b>	<b>49,358,126</b>	<b>45,686,496</b>	<b>46,942,480</b>	<b>44,254,201</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Contributions	4,921,502	9,054,483	9,837,865	12,919,135	7,583,812
<b>CHANGE IN NET POSITION</b>	<b>8,026,403</b>	<b>13,622,798</b>	<b>13,502,923</b>	<b>19,611,084</b>	<b>11,621,834</b>
Net Position, Beginning Balance	131,734,054	118,111,256	104,608,333	84,997,249	73,101,530
Cumulative effect of change in accounting principle*	(16,403,630)	-	-	-	273,885
<b>Net Position, Ending Balance</b>	<b>\$ 123,356,827</b>	<b>\$ 131,734,054</b>	<b>\$ 118,111,256</b>	<b>\$ 104,608,333</b>	<b>\$ 84,997,249</b>

Source: METRO's audited annual financial statements

\* GASB 68 implemented during 2015

# METRO Regional Transit Authority

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE LAST TEN FISCAL YEARS (Unaudited)

TABLE 2 (continued)

	2010	2009	2008	2007	2006
<b>OPERATING REVENUES:</b>					
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
<b>TOTAL OPERATING REVENUE</b>	<b>4,367,756</b>	<b>4,033,656</b>	<b>4,133,399</b>	<b>4,065,662</b>	<b>3,836,286</b>
<b>OPERATING EXPENSES</b>					
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
<b>TOTAL OPERATING EXPENSES</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>35,916,039</b>	<b>33,837,217</b>	<b>30,781,803</b>	<b>29,493,291</b>	<b>28,500,534</b>
<b>OPERATING LOSS</b>					
<b>BEFORE DEPRECIATION EXPENSE</b>	<b>(31,548,283)</b>	<b>(29,803,561)</b>	<b>(26,648,404)</b>	<b>(25,427,629)</b>	<b>(24,664,248)</b>
Depreciation expense	6,237,556	6,446,278	5,937,844	4,842,469	5,704,175
<b>OPERATING LOSS</b>	<b>(37,785,839)</b>	<b>(36,249,839)</b>	<b>\$ (32,586,248)</b>	<b>\$ (30,270,098)</b>	<b>\$ (30,368,423)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
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	-	-	-	-	-
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
<b>NON-OPERATING REVENUES/EXPENSES - NET</b>	<b>41,054,186</b>	<b>39,636,908</b>	<b>\$ 31,824,249</b>	<b>\$ 25,281,176</b>	<b>\$ 25,222,128</b>
<b>CAPITAL CONTRIBUTIONS</b>					
Capital Grant Contributions	6,059,733	7,107,006	10,742,855	2,808,870	3,753,382
<b>CHANGE IN NET POSITION</b>	<b>9,328,080</b>	<b>10,494,075</b>	<b>9,980,856</b>	<b>(2,180,052)</b>	<b>(1,392,913)</b>
Net Position, Beginning Balance	65,799,509	55,305,434	41,554,962	43,553,596	47,807,280
Cumulative effect of change in accounting principle	(2,026,059)	-	-	-	-
<b>Net Position, Ending Balance</b>	<b>\$ 73,101,530</b>	<b>\$ 65,799,509</b>	<b>\$ 55,305,434</b>	<b>\$ 41,373,544</b>	<b>\$ 43,553,596</b>

Source: METRO's audited annual financial statements

# METRO Regional Transit Authority

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

Last Ten Years

(Unaudited)

TABLE 3

### TRANSPORTATION INDUSTRY (1):

<u>YEAR</u>	<u>OPERATING AND OTHER REVENUE</u>			<u>OPERATING ASSISTANCE</u>			<u>TOTAL</u>	<u>TOTAL REVENUES</u>
	<u>PASSENGER</u>	<u>OTHER (2)</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>		
2006	33.2%	15.2%	48.4%	21.1%	22.8%	7.7%	51.6%	100.0%
2007	31.4%	6.5%	37.9%	31.0%	23.6%	7.5%	62.1%	100.0%
2008	31.3%	6.4%	37.7%	29.5%	25.8%	7.0%	62.3%	100.0%
2009	31.5%	5.8%	37.4%	29.0%	25.3%	8.2%	62.6%	100.0%
2010	32.1%	5.4%	37.5%	28.1%	25.0%	9.4%	62.5%	100.0%
2011	32.8%	4.9%	37.7%	28.2%	24.3%	9.8%	62.3%	100.0%
2012	32.5%	4.6%	37.1%	28.4%	25.6%	8.9%	62.9%	100.0%
2013	32.5%	3.8%	36.3%	28.7%	26.1%	8.9%	63.7%	100.0%
2014 *								
2015 *								

### 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>		
2006	11.9%	2.8%	14.7%	66.1%	3.7%	15.5%	85.3%	100.0%
2007	12.6%	2.4%	15.0%	65.8%	3.7%	15.6%	85.0%	100.0%
2008	10.7%	1.8%	12.5%	72.0%	2.8%	12.6%	87.5%	100.0%
2009	8.6%	1.4%	10.0%	79.4%	2.3%	8.4%	90.0%	100.0%
2010	8.8%	1.9%	10.7%	78.4%	1.8%	9.1%	89.3%	100.0%
2011	8.6%	1.8%	10.4%	76.1%	1.3%	12.3%	89.6%	100.0%
2012	9.3%	2.0%	11.3%	76.8%	0.5%	11.4%	88.7%	100.0%
2013	10.0%	1.9%	12.0%	78.1%	0.4%	9.5%	88.0%	100.0%
2014	8.9%	1.4%	10.3%	80.6%	0.4%	8.7%	89.7%	100.0%
2015	7.9%	2.5%	10.5%	81.6%	0.3%	7.6%	89.5%	100.0%

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

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

\* Information not available

# METRO Regional Transit Authority

## Operating Expenses - Comparison to Industry Trend Data

Last Ten Years  
(Unaudited)

TABLE 4

### TRANSPORTATION INDUSTRY (1):

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2006	66.1%	11.3%	5.9%	3.2%	2.5%	13.4%	-2.4%	100.0%
2007	65.8%	11.6%	6.1%	3.4%	2.4%	13.0%	-2.3%	100.0%
2008	63.9%	12.8%	6.3%	3.4%	2.2%	13.7%	-2.3%	100.0%
2009	64.8%	11.3%	6.6%	3.5%	2.3%	14.0%	-2.5%	100.0%
2010	65.2%	10.7%	6.6%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	65.0%	11.4%	6.6%	3.3%	2.6%	13.3%	-2.2%	100.0%
2012	64.0%	11.7%	6.9%	3.2%	2.2%	13.8%	-1.8%	100.0%
2013	60.7%	11.2%	7.1%	3.1%	2.4%	13.7%	1.8%	100.0%
2014 *								
2015 *								

### METRO Regional Transit Authority (2)

<u>Year</u>	<u>Labor &amp; Fringes</u>	<u>Material &amp; Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty &amp; Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2006	69.3%	15.7%	3.8%	2.3%	3.7%	3.7%	1.5%	100.0%
2007	68.6%	15.5%	4.5%	1.6%	4.4%	3.9%	1.5%	100.0%
2008	67.8%	17.9%	4.2%	1.7%	2.8%	3.7%	1.9%	100.0%
2009	67.6%	16.0%	6.9%	1.7%	2.9%	3.1%	1.8%	100.0%
2010	67.2%	15.8%	6.5%	1.6%	3.5%	3.4%	2.0%	100.0%
2011	68.2%	15.8%	6.0%	1.5%	3.0%	3.6%	1.8%	100.0%
2012	69.3%	16.2%	6.1%	1.4%	2.8%	2.2%	2.0%	100.0%
2013	71.1%	15.5%	5.6%	1.4%	3.0%	1.6%	1.8%	100.0%
2014	71.1%	14.0%	6.6%	1.7%	3.1%	2.0%	1.5%	100.0%
2015	73.0%	12.3%	5.7%	2.1%	2.9%	2.8%	1.3%	100.1%

(1) Source: The American Public Transit Association, "APTA 2015 Transit Fact Book - Table 23"

(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	2006	2007	2008*	2009	2010	2011	2012	2013	2014	2015
GCRTA	1.00%	Oct 1, 1975	169,262,438	173,161,230	170,707,698	155,282,828	163,220,649	173,242,328	181,219,251	189,630,644	197,118,145	197,423,179
COTA	0.50%	Jan 1, 2008	46,371,674	47,598,995	88,246,021	87,819,553	91,961,890	97,952,515	104,479,130	110,049,661	114,310,238	114,310,238
Laketran	0.25%	Aug 1, 1988	7,728,333	7,913,161	7,744,815	7,157,306	7,240,999	7,665,538	7,843,548	8,142,460	8,500,479	8,500,479
WRTA	0.25%	Apr 1, 2009				4,167,214	6,732,485	7,343,527	7,590,580	7,886,661	8,358,590	8,358,590
GDRTA	0.50%	Jul 1, 1980	32,363,030	32,185,370	32,149,806	29,341,697	30,150,943	32,759,617	34,312,875	35,290,373	36,771,641	36,771,641
PARTA	0.25%	Feb 1, 2002	3,583,445	3,705,852	3,775,726	3,608,868	3,914,537	4,080,738	4,319,281	4,496,596	4,859,656	4,859,656
SARTA	0.25%	Jul 1, 1997	11,525,065	11,785,691	11,696,465	10,410,581	11,016,628	11,720,027	12,401,259	12,954,397	13,555,026	13,555,026
METRO	0.50%	Jul 1, 2008	17,989,459	18,306,155	24,848,457	32,829,001	34,194,603	35,842,081	37,713,252	39,320,306	42,168,538	42,168,538

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

2015  
(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)

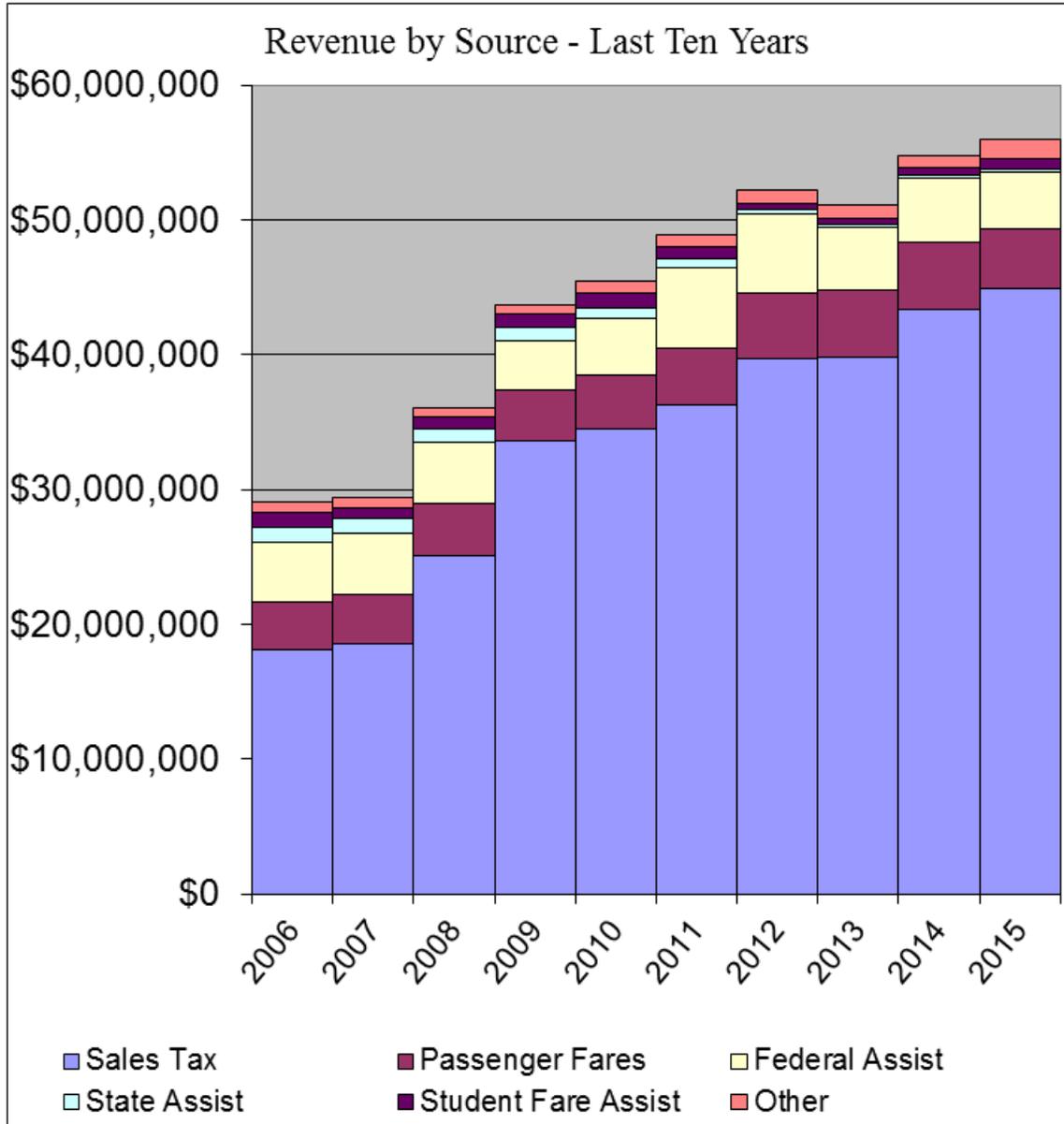
TABLE 7

Operating Revenues	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Passengers Fares	\$3,470,873	\$3,696,452	\$3,867,029	\$3,758,642	\$4,004,439	\$4,207,746	\$4,846,581	\$4,998,875	\$4,941,683	\$4,428,054
Charter Fares	11,452	9,731	0	0	0	0	0	0	0	0
Advertising	353,961	359,479	266,370	275,014	363,317	398,486	405,113	451,535	443,133	417,915
<b>Total operating revenues</b>	<b>3,836,286</b>	<b>4,065,662</b>	<b>4,133,399</b>	<b>4,033,656</b>	<b>4,367,756</b>	<b>4,606,232</b>	<b>5,251,694</b>	<b>5,450,410</b>	<b>5,384,816</b>	<b>4,845,969</b>
<b>Non-operating Revenues</b>										
Sales Tax revenue	18,144,910	18,503,004	25,052,152	33,616,287	34,521,101	36,279,210	39,686,825	39,769,341	43,346,649	44,896,182
Federal grants	4,507,059	4,570,868	4,548,257	3,655,202	4,123,465	5,998,391	5,962,190	4,718,920	4,826,204	4,243,338
State grants	1,079,041	1,076,387	1,017,883	1,003,295	829,767	629,962	260,230	218,943	251,223	177,512
Student fares assistance	1,082,313	825,967	878,272	1,033,958	1,099,910	852,768	487,357	434,480	545,528	809,188
Interest income	235,685	176,229	110,763	14,130	55,230	92,127	73,074	35,095	102,124	146,698
Gain (loss) from disposal of assets	24,580	2,849	8,809	22,533	6,990	54,422	(75,107)	46,064	26,883	8,125
Other non-transportation revenue	204,136	170,428	252,897	310,553	441,795	366,555	562,911	473,903	262,865	860,030
<b>Total non-operating revenues</b>	<b>25,277,724</b>	<b>25,325,732</b>	<b>31,869,033</b>	<b>39,655,958</b>	<b>41,078,258</b>	<b>44,273,435</b>	<b>46,957,480</b>	<b>45,696,746</b>	<b>49,361,476</b>	<b>51,141,073</b>
<b>Total Revenues</b>	<b>\$29,114,010</b>	<b>\$29,391,394</b>	<b>\$36,002,432</b>	<b>\$43,689,614</b>	<b>\$45,446,014</b>	<b>\$48,879,667</b>	<b>\$52,209,174</b>	<b>\$51,147,156</b>	<b>\$54,746,292</b>	<b>\$55,987,042</b>

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

Operating Expenses	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Labor	\$12,695,931	\$12,814,016	\$12,809,410	\$14,424,006	\$14,808,947	\$15,729,019	\$16,649,367	\$17,836,348	\$19,024,350	\$20,586,041
Fringe Benefits	7,048,865	7,451,164	8,086,016	8,463,897	9,359,814	10,490,896	10,108,654	9,886,508	10,086,226	11,736,750
Materials and Supplies	4,529,963	4,567,606	5,519,828	5,405,463	5,676,943	6,083,212	6,259,905	6,041,098	5,745,162	5,447,931
Services	1,069,850	1,342,851	1,307,801	2,342,761	2,331,548	2,320,702	2,349,651	2,198,643	2,712,750	2,516,684
Utilities	652,651	468,205	536,138	582,685	573,273	582,260	539,714	539,188	691,099	913,740
Casualty and Liability	1,066,711	1,309,673	850,567	975,060	1,264,872	1,166,261	1,099,473	1,163,565	1,268,181	1,262,850
Taxes	196,644	221,687	218,819	229,918	250,354	276,498	273,560	228,390	194,698	183,769
Purchased Transportation	1,061,558	1,143,753	1,147,559	1,057,824	1,209,177	1,374,797	834,256	611,026	807,710	1,229,441
Interest Expense	55,596	44,556	44,784	19,050	24,072	19,234	15,000	10,250	3,350	0
Miscellaneous	178,361	174,336	305,665	355,603	441,111	401,032	467,333	453,314	413,348	376,597
<b>Total</b>	<b>28,556,130</b>	<b>29,537,847</b>	<b>30,826,587</b>	<b>33,856,267</b>	<b>35,940,111</b>	<b>38,443,911</b>	<b>38,596,913</b>	<b>38,968,330</b>	<b>40,946,874</b>	<b>44,253,803</b>
Depreciation	5,704,175	4,842,469	5,937,844	6,446,278	6,237,556	6,397,734	6,920,312	8,513,768	9,231,103	8,628,338
<b>Total Expenses</b>	<b>\$34,260,305</b>	<b>\$34,380,316</b>	<b>\$36,764,431</b>	<b>\$40,302,545</b>	<b>\$42,177,667</b>	<b>\$44,841,645</b>	<b>\$45,517,225</b>	<b>\$47,482,098</b>	<b>\$50,177,977</b>	<b>\$52,882,141</b>

Source: METRO's audited annual financial statements

# Debt Capacity Information

2015  
(Unaudited)

Table 10 – Debt Service

# METRO Regional Transit Authority

## Debt Service

(Unaudited)

Table 10

<u>YEAR</u>	<u>GENERAL OBLIGATION BONDS (1)</u>	<u>POPULATION (2)</u>	<u>TOTAL PERSONAL INCOME (3)</u>	<u>PERCENTAGE OF PERSONAL INCOME</u>	<u>BOND DEBT PER CAPITA</u>
2006	1,005,000	545,931	19,596,752	0.005%	\$1.84
2007	650,000	543,899	20,912,796	0.003%	\$1.20
2008	570,000	542,562	21,687,810	0.003%	\$1.05
2009	485,000	542,405	20,763,083	0.002%	\$0.89
2010	395,000	541,786	21,160,681	0.002%	\$0.73
2011	300,000	541,227	22,205,788	0.001%	\$0.55
2012	205,000	540,811	23,257,941	0.001%	\$0.38
2013	105,000	541,824	23,853,334	0.000%	\$0.19
2014	0	541,943	24,258,142	0.000%	\$0.00
2015	0	541,968	*	*	\$0.00

(1) Total principal due on all outstanding debt.

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

(3) U. S. Bureau of Economic Analysis, Total Personal Income (TPI) estimates are in thousands of dollars, not adjusted for inflation

\* = Not Available

# Demographic & Economic Information

2015  
(Unaudited)

Table 11 – Demographic Statistics

Table 12 – Personal Income (graph)

Table 13 – Largest Employers

# METRO Regional Transit Authority

## Demographic Statistics

Last Ten Years  
(Unaudited)

TABLE 11

<u>Year</u>	<u>Population</u> (1)	<u>Per Capita Income</u> (2)	<u>Personal Income</u> (2)	<u>K - 12 School Enrollment</u> (3)	<u>Unemployment Rate</u> (4)
2006	545,931	36,698	19,596,752	82,122	5.2%
2007	543,899	38,423	20,912,796	80,682	5.4%
2008	542,562	39,932	21,687,810	80,598	6.2%
2009	542,405	38,299	20,763,083	75,791	9.8%
2010	541,652	39,079	21,160,681	76,073	10.0%
2011	541,227	41,135	22,205,788	73,414	8.5%
2012	540,811	43,006	23,257,941	75,084	6.8%
2013	541,824	44,024	23,853,334	74,283	6.9%
2014	541,943	43,478	24,258,142	71,417	5.8%
2015	541,968	*	*	70,682	5.7%

Note: All information is presented for Summit County, Ohio

Personal Income (\$000)

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

(2) Bureau of Economic Analysis

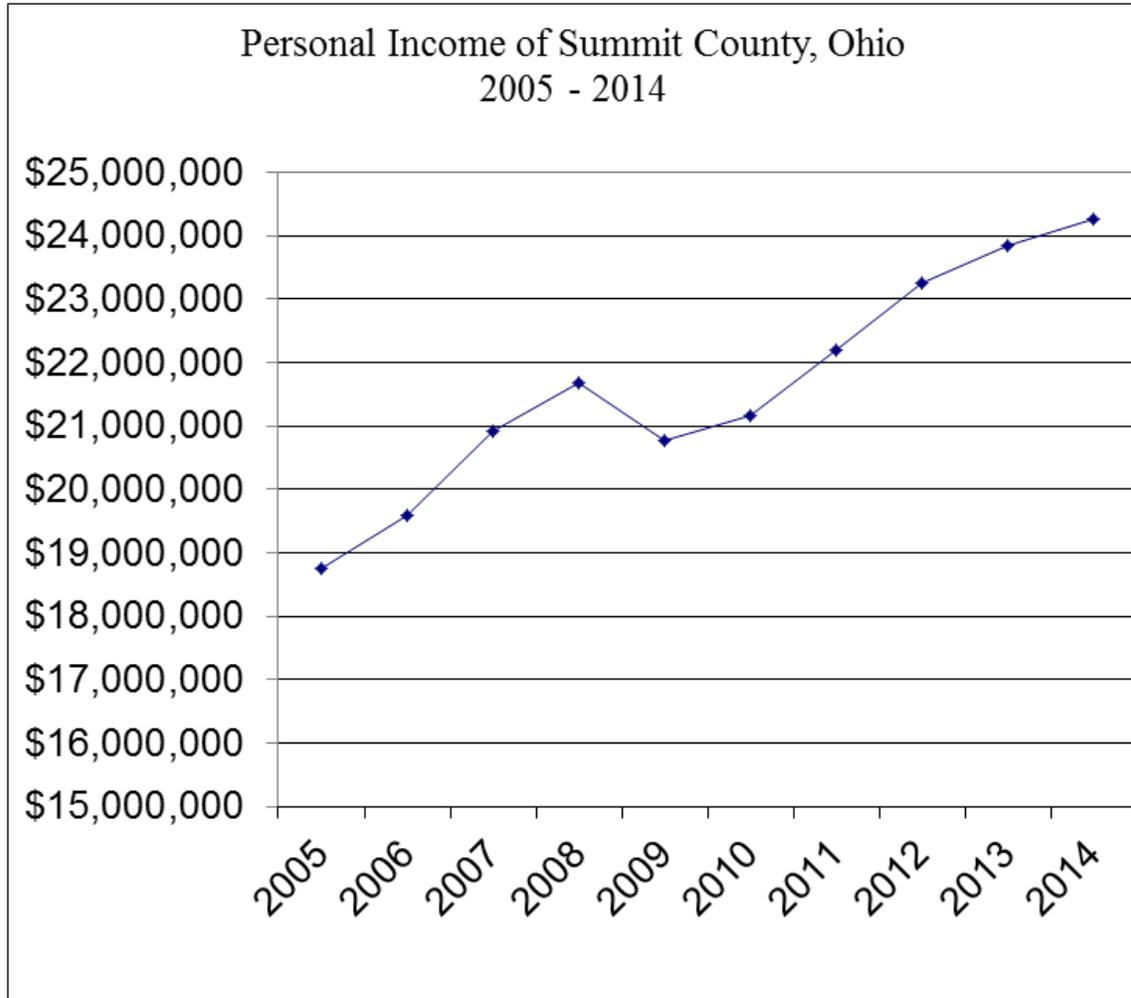
(3) Ohio Department of Education - enrollment data

(4) Bureau of Labor Statistics

\* Information not available

# METRO Regional Transit Authority

TABLE 12



Source: Bureau of Economic Analysis

Note: Personal Income (\$000)

2014 is the last year data is available

# METRO Regional Transit Authority

## Summit County, Ohio - Largest Employers

(Unaudited)

TABLE 13

	2007	2009	2010	2011	2012	2013	2014	
Company/Organization	Employees	Percent of Total County						
Summa Health System	6,104	10,000	6,926	6,938	6,959	7,403	11,000	4.2%
Akron General Health System	4,263	4,277	3,838	3,698	3,879	3,639	3,742	1.4%
Akron Children's Hospital	2,569	2,681	1,697	1,785	3,157	3,244	3,380	1.3%
Goodyear Tire & Rubber Company	3,502	3,000	3,000	3,000	3,000	3,000	3,000	1.1%
Summit County	3,470	3,468	3,588	3,357	3,345	3,324	2,969	1.1%
Sterling Jewelers, Inc.	1,923	2,045	2,250	2,250	2,268	2,613	2,900	1.1%
Akron School District	3,050	3,095	3,385	3,370	3,760	3,582	2,645	1.0%
The University of Akron	2,847	2,845	2,499	2,533	2,526	2,427	2,622	1.0%
City of Akron	2,520	2,150	1,951	1,740	1,725	1,802	1,828	0.7%
FirstMerit Corporation*	2,697	2,695	3,058	3,018	2,000	2,000	1,385	0.5%
<b>Total Employment - Summit County</b>	<b>283,217</b>	<b>258,897</b>	<b>252,247</b>	<b>251,561</b>	<b>252,508</b>	<b>252,412</b>	<b>262,227</b>	<b>100.0%</b>

Sources: Largest Employers: Akron Chamber of Commerce (2007, 2009 and 2014), Akron Beacon Journal newspaper articles (2010-2013)

Total County Employment: Bureau of Labor Statistics

Note: Information for 2008 is not available

\* = Includes employees outside of Summit County, Ohio

# Operating Information

2015  
(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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
System Ridership (1)										
Motor Bus	5,612,011	5,290,612	5,501,367	4,792,622	4,798,745	5,044,895	5,230,118	5,189,095	5,203,843	5,052,855
Demand Response	153,336	212,144	214,000	230,808	227,949	281,264	270,280	239,141	254,440	268,843
Average Weekday System Ridership (1)										
Motor Bus	19,795	18,490	19,033	16,342	16,507	17,264	17,927	17,734	17,748	17,207
Demand Response	596	826	827	889	885	826	903	922	966	1,023
Total Vehicle Miles (1)										
Motor Bus	3,110,541	3,306,374	3,351,379	3,762,514	3,786,757	3,806,021	4,242,323	4,377,925	4,494,800	4,586,078
Demand Response	1,571,295	1,491,104	1,511,480	1,853,843	1,451,973	1,968,709	2,027,448	1,967,492	2,154,379	1,963,497
Total Revenue Miles (1)										
Motor Bus	2,647,393	2,665,098	2,672,512	3,020,065	3,057,428	3,129,675	3,540,815	3,717,673	3,897,860	4,172,713
Demand Response	1,418,170	1,373,638	1,368,460	1,620,671	1,213,859	1,704,813	1,820,017	1,753,501	1,829,170	1,593,690
Passenger Miles (1)										
Motor Bus	21,432,595	21,488,616	22,171,408	19,521,871	19,720,879	18,714,749	17,201,858	22,412,579	20,551,047	22,575,883
Demand Response	947,262	1,237,766	1,399,324	1,381,939	1,218,265	1,704,813	1,540,795	1,515,778	1,643,644	1,846,489

(Continued)

# METRO Regional Transit Authority

## Operating Statistics - Last Ten Years (Continued)

(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Full Time Employees (1)	326	312	324	352	349	365	366	383	377	387
Total Vehicle Hours (1)										
Motor Bus	255,174	255,508	251,552	266,762	284,619	296,036	306,886	332,953	342,569	345,330
Demand Response	111,832	118,488	111,920	119,165	127,559	130,389	133,192	121,980	143,162	149,542
Total Vehicle Revenue Hours (1)										
Motor Bus	228,469	226,734	226,397	240,127	256,792	267,134	276,962	302,392	295,883	313,341
Demand Response	107,112	112,692	104,796	102,539	104,288	112,929	122,493	110,444	115,039	120,319
Total Vehicle Accidents average per month (2)										
Motor Bus	7.7	6.8	5.8	7.3	6.8	8.3	8.6	7.1	7.5	8.3
Demand Response	1.5	2.1	2.4	2.3	1.2	3.3	3.4	3.5	2.3	2.5
Miles between Roadcalls (2)	4,391	4,226	2,650	3,334	3,140	4,448	5,453	5,494	5,423	6,051
Total Revenue Vehicles (1)										
Motor Bus	117	109	111	125	139	123	138	137	137	147
Demand Response	152	145	139	150	167	167	156	115	118	121

(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, 2015

TABLE 15

### Cash fares

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

### Tickets/Passes

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

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

# METRO Regional Transit Authority

## Miscellaneous Statistics

(Unaudited)

TABLE 16

Date METRO was created	August 26, 1969
Form of Government	Regional Transit Authority 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 (2015 est)	541,968
Miles of routes	442.4
Number of buses (Directly Operated)	
Motor Bus	137
Demand Response	101
Number of routes	33
Customer Service information calls answered (2015)	203,955
SCAT Reservation calls answered (2015)	192,886

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# Dave Yost • Auditor of State

**METRO REGIONAL TRANSIT AUTHORITY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 11, 2016**