



OHIO AUDITOR OF STATE
KEITH FABER



METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
DECEMBER 31, 2019

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**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 Blvd.
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, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2020, wherein we referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 30, 2020

OHIO AUDITOR OF STATE KEITH FABER



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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 Blvd.
Akron, Ohio 44301

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited 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 Metro Regional Transit Authority's major federal program for the year ended December 31, 2019. 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.

Basis for Qualified Opinion on the Federal Transit Cluster

As described in finding 2019-001 in the accompanying schedule of findings, the Authority did not comply with requirements regarding Procurement and Suspension and Debarment applicable to its Federal Transit Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the Authority to comply with requirements applicable to this program.

Qualified Opinion on the Federal Transit Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Federal Transit Cluster* paragraph, Metro Regional Transit Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Federal Transit Cluster* for the year ended December 31, 2019.

Other Matters

The Authority's response to our noncompliance finding is described in the accompanying corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2019-001.

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

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

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

We have also audited the financial statements of Metro Regional Transit Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our unmodified report thereon dated June 30, 2020, wherein we referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods. 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 30, 2020

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**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Federal Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Transit Cluster				
Urbanized Area Formula Grants	20.507	OH-2019-035	\$ -	\$ 4,968,000
Urbanized Area Formula Grants	20.507	OH-2016-063	-	504,000
Urbanized Area Formula Grants	20.507	OH-2019-035	-	63,991
Urbanized Area Formula Grants	20.507	OH-2019-035	-	612,096
Total Federal Transit Cluster			-	6,148,087
Transit Service Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-2019-024	261,054	261,054
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-2017-043	58,087	58,087
Total Transit Service Programs Cluster			319,141	319,141
Total US Department of Transportation			319,141	6,467,228
Total Expenditures of Federal Awards			\$ 319,141	\$ 6,467,228

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**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, 2019**

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, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - 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 on the accrual basis of accounting.

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

NOTE E - 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.

**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. 2 CFR § 1200.10 & 2 C.F.R. § 180.300

Finding Number:	2019-001
CFDA Number and Title:	CFDA # 20.507 Urbanized Area Formula
Federal Award Identification Number / Year:	2019
Federal Agency:	U.S. Department of Transportation
Compliance Requirement:	Procurement, Suspension & Debarment
Pass-Through Entity:	None
Repeat Finding from Prior Audit?	No
Prior Audit Finding Number:	N/A

NONCOMPLIANCE AND MATERIAL WEAKNESS

2 C.F.R. § 1200.10 gives regulatory effect to the Department of Transportation for 2 C.F.R. § 180.300, which states, when you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM (System for Award Management) Exclusions at <https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf>; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

The Authority entered into covered transactions with four vendors included in the expense maintenance accounts that the Authority included in their federal reimbursement requests. The Authority did not verify that three of the four (75%) vendors were not excluded or disqualified prior to entering into the contract or issuing payment.

This was caused by a lack of internal controls over the federal suspension & debarment requirements.

The Auditors performed a search of the SAM for the vendors paid from Federal Transit Cluster and determined they were not excluded or disqualified.

The Authority should ensure vendors are not excluded or disqualified using one of the three allowable methods prior to entering into covered transactions. If a search is performed on SAM, the Authority should maintain documentation of the search prior to entering into a contract and issuing payment.

Official's Response: See Corrective Action Plan

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

Fiscal Year End December 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Going forward, when using federal funds for any payment that exceeds \$25,000, the company will be checked against the EPLS website to ensure that they have not been disbarred prior to payment. Our Procurement Manager, Director of Maintenance, and other personnel will ensure that this process is being followed.	6/22/2020	Angela Neeley



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METRO RTA
Annual
Financial Report

For the Fiscal Year Ended
December 31, 2019

METRO Regional Transit Authority
SUMMIT COUNTY, OHIO

METRO Regional Transit Authority

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2019



Robert DeJournett
President
Board of Trustees

Dawn Distler
Chief Executive Director/
Secretary-Treasurer

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

Summit County, Ohio

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METRO Regional Transit Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended December 31, 2019

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Introductory Section

METRO CAFR 2019

Introductory Section – 2019

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

June 30, 2020

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

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the METRO Regional Transit Authority (“METRO” or “Authority”) for the fiscal year ended December 31, 2019.

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, 2018. This was the seventeenth 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, 2018. 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.

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 Service Lanes
- * 410 Kenmore Boulevard – Bus Barn, South
- * 310 Kenmore Boulevard – Public CNG/Charging Station
- * 2340 Romig Road –Rolling Acres Transfer Center (Southwest Akron)
- * 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 METRO RTA's DASH (Downtown Akron Shuttle)
- * 1280 Independence Avenue – Independence Turn Around (Northwest Akron)
- * 509 Kenmore Boulevard – North Employee Lot (Akron)
- * 465 Ghent Road – James Fisher Park and Ride lot (West Akron)
- * 2600 Creekside Drive – Park and Ride lot (Akron)
- * 27 Ridge Avenue – Northside Train Platform – CVSRR (Akron)
- * 336 Kenmore Boulevard – Junk Yard Property (Akron)

Services

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

Management, Board of Trustees

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

Administration

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

ECONOMIC CONDITION AND OUTLOOK

General

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

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

The Summit County unemployment rate as of December 2019 was 4.0%, compared with a national average of 3.5%.

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	541,648

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>
2015	5.7%	4.9%	5.3%
2016	5.0%	5.0%	5.5%
2017	4.9%	4.9%	4.1%
2018	4.9%	4.8%	3.9%
2019	4.0%	3.8%	3.5%

MAJOR INITIATIVES

Recent Developments

Highlights of the 2019 year of operations include the following:

- Purchase of 5 laptop computers for supervisor vans for \$6,650;
- Purchase of 10 Ford Transit buses for \$701,001;
- Installation of wireless access points and mounts for \$21,471; and
- Installation of portable lifts (2 sets of 4) for \$79,988.

- Completion of several Construction-In-Progress (CIP) projects started in 2018 and 2019, namely:
 - Computer tech refresh/upgrade phase II for \$24,240;
 - Computer tech refresh/upgrade phase III for \$40,766;
 - Avail upgrade 3G to 4G modems for \$111,409; and
 - RKP transit center fencing for \$5,930.

- Several CIP projects started in 2019 and 2018 that are still ongoing:
 - Construction of new shelters of the remaining 7 out of 30 started in 2017 under contract with GPD;
 - Construction of Independence turn around for a new passenger facility, which has a budget of \$55,000;
 - Giro Hastus planning software, which has a budget of \$478,926;
 - North Bus Barn renovations, which has a GPD cost proposal of \$90,960;
 - Computer teck refresh/upgrade phase IV which has a budget of \$198,214; and
 - Bus stop ADA improvement to comply with compliance requirements, which as a budget of \$244,205.

Future Projects

METRO continues to implement its long-range plan. This plan was developed to provide METRO with a strategy for implementing capital and operational projects. The portion of the long-range plan for 2019 projects a budget of \$14,272,000 capital cost:

- Purchase nine large buses and 31 small buses for \$7.5 million
- Bus stop amenities for \$215,000 and north bus barn for \$1.2 million
- Non-Rev vehicles for \$20,000
- Facility rehab and A&E projects for \$555,000
- Portable lifts for \$90,000
- DVR/NVR system upgrade for \$362,340
- Computer/systems upgrade for \$677,140
- Rail rehab projects for \$200,000
- ITA (Independence Turnaround) for \$900,000

The total project cost approved for capital projects approved by the board for 2019 is \$11.8 million. The total project cost for potential projects identified is estimated at \$14.3 million.

FINANCIAL INFORMATION

Internal Control Structure

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

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

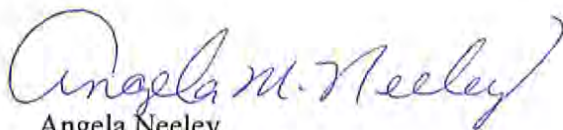
All internal control evaluations occur within the above framework. Management believes that METRO's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Management also believes that the data, as presented herein, is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

Independent Audit

Provisions of State statute require Metro RTA's financial statements to be subjected to an annual audit by an independent auditor. Those provisions have been satisfied and the opinion of the independent auditor is included herein.

Acknowledgment

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



Angela Neeley
Director of Finance/
Assistant Secretary-Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Metro Regional Transit Authority
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

METRO Regional Transit Authority

Board of Trustees and Administration

Members of the Board of Trustees

Representing the City of Akron

Donald Christian
Robert E. DeJournett
Nicholas P. Fernandez
Mark Derrig
Renee Greene

Representing the County of Summit

Heather Heslop Licata
Louise Gissendaner
David E. Prentice

Representing the City of Barberton

Charles R. Rector

Representing the City of Cuyahoga Falls

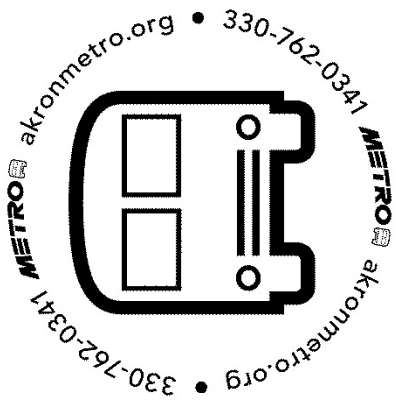
Stephan C. Kremer

Representing the City of Stow

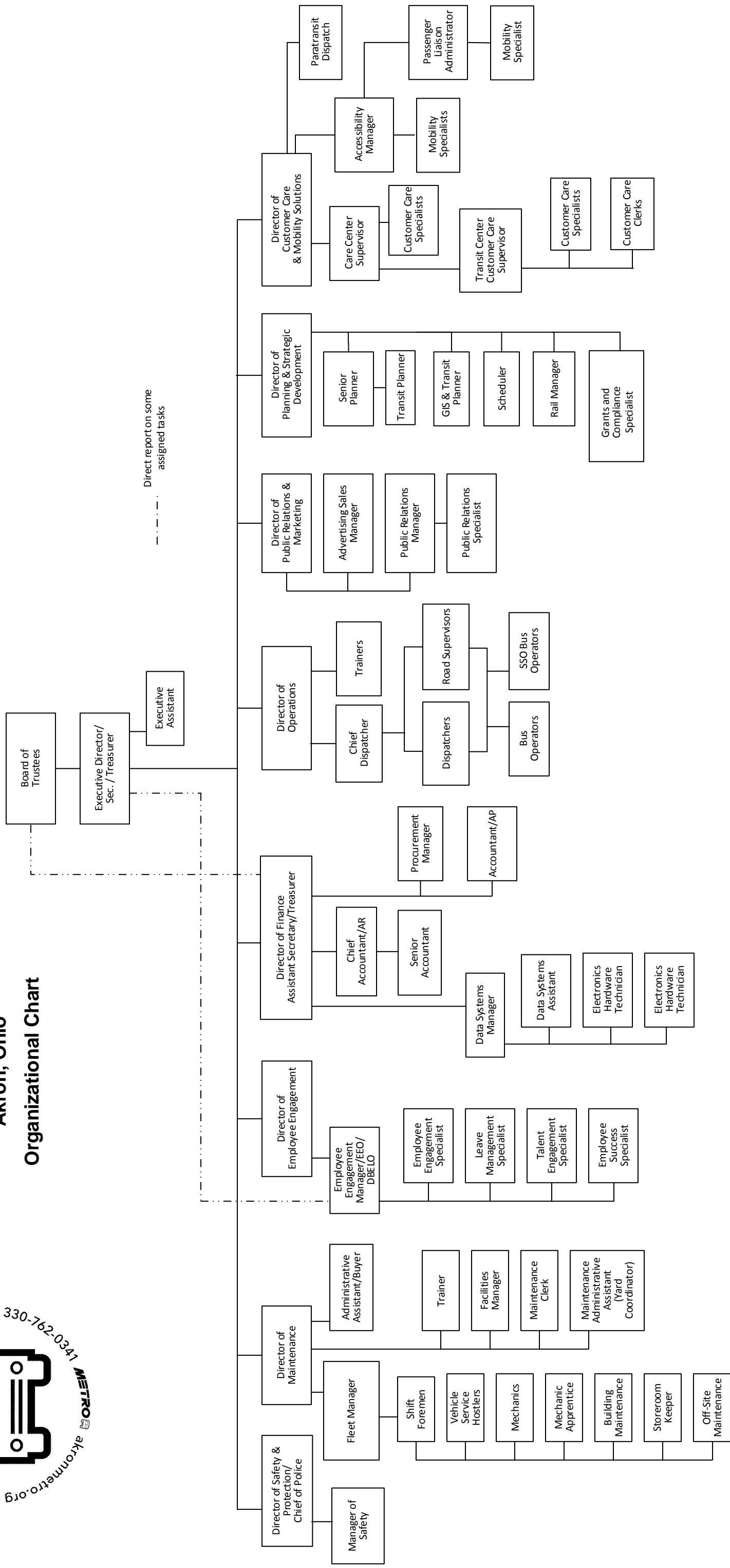
Gary Spring

Administration

Dawn Distler, Executive Director/Secretary-Treasurer
Angela M. Neeley, Director of Finance/Assistant Secretary-Treasurer
Dehavilland McCall, Director of Operations
Jarrod Hampshire, Director of Maintenance
Jay Hunter, Director of Human Resources
Molly Becker, Director of Communication & Marketing
Bambi Miller, Director of Customer Service
Valerie Shea, 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 – 2019

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

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700 Chase Tower
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(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Metro Regional Transit Authority
Summit County
416 Kenmore Blvd
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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Metro Regional Transit Authority, Summit County, Ohio, as of December 31, 2019, and the changes in 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 11 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

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 and other post-employment benefit liabilities and pension and other post-employment benefit 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.

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 June 30, 2020, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 30, 2020

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METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

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 year ended December 31, 2019. 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 2019

- The Authority has a net position of \$94.52 million. This was a decrease of \$7.53 million from 2018. The net position results from the difference between total assets and deferred outflows of \$169.97 million and total liabilities and deferred inflows of \$75.45 million.
- Current assets of \$73.16 million primarily consist of non-restricted Cash and Cash Equivalents of \$33.21 million; Sales and Use Tax receivable of \$13.31 million and long-term investments of \$20.75 million.
- Current liabilities of \$5.72 million primarily consist of accrued payroll and payroll liabilities of \$3.60 million, accounts payable of \$1.89 million and other liabilities of \$0.23 million.
- Noncurrent liabilities of \$67.73 million consist of Net Pension Liability and Net Other Postemployment Benefits (OPEB) Liability. 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 over the last five years have allowed growth to the overall revenue while maintaining a strong fiscal control over cost. These factors will allow METRO to increase service in the future.

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.

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.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to the Financial Statements can be found on pages 29-53 of this report.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Financial Analysis of the Authority

Condensed Summary of Net Position

	2019	2018
Current assets	\$ 73,162,501	\$ 63,522,554
Other noncurrent assets	-	4,980
Capital assets, net of accumulated depreciation	81,356,197	88,641,026
Total assets	154,518,698	152,168,560
Deferred outflows - Pension	13,775,620	7,248,268
Deferred outflows - OPEB	1,677,278	1,363,410
Total assets and deferred outflows	169,971,596	160,780,238
Current liabilities	5,724,265	4,579,577
Non-current liabilities:		
Net pension liability	46,340,724	27,545,098
Net OPEB liability	21,387,335	18,527,206
Total liabilities	73,452,324	50,651,881
Deferred inflows - Pension	1,388,910	6,560,589
Deferred inflows - OPEB	609,599	1,520,373
Total liabilities and deferred inflows	75,450,833	58,732,843
Net Position:		
Investment in capital assets	81,356,197	88,641,026
Unrestricted net position	13,164,566	13,406,369
Total net position	\$ 94,520,763	\$ 102,047,395

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>
Deferred outflows - pension	\$ 13,775,620	\$ 7,248,268
Deferred outflows - OPEB	1,677,278	1,363,410
Deferred inflows - pension	(1,388,910)	(6,560,589)
Deferred inflows - OPEB	(609,599)	(1,520,373)
Net pension liability	(46,340,724)	(27,545,098)
Net OPEB liability	<u>(21,387,335)</u>	<u>(18,527,206)</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (54,273,670)</u>	<u>\$ (45,541,588)</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 may still outstanding. The Authority uses these capital assets to provide public transportation service for Summit County citizens. These assets are not available to liquidate liabilities or to cover other spending. For additional information please reference Note 4.

Equity related to capital acquisitions is reflected in the line item "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 \$81.36 million as of December 31, 2019, a decrease of \$7.28 million from 2018 due mainly to the disposal of \$2.89 million of transportation equipment. The equity portion of the capital assets related to the FTA cannot be liquidated to provide a source of cash flow, as any premature sale would require repayments to the FTA for its remaining equity in capital assets.

Major capital asset expenses started during 2019 included the following:

- Purchase of 5 laptop computers for supervisor vans for \$6,650;
- Purchase of 10 Ford Transit buses for \$701,001;
- Installation of wireless access points and mounts for \$21,471; and
- Installation of portable lifts (2 sets of 4) for \$79,988.
- Several CIP projects completed in 2019 are the following:
 - Computer tech refresh/upgrade phase II for \$24,240;
 - Computer tech refresh/upgrade phase III for \$40,766;
 - Avail upgrade 3G to 4G modems for \$111,409; and
 - RKP transit center fencing for \$5,930.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

- Several CIP projects started in 2019 and 2018 that are still ongoing:
 - Construction of new shelters of the remaining 7 out of 30 started in 2017 under contract with GPD;
 - Construction of Independence turn around for a new passenger facility, which has a budget of \$55,000;
 - Giro Hastus planning software, which has a budget of \$478,926;
 - North Bus Barn renovations, which has a GPD cost proposal of \$90,960;
 - Computer teck refresh/upgrade phase IV which has a budget of \$198,214; and
 - Bus stop ADA improvement to comply with compliance requirements, which as a budget of \$244,205.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Condensed Summary of Revenues, Expenses and Changes in Net Position

	2019	2018
OPERATING REVENUES:		
Passenger fares	\$ 3,633,758	\$ 3,702,602
Advertising and concessions	574,484	584,334
Total operating revenues	4,208,242	4,286,936
OPERATING EXPENSES:		
Labor	23,593,758	23,318,946
Fringe benefits	23,131,630	20,593,032
Materials and supplies	4,106,468	3,973,665
Fuel	1,812,747	1,668,918
Services	3,150,268	3,503,955
Utilities	995,362	918,551
Casualty and liability	1,082,084	830,189
Taxes	175,160	139,059
Purchased transportation service	2,030,270	1,924,830
Miscellaneous	465,098	412,372
Total operating expenses excluding depreciation	60,542,845	57,283,517
OPERATING LOSS BEFORE DEPRECIATION	(56,334,603)	(52,996,581)
Depreciation expense	9,516,241	10,070,589
OPERATING LOSS	(65,850,844)	(63,067,170)
NON-OPERATING REVENUES (EXPENSES):		
Sales tax revenue	48,552,050	49,142,903
Federal, state and local assistance	7,280,616	5,631,014
Medicaid Transition Sales Tax	-	2,500,246
Lottery Ticket sales revenue	-	37,898
Interest income	816,510	233,684
Gain (Loss) from disposal of assets	53,614	-
Rent, rail and other revenue	698,748	757,008
Total non-operating revenues - net	57,401,538	58,302,753
NET INCOME BEFORE CAPITAL CONTRIBUTION	(8,449,306)	(4,764,417)
CAPITAL CONTRIBUTIONS	922,674	3,837,216
Increase (decrease) in Net Position	(7,526,632)	(927,201)
Net Position, Beginning of Year	102,047,395	120,172,805
Prior Period Adjustment	-	(17,198,209)
Net Position, Ending of Year	\$ 94,520,763	\$ 102,047,395

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Financial Operating Results

Revenues

Sales Tax revenues remained steady at \$48.55 million in 2019 from \$49.14 million over 2018, a slight decrease of 1.20 %. 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.

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 passenger fares also remained steady at \$3.63 million in 2019 from \$3.70 million in 2018.

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 federal operating grants and reimbursements, including capital contributions, received in 2019 was \$6.50 million or 13.09% lower compared to the \$7.48 million received in 2018.

State assistance funds increased by 24.74% to \$169,318 from \$135,739 in 2018 due to increased fuel usage. The state assistance came from fuel tax refunds.

Interest Income consists of income from interest paid on investments. Interest income increased by 249.41% to \$816,510 from \$233,684 in 2018 due to a higher interest rate in 2019.

Medicaid Transition Sales Tax is an aid program created by House Bill 49 to replace the sales tax revenue loss from the state's repeal of sales tax on Medicaid health insuring corporations. The Authority received \$2.5 million in Medicaid Transition Sales Tax in 2018, but in 2019, it no longer received any Medicaid sales taxes.

Other Revenue consists of revenue from the sale of obsolete assets, gain on disposal of assets, alternative fuel rebate, and all other miscellaneous revenue. In 2019, other revenue from rent, rail and others was \$698,748 or down by 7.70% from \$757,008 in 2018. This was offset by a net gain from disposal of assets of \$53,614.

The Authority's total revenue was \$62.53 million in 2019. This reflects a decrease of \$3.89 million or 5.86% over 2018.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Operating Expenses

Total operating expenses, excluding depreciation, increased to \$60.54 million from 57.28 million in 2018 or 5.69%. The increase in 2019 was due primarily to the net pension liability expense, and an increase in the cost of labor, casualty and liability insurance and purchased transportation service.

Labor and Fringe Benefits are METRO's major expense items. Wages were up slightly by 1.18% in 2019 to \$23.59 million. Fringe benefits were up 12.33% to \$23.13 million in 2019 due to pension liability adjustments. Excluding the pension liability adjustments, fringe benefits expenses were actually down 9.29%.

Material and Supplies expenses increased by 3.34% to \$4.11 million in 2019 compared to \$3.97 million 2018.

Fuel expenses increased to \$1.81 million or 8.62% from \$1.67 million in 2018 due to higher fuel usage for scat vehicle operations.

Services expenses were down by 10.09% to \$3.15 million in 2019 compared to \$3.50 million 2018 due to lower consultancy costs.

Utilities were up 8.36% to \$995,362 in 2019 compared to \$918,551 in 2018 due mainly to higher telephone bills.

Casualty and Insurance Liability increased to \$1.08 million or 30.34% due to higher premiums for property damage and loss.

Taxes went up by 25% to \$175,160 due to SCAT fuel tax vehicle operations which rose by 54.36%.

Purchased Transportation expense increased 5.48% in 2019 to \$2.03 million from \$1.92 million in 2018. 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 up 12.79% to \$465,098 in 2019 from \$412,372 in 2018 due to higher costs for media, travel and meetings.

The Authority's total operating expenses, excluding depreciation, were \$60.54 million in 2019. This is an increase of 5.69% over 2018 due to increases in labor, fringe benefits and pension expense liability, casualty and liability insurance and purchased transportation.

Depreciation expense decreased by 5.50% to \$9.52 million with only \$111,409 construction in progress projects completed. This compares to depreciation expense of \$10.07 million in 2018 with \$2.65 million construction-in-progress projects completed.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Condensed Summary of Cash Flows

Net cash used for operating activities decreased by \$717,755 in 2019 as a result of lower expenses for goods and services and employee wages and benefits.

In 2019, net cash from non-capital financing activity increased by \$1.30 million due mainly to an increase in sales taxes received.

Cash and cash equivalents increased by \$12.23 million in 2019.

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,536,100	\$ 3,824,176
Cash received from others for miscellaneous revenue and services	574,484	1,379,240
Cash payments to suppliers for goods and services	(12,198,903)	(12,881,192)
Cash payments to employees for services	(38,077,089)	(39,205,387)
Net cash used in operating activities	(46,165,408)	(46,883,163)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Sales taxes received	46,765,698	45,089,090
Operating grants and other assistance received	6,668,520	7,747,316
Other non-operating revenues	698,748	-
Net cash provided by non-capital financing activities	54,132,966	52,836,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	4,567,134	6,465,830
Acquisition and construction of capital assets	(2,261,717)	(4,944,022)
Sale of capital assets	93,879	-
Net cash provided (used) by capital and related financing activities	2,399,296	1,521,808
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash proceeds from sale of investments	21,792,192	22,207,756
Cash used for purchase of investments	(20,746,716)	(21,792,192)
Interest received from investments	814,243	224,026
Net cash provided by investing activities	1,859,719	639,590
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,226,573	8,114,641
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,982,190	12,867,549
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 33,208,763	\$ 20,982,190

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Capital Asset and Debt Administration

Capital Assets

The Authority's investment in capital assets amounted to \$81.36 million as of December 31, 2019, a decrease of \$7.28 million over 2018.

The Authority's investment in capital assets amounted to \$88.64 million as of December 31, 2018, a decrease of \$5.13 million over 2017. Capital assets include land, construction-in-progress, building & building improvements, infrastructure, right-of-way, transportation and other equipment.

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

Long-term Debt

The Authority has no outstanding debt, except for the Net Pension Liability, Net OPEB Liability and compensated absences, as of December 31, 2019. Additional information on long-term liability 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
SUMMIT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS	<u>2019</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 33,208,763
Investments	20,746,716
Receivables:	
Sales taxes	13,307,672
Federal Assistance	647,636
Trade and other	282,209
Accrued interest	45,371
Materials and supplies inventory	1,634,841
Prepaid expenses	<u>3,289,293</u>
Total current assets	<u>73,162,501</u>
 PROPERTY, FACILITIES AND EQUIPMENT	
Land	4,480,558
Construction in Progress	601,671
Buildings and building improvements	58,384,733
Infrastructure	8,983,521
Right-of-ways	10,653,206
Transportation equipment	74,689,062
Other equipment	<u>13,647,113</u>
Total	171,439,864
Less: Accumulated depreciation	<u>(90,083,667)</u>
Capital assets - net	81,356,197
Total noncurrent assets and capital assets	<u>81,356,197</u>
 DEFERRED OUTFLOW	
Deferred outflows - Pension	13,775,620
Deferred outflows - OPEB	<u>1,677,278</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 169,971,596</u></u>

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2019

LIABILITIES AND NET ASSETS	<u>2019</u>
CURRENT LIABILITIES:	
Accounts payable	\$ 1,891,351
Accrued payroll	3,450,286
Accrued payroll taxes	148,042
Other estimated liabilities	1,000
Other liabilities	<u>233,586</u>
Total current liabilities	<u>5,724,265</u>
NONCURRENT LIABILITIES:	
Net pension liability	46,340,724
Net OPEB liability	<u>21,387,335</u>
Total noncurrent liabilities	<u>67,728,059</u>
Total liabilities	73,452,324
DEFERRED INFLOWS	
Deferred inflows - Pension	1,388,910
Deferred infows - OPEB	<u>609,599</u>
Total deferred inflows	<u>1,998,509</u>
NET POSITION:	
Investment in capital assets	81,356,197
Unrestricted	<u>13,164,566</u>
Total net position	<u>94,520,763</u>
TOTAL LIABILITIES, DEFFERED INFLOWS AND NET POSITION	<u><u>169,971,596</u></u>

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
OPERATING REVENUES:	
Passenger fares	\$ 3,633,758
Advertising and concessions	574,484
Total operating revenues	4,208,242
OPERATING EXPENSES	
Labor	23,593,758
Fringe benefits	23,131,630
Materials and supplies	4,106,468
Fuel	1,812,747
Services	3,150,268
Utilities	995,362
Casualty and liability	1,082,084
Taxes	175,160
Purchased transportation service	2,030,270
Miscellaneous	465,098
Total operating expenses excluding depreciation	60,542,845
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(56,334,603)
DEPRECIATION EXPENSE:	
On assets acquired with capital grants	9,510,057
On other assets	6,184
Total depreciation expense	9,516,241
OPERATING LOSS	(65,850,844)
NON-OPERATING REVENUES (EXPENSES):	
Sales tax revenue	48,552,050
Federal operating grants and reimbursements	5,580,096
State operating grants, reimbursements, and special fare assistance	169,318
Student fare and other assistance	1,531,202
Interest income	816,510
Gain (Loss) from disposal of assets	53,614
Rent, rail and other revenue	698,748
Total non-operating revenues - net	57,401,538
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION	(8,449,306)
CAPITAL CONTRIBUTIONS	922,674
Increase (decrease) in Net Position	(7,526,632)
Net Position, Beginning of Year	102,047,395
Net Position, Ending of Year	\$ 94,520,763

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 3,536,100
Cash received from others for miscellaneous revenue and services	574,484
Cash payments to suppliers for goods and services	(12,198,903)
Cash payments to employees for services	(38,077,089)
Net cash used in operating activities	(46,165,408)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Sales taxes received	46,765,698
Operating grants and other assistance received	6,668,520
Other non-operating revenues	698,748
Net cash provided by non-capital financing activities	54,132,966
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Capital grants received	4,567,134
Acquisition and construction of capital assets	(2,261,717)
Sale of capital assets	93,879
Net cash provided (used) by capital and related financing activities	2,399,296
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash proceeds from sale of investments	21,792,192
Cash used for purchase of investments	(20,746,716)
Interest received from investments	814,243
Net cash provided by investing activities	1,859,719
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,226,573
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	20,982,190
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 33,208,763
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (65,850,844)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	9,516,241
Change in assets and liabilities:	
Accounts receivable-trade	(97,658)
Materials and supplies inventory	2,009
Prepaid expenses	393,054
Other current assets	(4,980)
Accounts payable, accrued payroll, accrued payroll taxes and other liabilities	1,144,688
(Increase) decrease in deferred outflows of resources (Pension and OPEB)	(6,841,220)
Increase (decrease) in net pension liability	21,655,755
Increase (decrease) in deferred inflows of resources (Pension and OPEB)	(6,082,453)
NET CASH USED IN OPERATING ACTIVITIES	\$ (46,165,408)

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 0.25 percent, 0.5 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 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 0.50 percent.

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

Reporting Entity – The accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Governmental Accounting Standards Board (GASB) Statements No. 14, 39, and 61, the Authority has no component units nor is it considered a component unit of any other governmental authority. The conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization. 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.

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 year ended December 31, 2019, \$922,674 in capital contributions were recognized as revenue in the Statement of Revenues, Expenses and Changes in Net Position for the Authority.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Net Position is displayed in three components as follows:

Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation. There were no the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets in 2019.

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 “investment in capital assets.”

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classifications of Revenues

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

Recognition of Revenue and Receivables

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

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as revenue when the expense 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) until then. The Authority’s deferred outflows of resources relate to pension as explained in Note 6.

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Passenger Fares

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

Pensions and Other Postemployment Benefits (OPEB)

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

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

Pension and OPEB 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 and other post employment benefits. 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 pension and OPEB plans.

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 expense 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 ("STAR Ohio"), and obligations of the United States government and certain agencies thereof. The Authority may also enter into repurchase agreements with eligible depository or any eligible security dealer who is a member of the National Association of Securities Dealer for a period not exceeding 30 days.

Deposits

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, 2019, the carrying amount of the Authority's cash deposits was \$30,747,698. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures", as of December 31, 2019, the \$250,000 of the Authority's bank balance of \$30,619,732 was covered by the Federal Deposit Insurance Corporation (FDIC); while the rest was covered by the Ohio Pooled Collateral System (OPCS). The Authority's financial institution participates in the OPCS and was approved for a reduced collateral floor of 50% resulting in the uninsured and uncollateralized balance. As December 31, 2019, the Authority had \$1,829 in petty cash.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 102% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in the Ohio Pool Collateralization System (OPCS) pledged to the Treasurer of State. Qualified trustees holding such pools of collateral are approved by the Ohio treasurer and must hold the eligible securities in an account indicating the treasurer's security interest. The Ohio treasurer holds and monitors the pooled collateral on behalf of the Authority to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the treasurer of State. For 2019, the Authority's financial institution was approved for a collateral rate of 50 percent through the OPCS.

The Board of Trustees has designated \$10,946,300 in 2019 as contingencies for future use that are included in investments.

Investments at December 31, 2019 are summarized as follows:

Rating S&P	Description	Fair Value	Investment Maturities			Percent to total investment
			One year or less	More than one year and less than three years	Three years or more	
AAAm	Money market mutual fund	\$ 2,459,236	\$ 2,459,236	\$ -	\$ -	10.6%
FDIC	Various negotiable CDs	7,257,523	3,171,901	3,063,059	1,022,563	31.3%
	US Treasury notes	5,766,081	1,632,215	4,133,866	-	24.8%
	Government Sponsored Enterprise Bonds:					
AA+	Federal Farm Credit Bank	2,649,586	-	879,378	1,770,208	11.4%
AA+	Federal Home Loan Bank	2,622,572	274,188	1,774,842	573,542	11.3%
AA+	Federal Home Loan Mortgage Corp.	599,208	249,794	-	349,414	2.6%
AA+	Federal National Mortgage Associati	1,501,433	976,742	524,691	-	6.5%
AA+	Freddie Mac	350,313	-	350,313	-	1.5%
	Total investments	\$ 23,205,952	\$ 8,764,076	\$ 10,726,149	\$ 3,715,727	100.0%
	Percentage by Maturity		100.0%	37.8%	46.2%	16.0%

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the Authority's recurring fair value measurement as of December 31, 2019. All investments of the Authority are valued using quoted market prices (Level 1 inputs).

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2. DEPOSITS AND INVESTMENTS (Continued)

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

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

Concentration of Credit Risk is the possibility of loss attributed to the magnitude of the Authority's investment in a single issuer. 33% of the Authority's investments are in FFCB, FNMC, FHLMC, FHLB and Freddie Mac, with negotiable CDs making up 31% of all investments. The portfolio of negotiable CDs consists of CDs each from different financial institutions ranging in values up to \$250,000 (less than 5% individually of the total investments). The table above summarizes the Authority's percentage of investments at year end. The Authority's investment policy requires diversification of the portfolio and indicates that investments shall be diversified to eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of security. The policy includes certificates of deposit and money market accounts as investments even when they are not considered an investment for financial reporting purposes. The policy requires: a) the total par amount invested in a combination of commercial paper and banker's acceptances may not exceed 25% of the total invested funds at the time of purchase; and b) no more than 50% of the portfolio shall be invested in securities with maturities that exceed two years.

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

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. LONG TERM OBLIGATIONS

During 2019, the following changes occurred in long term obligations:

A. Compensated Absences

	2019
Beginning balance	\$ 1,854,729
Liability earned	1,625,403
Liability paid	(1,594,888)
Ending balance	\$ 1,885,244
 Due within one year	 \$ 1,885,244

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

B. Net Pension Liability/OPEB

The long-term obligations at December 31, 2019 follow:

	January 1	Increase	Decrease	December 31	Due w/in 1 yr
Net pension liability	\$27,545,098	\$18,795,626	-	\$46,340,724	-
Net OPEB liability	18,527,206	2,860,129	-	21,387,335	-

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

Description	Balance 1/1/2019	Addition	Disposal	Balance 12/31/2019
Capital assets not being depreciated:				
<i>Land</i>	\$ 4,480,558	\$ -	\$ -	\$ 4,480,558
<i>Right-of -ways</i>	10,653,206	-	-	10,653,206
<i>Construction in Progress</i>	76,012	637,068	(111,409)	601,671
Total capital assets not being depreciated	<u>15,209,776</u>	<u>637,068</u>	<u>(111,409)</u>	<u>15,735,435</u>
Capital assets being depreciated:				
<i>Building and building improvements</i>	58,378,803	5,930	-	58,384,733
<i>Infrastructure</i>	8,983,521	-	-	8,983,521
<i>Transportation Equipment</i>	76,877,405	701,001	(2,889,344)	74,689,062
<i>Other equipment</i>	12,733,521	1,039,087	(125,495)	13,647,113
Total capital assets being depreciated	<u>156,973,250</u>	<u>1,746,018</u>	<u>(3,014,839)</u>	<u>155,704,429</u>
Less accumulated depreciation:				
<i>Building and building improvements</i>	(23,822,465)	(2,515,721)	-	(26,338,186)
<i>Infrastructure</i>	(6,838,060)	(300,438)	-	(7,138,498)
<i>Transportation Equipment</i>	(43,550,294)	(5,618,558)	2,842,895	(46,325,957)
<i>Other equipment</i>	(9,331,181)	(1,075,340)	125,495	(10,281,026)
Total accumulated depreciation	<u>(83,542,000)</u>	<u>(9,510,057)</u>	<u>2,968,390</u>	<u>(90,083,667)</u>
Total capital assets being depreciated, net	<u>73,431,250</u>			<u>65,620,762</u>
Total capital asset, net	<u>\$ 88,641,026</u>			<u>\$ 81,356,197</u>

5. PURCHASED TRANSPORTATION SERVICES

During 2019, 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 \$2,030,270 in 2019. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

6. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Ohio Public Employees Retirement System

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

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

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

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):

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

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. 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. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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>
2019 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
 2019 Actual contribution rates	
Employer:	
Pension	14.00 %
Post-employment health care benefits	-
Total employer	<u>14.00 %</u>
 Employee	 <u>10.00 %</u>

The Authority's contractually required contribution for the Traditional Pension Plan was \$3,403,448 for 2019. Of this amount, \$269,878 is reported as accrued payroll.

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, 2018, 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>2019</u>	<u>2018</u>
Proportion of the pension liability - prior measurement date	0.175580 %	0.176575 %
Proportion of the pension liability - current measurement date	<u>0.169201 %</u>	<u>0.175580 %</u>
Change in proportionate share	<u>-0.006379 %</u>	<u>-0.000995 %</u>
 Proportionate share of net pension liability	 \$ 46,340,724	 \$ 27,545,098
Pension expense	\$ 10,500,043	\$ 6,548,931

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS	
	2019	2018
Deferred outflows of resources		
Net differences between expected and actual experience	\$ 2,138	\$ 28,130
Net difference between projected and actual earnings on pension plan investments	6,289,733	-
Changes of assumptions	4,034,074	3,291,824
Employer contributions subsequent to the measurement date	3,403,448	3,315,297
Changes in proportional share and differences between employer contributions and proportionate share of contributions	46,227	613,017
Total deferred outflows of resources	\$ 13,775,620	\$ 7,248,268
Deferred inflows of resources		
Differences between expected and actual experience	\$ 608,480	\$ 542,827
Net difference between projected and actual earnings on pension plan investments	-	5,913,569
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	780,430	104,193
Total deferred inflows of resources	\$ 1,388,910	\$ 6,560,589

\$3,403,448 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year ending December 31:	
2020	\$ 3,790,194
2021	1,684,379
2022	583,501
2023	2,925,188
Total	\$ 8,983,262

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6. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation -Traditional plan	3.25 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	3.25 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2018, then 2.15 percent, simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

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

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

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.

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6. DEFINED BENEFIT PENSION PLANS (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

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 2018 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%	2.79%
Domestic equities	19.00%	6.21%
Real estate	10.00%	4.90%
Private equity	10.00%	10.81%
International equities	20.00%	7.83%
Other investments	<u>18.00%</u>	<u>5.50%</u>
Total	<u>100.00%</u>	<u>5.95%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

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6. DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease	Current discount rate	1% Increase
	<u>(6.20%)</u>	<u>(7.20%)</u>	<u>(8.20%)</u>
Employer proportionate share of the net pension liability	\$ 68,458,725	\$46,340,724	\$27,960,465

7. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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7. DEFINED BENEFIT OPEB PLANS (Continued)

Ohio Public Employees Retirement System

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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7. DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	
	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability:		
current measurement date	0.164043%	0.170612%
prior measurement date	<u>0.170612%</u>	<u>0.172664%</u>
Change in proportionate share	<u>-0.006569%</u>	<u>-0.002052%</u>
Proportionate share of the net		
OPEB liability	\$ 21,387,335	\$ 18,527,206
OPEB expense	\$ 1,635,487	\$ 1,485,960

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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7. DEFINED BENEFIT OPEB PLANS (Continued)

	<u>OPERS</u>	
	<u>2019</u>	<u>2018</u>
Deferred outflows of resources		
Differences between expected and actual experience	\$ 7,242	\$ 14,433
Changes of assumptions	689,553	1,348,977
Net difference between projected and actual earnings on OPEB plan investments	980,483	-
Total deferred outflows of resources	\$ 1,677,278	\$ 1,363,410
Deferred inflows of resources		
Differences between expected and actual experience	58,030	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,380,153
Changes in proportion and differences between contributions and proportionate share of contributions	551,569	140,220
Total deferred inflows of resources	\$ 609,599	\$ 1,520,373

\$0 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. OPERS did not allocate any retirement withholdings to OPEB in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Year ending December 31:	
2020	\$ 463,937
2021	(44,509)
2022	154,314
2023	493,937
Total	\$ 1,067,679

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.

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7. DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases	3.25 to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	3.96 percent
Prior measurement date	3.85 percent
Investment rate of return	6.00 percent
Municipal bond rate	3.71 percent
Health care cost trend rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial cost method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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.

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7. DEFINED BENEFIT OPEB PLANS (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.6 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 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	34.00%	2.42%
Domestic equities	21.00%	6.21%
Real estate investment trust	6.00%	5.98%
International equities	22.00%	7.83%
Other investments	<u>17.00%</u>	<u>5.57%</u>
Total	<u>100.00%</u>	<u>5.16%</u>

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7. DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease	Current discount rate	1% Increase
	<u>(2.96%)</u>	<u>(3.96%)</u>	<u>(4.96%)</u>
Employer proportionate share of the net OPEB liability	\$ 27,362,372	\$21,387,335	\$16,635,601

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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7. DEFINED BENEFIT OPEB PLANS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	<u>1% Decrease</u>	Current health care cost trend rate <u>assumption</u>	<u>1% Increase</u>
Employer proportionate share of the net OPEB liability	\$ 20,557,869	\$ 21,387,335	\$22,342,657

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 year ended December 31, 2019, are listed in the table below.

	<u>2019</u>
FEDERAL:	
FTA Maintenance and Other Assistance	\$ 5,580,096
FTA Capital Contribution	922,674
Total	<u>\$ 6,502,770</u>
 STATE:	
Fuel Tax Reimbursement	<u>\$ 169,318</u>
Total	<u>\$ 169,318</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.

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9. RISK MANAGEMENT (Continued)

During the loss year of 2019, OTRP provided to the Authority commercial property coverage with limits of \$200,000,000. The pool retained the first \$100,000 of these losses. For auto-physical damage the pool provided \$50,000,000 in coverage and retained \$250,000. For crime the pool provided \$4,000,000 in coverage. METRO's deductible for property coverage is \$1,000 except for physical damage which was \$25,000. For Auto Liability, General Liability, E&O and EBL the pool provided \$10,000,000 per occurrence. For each of these lines the pool retained \$2,000,000 per occurrence. METRO's deductible for all liability claims was \$5,000 for 2019.

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

As of January 1, 2019, 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 2019 was 29.923%.

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 year ended December 31, 2019 was \$57,566. The full amount has been contributed for 2019.

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, 2019, 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 expenses will be disallowed.

METRO REGIONAL TRANSIT AUTHORITY
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Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio has incurred significant decline in fair value, consistent with the general decline in financial markets. However, because the values of the individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency fund, either federal or state, cannot be estimated.

Required
Supplementary
Information

Metro Regional Transit Authority
 Required Supplementary Information
 Schedule of Metro Regional Transit Authority Proportionate Share of the Net Pension Liability
 Last Six Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan						
Authority's proportion of the net pension liability	0.169201%	0.175580%	0.176575%	0.163314%	0.158951%	0.158951%
Authority's proportionate share of the net pension liability	\$ 46,340,724	\$ 27,545,098	\$ 40,097,180	\$ 28,288,044	\$ 19,171,267	\$ 18,738,252
Authority's covered payroll	\$ 23,680,693	\$ 23,178,338	\$ 21,775,667	\$ 20,524,750	\$ 19,455,183	\$ 18,486,369
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	195.69%	118.84%	184.14%	137.82%	98.54%	101.36%
Plan fiduciary net position as a percentage of of total pension liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

Metro Regional Transit Authority
 Required Supplementary Information
 Schedule of Metro Regional Transit Authority Contributions - Pension
 Last Seven Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan							
Contractually required contribution - Pension	\$ 3,403,448	\$ 3,315,297	\$ 3,013,184	\$ 2,613,080	\$ 2,462,970	\$ 2,334,622	\$ 2,403,228
Contributions in relation to contractually required contribution	<u>(3,403,448)</u>	<u>(3,315,297)</u>	<u>(3,013,184)</u>	<u>(2,613,080)</u>	<u>(2,462,970)</u>	<u>(2,334,622)</u>	<u>(2,403,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ 24,310,343	\$ 23,680,693	\$ 23,178,338	\$ 21,775,667	\$ 20,524,750	\$ 19,455,183	\$ 18,486,369
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Metro Regional Transit Authority
 Required Supplementary Information
 Schedule of Metro Regional Transit Authority Proportionate Share of the Net OPEB Liability
 Last Three Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Ohio Public Employees Retirement System (OPERS)			
Authority's proportion of the net OPEB liability	0.164043%	0.170612%	0.172664%
Authority's proportionate share of the net OPEB liability	\$ 21,387,335	\$ 18,527,206	\$ 17,439,650
Authority's covered payroll	\$ 23,680,693	\$ 23,178,338	\$ 21,775,667
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.32%	79.93%	80.09%
Plan fiduciary net position as a percentage of total OPEB liability	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Metro Regional Transit Authority
 Required Supplementary Information
 Schedule of Metro Regional Transit Authority Contributions - OPEB
 Last Seven Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS)							
Contractually required contribution	\$ -	\$ -	\$ 241,441	\$ 458,435	\$ 427,599	\$ 405,316	\$ 192,566
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>(241,441)</u>	<u>(458,435)</u>	<u>(427,599)</u>	<u>(405,316)</u>	<u>(192,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ 24,310,343	\$ 23,680,693	\$ 23,178,338	\$ 21,775,667	\$ 20,524,750	\$ 19,455,183	\$ 18,486,369
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Information prior to 2013 is not available.

Metro Regional Transit Authority
Notes to Required Supplementary Information
For the Year Ended December 31, 2019

Pension

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financial statements for the methods and assumptions in this calculation.

OPEB

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Statistical Section

**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY, OHIO
2019 (Unaudited)**

Statistical Section

This part of the Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	62-68
Revenue Capacity These schedules contain information to help the reader assess the Authority's most significant local revenue source, the sales tax.	69-71
Debt Capacity Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	72
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	73-75
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information on the Authority's financial report relates to the services the Authority provides and the activities it performs.	76-79

METRO Regional Transit Authority

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

TABLE 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NET POSITION					
Net Investment in capital assets	\$ 81,356,197	\$ 88,641,026	\$ 93,767,594	\$ 94,402,997	\$ 89,241,815
Unrestricted	<u>13,164,566</u>	<u>13,406,369</u>	<u>9,207,002</u>	<u>32,102,411</u>	<u>34,115,012</u>
TOTAL NET POSITION	<u><u>\$ 94,520,763</u></u>	<u><u>\$ 102,047,395</u></u>	<u><u>\$ 102,974,596</u></u>	<u><u>\$ 126,505,408</u></u>	<u><u>\$ 123,356,827</u></u>
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
NET POSITION					
Net Investment in capital assets	\$ 85,936,603	\$ 77,054,974	\$ 70,595,408	\$ 59,730,829	\$ 55,228,863
Unrestricted	<u>45,797,451</u>	<u>41,056,282</u>	<u>34,217,925</u>	<u>25,266,420</u>	<u>17,872,667</u>
TOTAL NET POSITION	<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><u>\$ 73,101,530</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

	2019	2018	2017	2016	2015
OPERATING REVENUES:					
Passenger fares	\$ 3,633,758	\$ 3,702,602	\$ 3,792,434	\$ 4,100,559	\$ 4,428,054
Advertising and concessions	574,484	584,334	473,562	475,218	417,915
TOTAL OPERATING REVENUE	4,208,242	4,286,936	4,265,996	4,575,777	4,845,969
OPERATING EXPENSES					
Labor	23,593,758	23,318,946	22,725,196	22,055,895	20,586,041
Fringe benefits	23,131,630	20,593,032	18,026,874	14,801,005	11,736,750
Materials and supplies and fuel	5,919,215	5,642,583	5,436,604	4,841,532	5,447,931
Services	3,150,268	3,503,955	2,861,282	2,317,013	2,516,684
Utilities	995,362	918,551	956,330	739,511	913,740
Casualty and liability	1,082,084	830,189	1,691,192	1,450,188	1,262,850
Taxes	175,160	139,059	149,207	172,240	183,769
Purchased transportation service	2,030,270	1,924,830	1,763,857	1,718,313	1,229,441
Miscellaneous	465,098	412,372	467,124	511,478	376,597
TOTAL OPERATING EXPENSES					
BEFORE DEPRECIATION EXPENSE	60,542,845	57,283,517	54,077,666	48,607,175	44,253,803
OPERATING LOSS					
BEFORE DEPRECIATION EXPENSE	(56,334,603)	(52,996,581)	(49,811,670)	(44,031,398)	(39,407,834)
Depreciation expense	9,516,241	10,070,589	10,369,813	9,374,581	8,628,338
OPERATING LOSS	(65,850,844)	(63,067,170)	(60,181,483)	(53,405,979)	(48,036,172)
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	48,552,050	49,142,903	46,668,426	46,784,297	44,896,182
Federal operating grants and reimbursements	5,580,096	3,644,841	2,530,192	4,683,361	4,243,338
State operating grants and special fare assistance	169,318	135,739	686,166	165,441	177,512
Student fare and other assistance	1,531,202	1,850,434	1,709,021	1,160,333	809,188
Medicaid transition sales tax	-	2,500,246	1,157,820	-	-
Lottery ticket sales revenue	-	37,898	127,034	-	-
Interest income	816,510	233,684	113,554	236,441	146,698
Gain (Loss) from disposal of assets	53,614	-	13,380	63,106	8,125
Other	698,748	757,008	712,753	575,135	860,030
NON-OPERATING REVENUES/EXPENSES - NET	57,401,538	58,302,753	53,718,346	53,668,114	51,141,073
CAPITAL CONTRIBUTIONS					
Capital Contributions	922,674	3,837,216	130,534	2,886,446	4,921,502
CHANGE IN NET POSITION	(7,526,632)	(927,201)	(6,332,603)	3,148,581	8,026,403
Net Position, Beginning Balance	102,047,395	120,172,805	126,505,408	123,356,827	131,734,054
Cumulative effect of change in accounting principle*	-	(17,198,209)	-	-	(16,403,630)
Net Position, Ending Balance	\$ 94,520,763	\$ 102,047,395	\$ 120,172,805	\$ 126,505,408	\$ 123,356,827

Source: METRO's audited annual financial statements

* GASB 68 implemented during 2015

* GASB 75 implemented during 2018

METRO Regional Transit Authority

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

TABLE 2 (continued)

	2014	2013	2012	2011	2010
OPERATING REVENUES:					
Passenger fares	\$ 4,941,683	\$ 4,998,875	\$ 4,846,581	\$ 4,207,746	\$ 4,004,439
Advertising and concessions	443,133	451,535	405,113	398,486	363,317
TOTAL OPERATING REVENUE	5,384,816	5,450,410	5,251,694	4,606,232	4,367,756
OPERATING EXPENSES					
Labor	19,024,350	17,836,348	16,649,367	15,729,019	14,808,947
Fringe benefits	10,086,226	9,886,508	10,108,654	10,490,896	9,359,814
Materials and supplies and fuel	5,745,162	6,041,098	6,259,905	6,083,212	5,676,943
Services	2,712,750	2,198,643	2,349,651	2,320,702	2,331,548
Utilities	691,099	539,188	539,714	582,260	573,273
Casualty and liability	1,268,181	1,163,565	1,099,473	1,166,261	1,264,872
Taxes	194,698	228,390	273,560	276,498	250,354
Purchased transportation service	807,710	611,026	834,256	1,374,797	1,209,177
Miscellaneous	413,348	453,314	467,333	401,032	441,111
TOTAL OPERATING EXPENSES					
BEFORE DEPRECIATION EXPENSE	40,943,524	38,958,080	38,581,913	38,424,677	35,916,039
OPERATING LOSS					
BEFORE DEPRECIATION EXPENSE	(35,558,708)	(33,507,670)	(33,330,219)	(33,818,445)	(31,548,283)
Depreciation expense	9,231,103	8,513,768	6,920,312	6,397,734	6,237,556
OPERATING LOSS	(44,789,811)	(42,021,438)	(40,250,531)	(40,216,179)	(37,785,839)
NON-OPERATING REVENUES (EXPENSES)					
Sales tax revenue	43,346,649	39,769,341	39,686,825	36,279,210	34,521,101
Federal operating grants and reimbursements	4,826,204	4,718,920	5,962,190	5,998,391	4,123,465
State operating grants and special fare assistance	251,223	218,943	260,230	629,962	829,767
Student fare and other assistance	545,528	434,480	487,357	852,768	1,099,910
Interest income	102,124	35,095	73,074	92,127	55,230
Interest expense	(3,350)	(10,250)	(15,000)	(19,234)	(24,072)
Gain (Loss) from disposal of assets	26,883	46,064	(75,107)	54,422	6,990
Other	262,865	473,903	562,911	366,555	441,795
NON-OPERATING REVENUES/EXPENSES - NET	49,358,126	45,686,496	46,942,480	44,254,201	41,054,186
CAPITAL CONTRIBUTIONS					
Capital Grant Contributions	9,054,483	9,837,865	12,919,135	7,583,812	6,059,733
CHANGE IN NET POSITION	13,622,798	13,502,923	19,611,084	11,621,834	9,328,080
Net Position, Beginning Balance	118,111,256	104,608,333	84,997,249	73,101,530	65,799,509
Cumulative effect of change in accounting principle	-	-	-	273,885	(2,026,059)
Net Position, Ending Balance	\$ 131,734,054	\$ 118,111,256	\$ 104,608,333	\$ 84,997,249	\$ 73,101,530

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>		
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	32.0%	3.9%	35.9%	30.1%	25.4%	8.6%	64.1%	100.0%
2015	32.5%	4.9%	37.4%	31.1%	23.2%	8.3%	62.6%	100.0%
2016	31.3%	5.0%	36.3%	31.4%	24.2%	8.0%	63.7%	100.0%
2017	31.4%	5.0%	36.3%	32.2%	23.0%	8.5%	63.7%	100.0%
2018	30.7%	5.4%	36.0%	32.6%	22.7%	8.6%	64.0%	100.0%
2019*								

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>		
2010	8.8%	1.9%	10.7%	78.4%	1.8%	9.1%	89.3%	100.0%
2011	8.6%	1.8%	10.4%	76.0%	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%	2.0%	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	8.0%	2.5%	10.5%	81.6%	0.3%	7.6%	89.5%	100.0%
2016	7.0%	2.3%	9.3%	82.4%	0.3%	8.0%	90.7%	100.0%
2017	6.5%	2.3%	8.8%	85.6%	1.2%	4.4%	91.2%	100.0%
2018	5.9%	2.5%	8.4%	85.4%	0.2%	6.0%	91.6%	100.0%
2019	5.9%	3.5%	9.4%	81.3%	0.2%	9.1%	90.6%	100.0%

(1) Source: The American Public Transit Association, "APTA 2020 Fact Book Appendix A Table 87"

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

* Information not available

METRO Regional Transit Authority

Operating Expenses - Comparison to Industry Trend Data

Last Ten Years
(Unaudited)

TABLE 4

TRANSPORTATION INDUSTRY (1):

<u>Year</u>	<u>Labor & Fringes</u>	<u>Material & Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty & Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
2010	65.2%	10.7%	6.6%	3.4%	2.6%	13.8%	-2.3%	100.0%
2011	65.0%	11.4%	6.6%	3.3%	2.6%	13.3%	-2.2%	100.0%
2012	64.0%	11.7%	6.9%	3.2%	2.2%	13.9%	-1.9%	100.0%
2013	60.7%	11.2%	7.1%	3.1%	2.4%	13.7%	1.8%	100.0%
2014	61.1%	11.0%	6.9%	3.2%	2.5%	13.6%	1.7%	100.0%
2015	61.5%	9.8%	7.3%	3.0%	2.4%	14.1%	1.9%	100.0%
2016	62.8%	8.9%	7.6%	2.7%	2.7%	13.7%	1.6%	100.0%
2017	61.9%	8.7%	8.0%	2.8%	2.8%	14.2%	1.6%	100.0%
2018	61.5%	8.7%	8.3%	2.9%	2.9%	14.5%	1.2%	100.0%
2019*								

METRO Regional Transit Authority (2)

<u>Year</u>	<u>Labor & Fringes</u>	<u>Material & Supplies</u>	<u>Services</u>	<u>Utilities</u>	<u>Casualty & Liability</u>	<u>Purchased Transportation</u>	<u>Other</u>	<u>Total Expenses</u>
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%	1.9%	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%	1.2%	100.0%
2016	75.8%	10.0%	4.8%	1.5%	3.0%	3.5%	1.4%	100.0%
2017	75.4%	10.1%	5.3%	1.8%	3.1%	3.3%	1.1%	100.0%
2018	76.7%	9.9%	6.1%	1.6%	1.4%	3.4%	1.0%	100.0%
2019	77.2%	9.8%	5.2%	1.6%	1.8%	3.4%	1.1%	100.0%

(1) Source: The American Public Transit Association, "APTA 2020 Fact Book Appendix A Table 70"

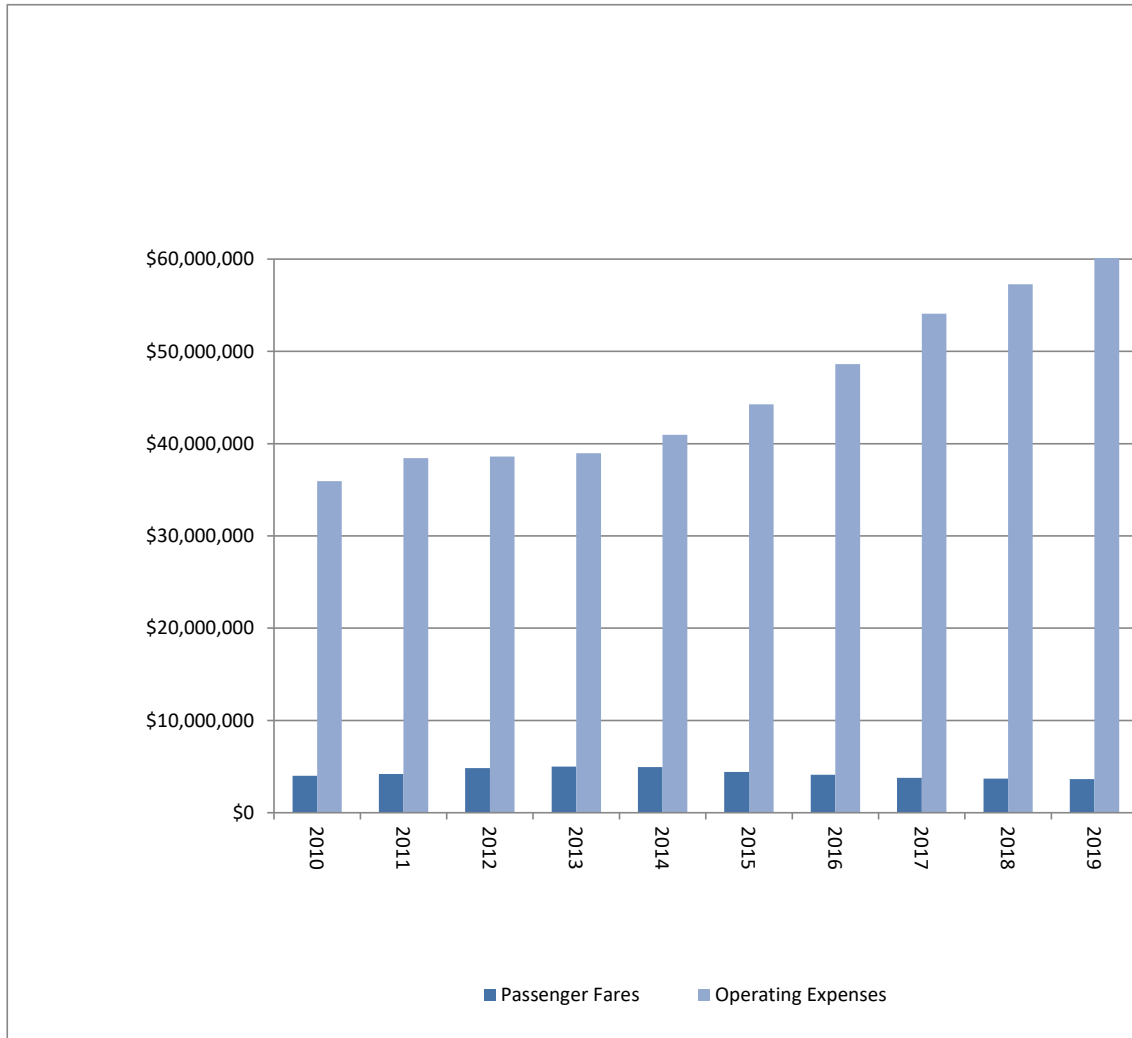
(2) Source: METRO's annual financial audited statements

* Information not available

METRO Regional Transit Authority

Passenger Fares vs. Operating Expenses - Last Ten Years

TABLE 5



METRO Regional Transit Authority

Sales Tax - Comparison to Other Regional Transit Authorities in Ohio

Last Ten Years
(Unaudited)

TABLE 6

System	Rate	Date Imposed	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GCRTA	1.00%	Oct 1, 1975	163,220,649	173,242,328	181,219,251	189,630,644	197,118,145	205,843,322	218,749,850	213,718,147	204,331,707	212,192,079
COTA	0.50%	Jan 1, 2008	91,961,890	97,952,515	104,479,130	110,049,661	114,310,238	124,725,270	155,121,245	130,475,584	129,263,778	123,622,039
Laketran	0.25%	Aug 1, 1988	7,240,999	7,665,538	7,843,548	8,142,460	8,500,479	8,832,168	9,259,352	9,200,779	9,211,771	9,507,546
WRTA	0.25%	Apr 1, 2009	6,732,485	7,343,527	7,590,580	7,886,661	8,358,590	8,580,592	8,700,361	8,695,139	8,288,017	8,550,054
MVRTA	0.50%	Jul 1, 1980	30,150,943	32,759,617	34,312,875	35,290,373	36,771,641	39,246,288	41,441,781	40,679,882	38,026,154	39,441,540
PARTA	0.25%	Feb 1, 2002	3,914,537	4,080,738	4,319,281	4,496,596	4,859,656	5,156,388	5,250,706	5,320,630	5,262,660	5,455,165
SARTA	0.25%	Jul 1, 1997	11,016,628	11,720,027	12,401,259	12,954,397	13,555,026	14,412,060	14,595,763	14,867,817	14,585,440	14,880,943
METRO	0.50%	Jul 1, 2008	34,194,603	35,842,081	37,713,252	39,320,306	42,168,538	44,190,357	46,205,876	46,271,616	44,638,154	46,298,041
ACRTA	0.10%	Oct 1, 2019	a	a	a	a	a	a	a	a	a	8,990
DCT	0.18%	Jan 1, 2019	a	a	a	a	a	a	a	a	a	9,368,940
LFPT	0.15%	Jan 1, 2019	a	a	a	a	a	a	a	a	a	1,540,637
LCT	0.20%	Jan 1, 2019	a	a	a	a	a	a	a	a	a	420,073
UCATS	0.18%	Jan 1, 2019	a	a	a	a	a	a	a	a	a	167,255

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.

* ACRTA established their sales tax percent at .10% on October 1, 2019

* DCT established their sales tax percent at .175% on January 1, 2019

* LFPT established their sales tax percent at .15% on January 1, 2019

* LCT established their sales tax percent at .20% on January 1, 2019

* UCATS established their sales tax percent at .175% on January 1, 2019

a - No sales tax collected during that year

METRO Regional Transit Authority

Revenues by Source - Last Ten Years

(Unaudited)

TABLE 7

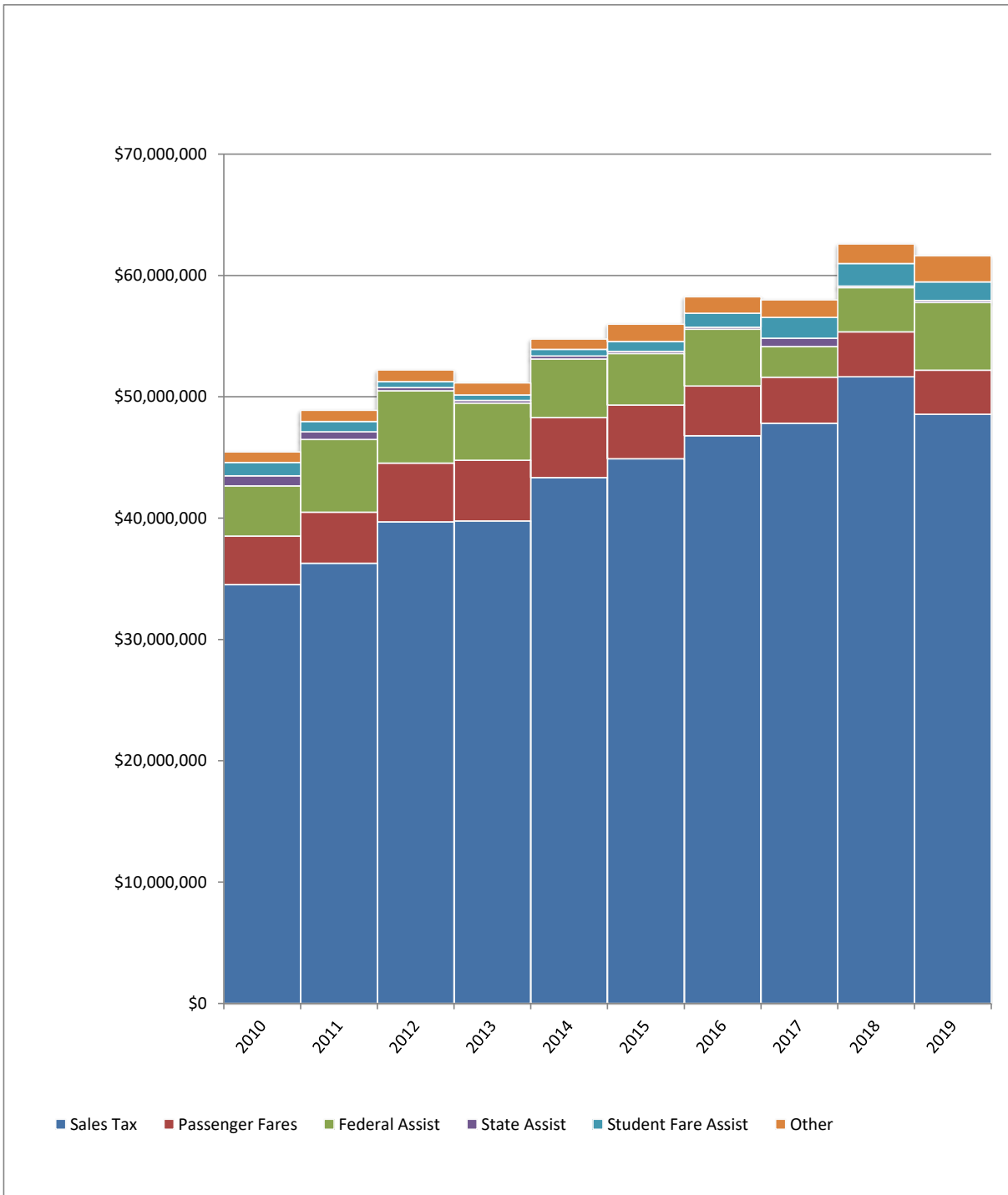
Operating Revenues	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Passengers Fares	\$4,004,439	\$4,207,746	\$4,846,581	\$4,998,875	\$4,941,683	\$4,428,054	\$4,100,559	\$3,792,434	\$3,702,602	\$3,633,758
Advertising	363,317	398,486	405,113	451,535	443,133	417,915	475,218	473,562	584,334	574,484
Total operating revenues	4,367,756	4,606,232	5,251,694	5,450,410	5,384,816	4,845,969	4,575,777	4,265,996	4,286,936	4,208,242
Non-operating Revenues										
Sales Tax revenue	34,521,101	36,279,210	39,686,825	39,769,341	43,346,649	44,896,182	46,784,297	46,668,426	49,142,903	48,552,050
Federal grants	4,123,465	5,998,391	5,962,190	4,718,920	4,826,204	4,243,338	4,683,361	2,530,192	3,644,841	5,580,096
State grants	829,767	629,962	260,230	218,943	251,223	177,512	165,441	686,166	135,739	169,318
Medicaid transition sales tax	0	0	0	0	0	0	0	1,157,820	2,500,246	0
Student fares assistance	1,099,910	852,768	487,357	434,480	545,528	809,188	1,160,333	1,709,021	1,850,434	1,531,202
Lottery ticket sales	0	0	0	0	0	0	0	127,034	37,898	0
Interest income	55,230	92,127	73,074	35,095	102,124	146,698	236,441	113,554	233,684	816,510
Gain (loss) from disposal of assets	6,990	54,422	(75,107)	46,064	26,883	8,125	63,106	13,380	0	53,614
Other non-transportation revenue	441,795	366,555	562,911	473,903	262,865	860,030	575,135	712,753	757,008	698,748
Total non-operating revenues	41,078,258	44,273,435	46,957,480	45,696,746	49,361,476	51,141,073	53,668,114	53,718,346	58,302,753	57,401,538
Total Revenues	\$45,446,014	\$48,879,667	\$52,209,174	\$51,147,156	\$54,746,292	\$55,987,042	\$58,243,891	\$57,984,342	\$62,589,689	\$61,609,780

Source: METRO's independently audited annual financial statements

METRO REGIONAL TRANSIT AUTHORITY

Revenue by Source - Last Ten Years

TABLE 8



METRO Regional Transit Authority

Expenses by Object Class - Last Ten years

(Unaudited)

TABLE 9

Operating Expenses	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Labor	\$14,808,947	\$15,729,019	\$16,649,367	\$17,836,348	\$19,024,350	\$20,586,041	\$22,055,895	\$22,725,196	\$23,318,946	\$23,593,758
Fringe Benefits	9,359,814	10,490,896	10,108,654	9,886,508	10,086,226	11,736,750	14,801,005	18,026,874	20,593,032	23,131,630
Materials and Supplies	5,676,943	6,083,212	6,259,905	6,041,098	5,745,162	5,447,931	4,841,532	5,436,604	5,642,583	5,919,215
Services	2,331,548	2,320,702	2,349,651	2,198,643	2,712,750	2,516,684	2,317,013	2,861,282	3,503,955	3,150,268
Utilities	573,273	582,260	539,714	539,188	691,099	913,740	739,511	956,330	918,551	995,362
Casualty and Liability	1,264,872	1,166,261	1,099,473	1,163,565	1,268,181	1,262,850	1,450,188	1,691,192	830,189	1,082,084
Taxes	250,354	276,498	273,560	228,390	194,698	183,769	172,240	149,207	139,059	175,160
Purchased Transportation	1,209,177	1,374,797	834,256	611,026	807,710	1,229,441	1,718,313	1,763,857	1,924,830	2,030,270
Interest Expense	24,072	19,234	15,000	10,250	3,350	0	0	0	0	0
Miscellaneous	441,111	401,032	467,333	453,314	413,348	376,597	511,478	467,124	412,372	465,098
Total	35,940,111	38,443,911	38,596,913	38,968,330	40,946,874	44,253,803	48,607,175	54,077,666	57,283,517	60,542,845
Depreciation	6,237,556	6,397,734	6,920,312	8,513,768	9,231,103	8,628,338	9,374,581	10,369,813	10,070,589	9,516,241
Total Expenses	\$42,177,667	\$44,841,645	\$45,517,225	\$47,482,098	\$50,177,977	\$52,882,141	\$57,981,756	\$64,447,479	\$67,354,106	\$70,059,086

Source: METRO's audited annual financial statements

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>
2010	395,000	541,648	21,307,944	0.002%	\$0.73
2011	300,000	541,593	22,164,822	0.001%	\$0.55
2012	205,000	541,716	22,650,793	0.001%	\$0.38
2013	105,000	541,601	23,065,307	0.000%	\$0.19
2014	0	542,095	24,136,109	0.000%	\$0.00
2015	0	541,270	24,812,858	0.000%	\$0.00
2016	0	540,394	25,060,119	0.000%	\$0.00
2017	0	541,228	26,638,288	0.000%	\$0.00
2018	0	541,918	28,879,352	0.000%	\$0.00
2019	0	541,810	30,042,280	0.000%	\$0.00

(1) Total principal due on all outstanding debt.

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

The population estimate was revised for 2010 - 2016.

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

The total personal income estimate was revised for 2010 - 2016.

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)
2010	541,674	39,337	21,307,944	76,073	10.0%
2011	541,247	40,951	22,164,822	73,414	8.5%
2012	541,050	41,865	22,650,793	75,084	6.8%
2013	541,929	42,561	23,065,307	74,283	6.9%
2014	542,267	44,510	24,136,109	71,417	5.8%
2015	541,316	45,838	24,812,858	70,682	5.7%
2016	540,300	46,382	25,060,119	70,442	5.0%
2017	541,228	49,168	26,611,223	70,529	4.9%
2018	541,918	53,291	28,879,352	70,574	4.9%
2019	541,810	55,448	30,042,280	70,265	4.0%

Note: All information is presented for Summit County, Ohio

Personal Income (\$000)

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

(2) Bureau of Economic Analysis. The population, total personal income and per capital income estimates were revised for 2010-2018.

(3) Ohio Department of Education - enrollment data

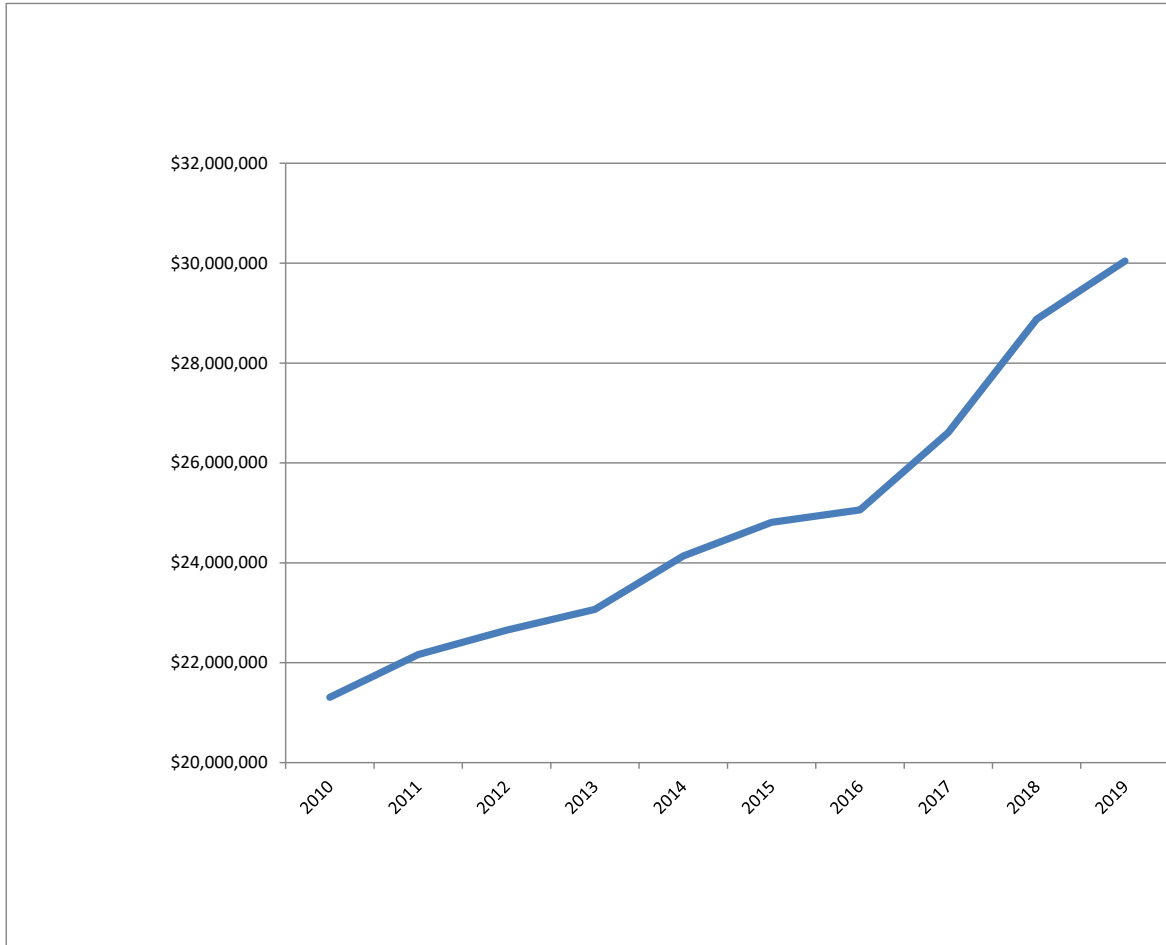
(4) Bureau of Labor Statistics

METRO Regional Transit Authority

Personal Income of Summit County, Ohio

Last Ten Years

TABLE 12



Source: Bureau of Economic Statistics

Notes: Personal Income (\$000); 2016 is the last year data is available

METRO Regional Transit Authority

Summit County, Ohio - Largest Employers

(Unaudited)

TABLE 13

Company/Organization	2018			2009		
	Employees	Rank	Percent of Total County	Employees	Rank	Percent of Total County
Summa Health System	5,788	1	2.2%	10,000	1	3.9%
Akron General Health System	4,485	2	1.7%	4,277	2	1.7%
Akron Children's Hospital	4,114	3	1.5%	2,681	8	1.0%
Akron School District	3,602	4	1.3%	3,095	4	1.2%
Goodyear Tire & Rubber Company	3,000	5	1.1%	3,000	5	1.2%
Summit County	2,816	6	1.1%	3,468	3	1.3%
Signet Jewelers, Inc.(formerly Sterling)	2,733	7	1.0%	2,045	10	0.8%
First Energy Corp.	2,592	8	1.0%	a		
The University of Akron	2,056	9	0.8%	2,845	6	1.1%
Group Management Services	1,980	10	0.7%	a		
City of Akron*	a			2,150	9	0.8%
FirstMerit Corporation*	a			2,695	7	1.0%
Total Labor Force - Summit County	267,540			258,897		

Sources: Largest Employers: Akron Chamber of Commerce (2007, 2009, 2014, 2015, 2016, and 2017), Akron Beacon Journal newspaper articles (2010-2013)
 Total County Employment; Bureau of Labor Statistics; Ohio Job & Family Services, Office of Workforce Development-Labor Market Information
 Summit County Audited CAFR 2018

* = Employers are no longer in Top10 List, thus information is not required

a = Information is not available

2018 is the last year of which information is available.

METRO Regional Transit Authority

Operating Statistics - Last Ten Years

(Unaudited)

TABLE 14

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
System Ridership (1)										
Motor Bus	4,798,745	5,044,895	5,230,118	5,189,095	5,203,843	5,052,855	4,908,399	4,885,178	4,907,761	4,683,698
Demand Response	227,949	281,264	270,280	239,141	254,440	268,843	267,964	265,833	270,815	276,329
Average Weekday System Ridership (1)										
Motor Bus	16,507	17,264	17,927	17,734	17,748	17,207	16,821	16,849	16,869	16,012
Demand Response	885	826	903	922	966	1,023	746	1,017	1,035	1,057
Total Vehicle Miles (1)										
Motor Bus	3,786,757	3,806,021	4,242,323	4,377,925	4,494,800	4,586,078	4,804,980	4,725,698	4,695,705	4,819,560
Demand Response	1,451,973	1,968,709	2,027,448	1,967,492	2,154,379	1,963,497	1,948,575	2,167,055	2,348,770	2,408,983
Total Revenue Miles (1)										
Motor Bus	3,057,428	3,129,675	3,540,815	3,717,673	3,897,860	4,172,713	4,051,831	4,082,524	4,078,092	4,092,623
Demand Response	1,213,859	1,704,813	1,820,017	1,753,501	1,829,170	1,593,690	1,630,912	1,751,353	1,938,752	1,988,763
Passenger Miles (1)										
Motor Bus	19,720,879	18,714,749	17,201,858	22,412,579	20,551,047	22,575,883	19,432,291	16,768,798	21,355,560	27,323,801
Demand Response	1,218,265	1,704,813	1,540,795	1,515,778	1,643,644	1,846,489	1,868,499	1,715,310	1,723,653	1,726,718

METRO Regional Transit Authority

Operating Statistics - Last Ten Years (Continued)

(Unaudited)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Full Time Employees (1)	349	365	366	383	377	387	409	403	410	417
Total Vehicle Hours (1)										
Motor Bus	284,619	296,036	306,886	332,953	342,569	345,330	343,914	338,534	337,470	342,819
Demand Response	127,559	130,389	133,192	121,980	143,162	149,542	150,030	152,913	156,544	164,074
Total Vehicle Revenue Hours (1)										
Motor Bus	256,792	267,134	276,962	302,392	295,883	313,341	315,316	316,992	315,326	319,785
Demand Response	104,288	112,929	122,493	110,444	115,039	120,319	120,964	124,098	128,136	133,468
Total Vehicle Accidents average per month (2)										
Motor Bus	6.8	8.3	8.6	7.1	7.5	8.3	6.8	6.9	8.1	7.3
Demand Response	1.2	3.3	3.4	3.5	2.3	2.5	3.1	3.0	2.5	2.4
Miles between Roadcalls (2)	3,140	4,448	5,453	5,494	5,423	6,051	5,446	6,287	6,890	7,674
Total Revenue Vehicles (1)										
Motor Bus	139	123	138	137	137	147	139	141	141	139
Demand Response	167	167	156	115	118	121	89	91	91	91

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

(2) METRO's Monthly Performance report

Note: Demand Response includes directly operated and purchased transportation

2016 data include motor bus and commuter bus

METRO Regional Transit Authority

Fare Rate Structure as of December 31, 2019

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 (2018 est)	541,918
Miles of routes	653.1
Number of buses (Directly Operated)	
Motor Bus	139
Demand Response	91
Number of routes	37
Customer Service information calls answered (2019)	117,981
SCAT Reservation calls answered (2019)	264,261

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OHIO AUDITOR OF STATE KEITH FABER



METRO REGIONAL TRANSIT AUTHORITY

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/11/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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