



OHIO AUDITOR OF STATE
KEITH FABER



**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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800-282-0370

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Metro Regional Transit Authority, Summit County, (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 30, 2024

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2024

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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

Opinion on the Major Federal Program

We have audited Metro Regional Transit Authority's, Summit County, (Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Metro Regional Transit Authority's major federal program for the year ended December 31, 2023. Metro Regional Transit Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Metro Regional Transit Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Authority's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type

of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. 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 audited the financial statements of Metro Regional Transit Authority, Summit County, (Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our unmodified report thereon dated August 30, 2024. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management 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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2024

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**METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

| Federal Grantor/ Pass Through Grantor Program / Cluster Title | Federal CFDA Number | Pass through Entity Identifying Number | Total Federal Expenditures |
|--|------------------------------------|---|---------------------------------------|
| <u>U.S. Department of Transportation</u> | | | |
| Direct Programs: | | | |
| Federal Transit Cluster | | | |
| Urbanized Area Formula Grants | 20.507 | OH-2020-050 | \$ 3,856,959 |
| Urbanized Area Formula Grants | 20.507 | OH-2019-035 | 768,009 |
| Urbanized Area Formula Grants | 20.507 | OH-2021-015 | 10,865,731 |
| Urbanized Area Formula Grants | 20.507 | OH-2020-053 | 774,268 |
| Urbanized Area Formula Grants | 20.507 | OH-2023-040 | 839,346 |
| Urbanized Area Formula Grants | 20.507 | OH-2018-035 | 475,731 |
| Bus and Bus Facilities Formula & Discretionary Programs | 20.526 | OH-2023-040 | 788,622 |
| Bus and Bus Facilities Formula & Discretionary Programs | 20.526 | OH-2020-053 | 937,776 |
| Total Federal Transit Cluster | | | <u>19,306,442</u> |
| Transit Services Programs Cluster | | | |
| Enhanced Mobility of Seniors and Individuals with Disabiliti | 20.513 | OH-2019-024 | 311,308 |
| Enhanced Mobility of Seniors and Individuals with Disabiliti | 20.513 | OH-2021-043 | 242,054 |
| Total Transit Services Programs Cluster | | | <u>553,362</u> |
| Total US Department of Transportation | | | <u>19,859,804</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 19,859,804</u> |

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, 2023**

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, 2023. 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 – 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, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

None

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METRO RTA
Annual Comprehensive
Financial Report

For the Year Ended
December 31, 2023

METRO Regional Transit Authority
SUMMIT COUNTY, OHIO

METRO Regional Transit Authority

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2023



Robert E. DeJournett
President
Board of Trustees

Dawn Distler
Chief Executive Officer/
Secretary-Treasurer

Prepared by:
The General Administration Department
Angela Neeley
Chief Financial Officer/Assistant Secretary-Treasurer

Summit County, Ohio

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METRO Regional Transit Authority

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Year Ended December 31, 2023

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Introductory Section

METRO RTA
Annual Comprehensive Financial Report 2023

Introductory Section – 2023

The Introductory Section includes the Authority's transmittal letter and a Reporting Entity Profile.

August 30, 2024

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 Annual Comprehensive Financial Report (ACFR) of the METRO Regional Transit Authority (“METRO” or “Authority”) for the fiscal year ended December 31, 2023.

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.

REPORTING ENTITY

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

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

Operations and Funding

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

Facilities

METRO has facilities that are located at:

- * 416 Kenmore Boulevard - METRO's main administration & 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 – CVSRRA (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 a Chief Executive Officer/Secretary-Treasurer. The Chief Executive Officer/Secretary-Treasurer is under contract to the Board of Trustees. The Chief Executive Officer/Secretary-Treasurer 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 latest estimate of the 2020 PMSA census population was 702,225. The PMSA population as of July 2023 (the latest available estimate) is 698,398. Using the July 2023 estimate, Summit County represents about 77% 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 2023 was 3.3%, compared to 3.6% in Ohio and a national average of 3.7%.

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 |
| 2020 | 190,469 | 540,428 |

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> |
|-------------|----------------------|-------------|-------------|
| 2019 | 4.0% | 3.8% | 3.5% |
| 2020 | 5.5% | 5.6% | 6.7% |
| 2021 | 3.7% | 4.5% | 3.9% |
| 2022 | 3.8% | 4.1% | 3.5% |
| 2023 | 3.3% | 3.6% | 3.7% |

MAJOR INITIATIVES

Recent Developments

Highlights of the 2023 year of operations include the following:

Major capital asset expenses during 2023 included the following:

- Four 2024 Ford Paratransit buses for \$485,485;
- Ten 2023 Gillig CNG Commuters for \$5.8 million;
- Two electric buses for \$1.9 million;
- A Ford Truck and snow plow for \$119,936;
- Door access update for \$143,725;
- Bus stop signs for \$98,815;
- Bus stop ADA compliance improvement project for \$277,370;
- Mobile bus lifts 2 sets of 6 for \$168,904; and
- Unleaded gas fuel station for \$575,400.

In addition, it invested in software and building security and renovation for a total of \$1.6 million which is still a continuing project. A total of \$1.2 million in construction in progress projects (CIP) were completed or put in service in 2023. The outstanding CIP as of December 31, 2023 was \$2.8 million.

CIP projects that are still ongoing as of December 31, 2023 are the following:

- Sandyville rehabilitation
- RKP siding replacement (put on hold)
- BG New maintenance/operations facility

- New bus shelter projects started construction in 11 sites and replacement shelters in seven sites
- Installation of host server refresh
- BM bus shelters
- BH unleaded fuel station
- BL Motorola radio recording equipment

The total CIP as of December 31, 2023 is \$2,872,145.

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 Finance Department. METRO wishes to thank all who contributed to this project.

Angela Neeley
Chief Financial Officer/
Assistant Secretary-Treasurer

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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
Dana Lagarde

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

Vincent Rubino

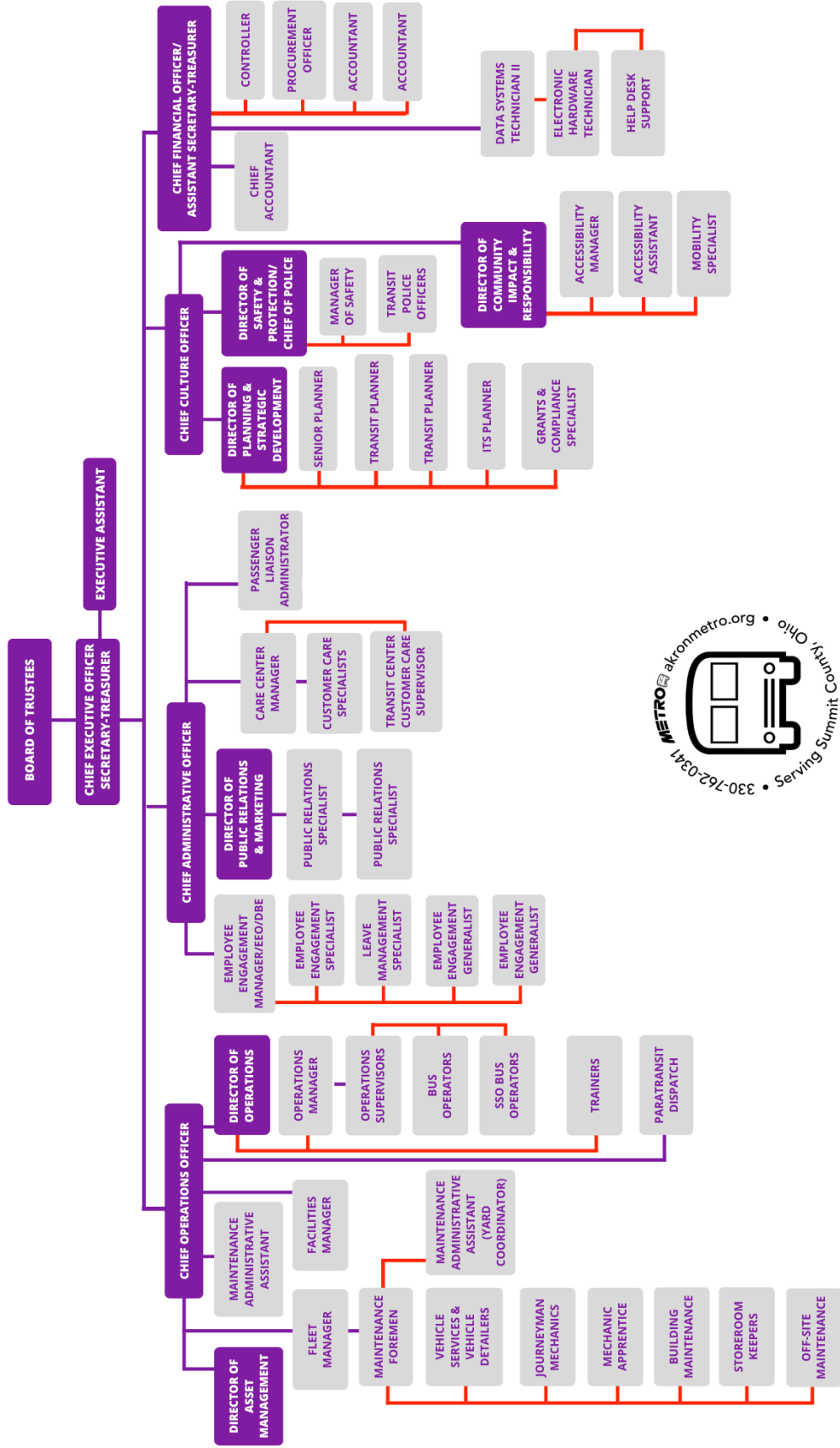
Representing the City of Stow

Gary Spring

Administration

Dawn Distler, Chief Executive Officer/Secretary-Treasurer
Jarrod Hampshire, Chief Operations Officer
Jay Hunter, Chief Administrative Officer
Angela M. Neeley, Chief Financial Officer/Assistant Secretary-Treasurer
Tatia Harris, Chief Culture Officer
DeHavilland McCall, Director of Operations
Molly Becker, Director of Public Relations & Marketing
Bambi Miller, Director of Community Impact and Responsibility
Eric Scott, Director of Asset Management
Valerie Shea, Director of Planning & Strategic Development
Shawn Metcalf, Chief of METRO's Transit Police/Director of Safety & Protection

METRO RTA ORGANIZATIONAL CHART



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 – 2023

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.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Metro Regional Transit Authority, Summit County, Ohio (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Metro Regional Transit Authority, Summit County, Ohio as of December 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2024

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METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(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, 2023. 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 2023

- The Authority has a net position of \$218.4 million. This was an increase of \$23.1 million from 2022. The net position results from the difference between total assets and deferred outflows of \$273.2 million and total liabilities and deferred inflows of \$54.8 million.
- Current assets of \$172.9 million primarily consist of non-restricted Cash and Cash Equivalents of \$125.2 million; Sales and Use Tax receivable of \$15.4 million, long-term investments of \$27.2 million, federal assistance receivable of \$1.6 million, and other receivables of \$0.3 million, materials and supplies inventory of \$1.5 million and prepaid expenses of \$1.7 million.
- There were no noncurrent assets in 2023.
- Current liabilities of \$5.5 million primarily consist of accrued payroll and payroll liabilities of \$3.4 million, accounts payable of \$0.6 million, current portion of lease payable of \$0.08 million, capital contracts payable of \$1.1 million and other liabilities of \$0.4 million.
- Noncurrent liabilities of \$48.5 million consist of Net Pension Liability of \$47.5 million, Net OPEB Liability of \$0.9 million and long-term portion of lease payable of \$0.08 million. Please review the notes to the financial statements for additional information.

METRO’s overall financial picture is in a very good position with net position increasing by \$23.1 million from 2022. Sales tax and passenger fare revenues have increased and we continuously strive to implement financial controls so that our costs do not exceed our revenues. 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.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Financial Reporting

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

The Statement of Net Position presents information on all the Authority's assets 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 29-54 of this report.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Financial Analysis of the Authority

Condensed Summary of Net Position

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Current assets | \$ 172,855,699 | \$ 153,446,861 |
| Other noncurrent assets: Net OPEB | - | 4,991,243 |
| Capital assets, net of accumulated depreciation | 78,024,000 | 73,380,515 |
| Total assets | 250,879,699 | 231,818,619 |
| | | |
| Deferred outflows - Pension | 19,427,861 | 6,099,867 |
| Deferred outflows - OPEB | 2,889,203 | - |
| Total assets and deferred outflows | 273,196,763 | 237,918,486 |
| | | |
| Current liabilities | 5,472,555 | 4,825,587 |
| Non-current liabilities: | | |
| Net pension liability | 47,452,831 | 14,404,129 |
| Net OPEB liability | 975,174 | |
| Lease payable, net of current portion | 82,383 | 160,694 |
| Total liabilities | 53,982,943 | 19,390,410 |
| | | |
| Deferred inflows - Pension | 519,295 | 17,813,546 |
| Deferred inflows - OPEB | 326,067 | 5,399,317 |
| Total liabilities and deferred inflows | 54,828,305 | 42,603,273 |
| | | |
| Net Position: | | |
| Investment in capital assets | 77,863,306 | 73,144,458 |
| Unrestricted net position | 140,505,152 | 122,170,755 |
| Total net position | \$ 218,368,458 | \$ 195,315,213 |

METRO REGIONAL TRANSIT AUTHORITY
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Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

As a result of implementing the accounting standard for pension and OPEB, the Authority is reporting a significant net pension 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 a net OPEB asset, deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The change 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.

| | <u>2023</u> | <u>2022</u> |
|---|------------------------|------------------------|
| Deferred outflows of resources for: | | |
| Pension | \$ 19,427,861 | \$ 6,099,867 |
| OPEB | 2,889,203 | - |
| Deferred inflows of resources for: | | |
| Pension | (519,295) | (17,813,546) |
| OPEB | (326,067) | (5,399,317) |
| Net OPEB asset | - | 4,991,243 |
| Net pension liability | (47,452,831) | (14,404,129) |
| Net OPEB liability | <u>(975,174)</u> | <u>-</u> |
| Impact on net position from pension and OPEB reporting | <u>\$ (26,956,303)</u> | <u>\$ (26,525,882)</u> |
| Net expense impact | \$ 430,421 | \$ (10,973,013) |

For 2023, the net expense impact of GASB 68 and 75 was \$430,421. This was from reporting the decrease in the Authority's proportionate share of the pension and other post-employment benefit liability of the Ohio Public Employment Retirement board. This adjustment was a positive expense which increased expenses.

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 be outstanding. The Authority uses these capital assets to provide public transportation service for Summit County citizens. These assets are not available to liquidate liabilities or to cover other spending. For additional information please reference Note 4.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

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 \$77.9 million as of December 31, 2023, an increase of \$4.8 million from \$73.1 million in 2022 due mainly to the depreciation of building, transportation and other 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 during 2023 included the following:

- Four 2024 Ford Paratransit buses for \$485,485;
- Ten 2023 Gillig CNG Commuters for \$5.8 million;
- Two electric buses for \$1.9 million;
- A Ford Truck and snow plow for \$119,936;
- Door access update for \$143,725;
- Bus stop signs for \$98,815;
- Bus stop ADA compliance improvement project for \$277,370;
- Mobile bus lifts 2 sets of 6 for \$168,904; and
- Unleaded gas fuel station for \$575,400.

In addition, it invested in software and building security and renovation for a total of \$1.6 million which is still a continuing project. A total of \$1.2 million in construction in progress projects (CIP) were completed or put in service in 2023. The outstanding CIP as of December 31, 2023 was \$2.8 million.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Condensed Summary of Revenues, Expenses and Changes in Net Position

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| OPERATING REVENUES: | | |
| Passenger fares | \$ 2,397,633 | \$ 2,011,757 |
| Advertising and concessions | 263,398 | 215,248 |
| Total operating revenues | 2,661,031 | 2,227,005 |
| OPERATING EXPENSES: | | |
| Labor | 25,931,266 | 24,929,218 |
| Fringe benefits | 18,102,710 | 4,126,882 |
| Materials and supplies | 3,591,778 | 3,542,602 |
| Fuel | 1,256,810 | 1,794,698 |
| Services | 3,751,612 | 4,191,651 |
| Utilities | 1,027,705 | 969,382 |
| Casualty and liability | 1,043,366 | 876,190 |
| Taxes | 97,369 | 118,383 |
| Purchased transportation service | 1,749,748 | 1,579,208 |
| Miscellaneous | 557,626 | 324,598 |
| Total operating expenses excluding depreciation | 57,109,990 | 42,452,812 |
| OPERATING LOSS BEFORE DEPRECIATION | (54,448,959) | (40,225,807) |
| Depreciation expense | 9,397,455 | 9,697,471 |
| OPERATING LOSS | (63,846,414) | (49,923,278) |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Sales tax revenue | 58,973,972 | 57,632,413 |
| Federal, state and local assistance | 15,948,849 | 22,794,854 |
| Interest income/(loss) | 2,033,664 | (1,451,199) |
| Gain (Loss) from disposal of assets | 55,863 | 98,586 |
| Rent, rail and other revenue | 627,177 | 896,194 |
| Interest and fiscal charges | (7,497) | (7,404) |
| Total non-operating revenues - net | 77,632,028 | 79,963,444 |
| NET INCOME BEFORE CAPITAL CONTRIBUTION | 13,785,614 | 30,040,166 |
| CAPITAL CONTRIBUTIONS | 9,267,631 | 4,166,624 |
| Increase (decrease) in Net Position | 23,053,245 | 34,206,790 |
| Net Position, Beginning of Year | 195,315,213 | 161,108,423 |
| Net Position, Ending of Year | \$ 218,368,458 | \$ 195,315,213 |

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Financial Operating Results

Revenues

Sales Tax revenues rose 2% to \$58.97 million in 2023 from \$57.63 million in 2022. 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 increased by \$385,876 or 19% as total ridership went up.

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 2023 remained steady at \$21.7 million from \$21.6 million in 2022.

State assistance operating grants, reimbursements and special fare assistance were down to \$1.9 million from \$3.7 million.

Interest Income consists of income from interest paid on investments. Interest income from investments recovered from a loss of \$1.5 million in 2022 to a gain of \$2.0 million in 2023.

Other Revenue consists of revenue from the sale of obsolete assets, gain on disposal of assets, reimbursements, and all other miscellaneous revenue. In 2023, gain on disposal of assets was \$55,863. Revenue from rent, rail and others was \$627,177. In comparison, in 2022, the gain on disposal of assets was \$98,586; and other revenue from rent, rail was \$896,194.

Operating Expenses

Total operating expenses, excluding depreciation, increased by 35% to \$57.1 million from \$42.5 million 2022. The increase in 2023 was due primarily to labor cost (up 4%), the effect of the adjustment in net pension and OPEB expense in the fringe benefits (339%). Other major rise in expenses came from casualty and liability insurance (up 19%) and purchased transportation services (up 11%).

Labor and Fringe Benefits are METRO's major expense items. Wages showed an increase of 4% in 2023 to \$25.9 million due to wage increases and bonuses given out during the year. Fringe benefits also increased to \$18.1 million due to pension liability adjustments. Excluding the pension liability adjustments, fringe benefits expenses increased to \$17.7 million from \$15.1 million from in 2022 or 17%.

Material and Supplies expenses increased slightly by 1%.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Material and Supplies expenses increased slightly by 1%.

Fuel expenses decreased by 30% to 1.3 million from \$1.8 million.

Services expenses decreased by 10% to \$3.8 million from \$4.2 million in 2022.

Cost of Utilities increased 6% to \$1.0 million from \$969,382 2022.

Casualty and Insurance Liability increased by 19% to \$1.0 million from \$876,190 in 2022.

Taxes declined by 18% to \$97,369 from \$118,383 in 2022.

Purchased Transportation Services relate to a contract with local a transportation company to provide transit services for elderly and disabled passengers. The expenses increased to \$1.7 million or 11% due to an increase in demand response ridership.

Miscellaneous expenses increased 72% to \$557,626 from \$324,598 in 2022 due to more expenses incurred for advertising, travel, and meetings.

Overall, the Authority's total operating expenses, excluding depreciation, were \$57.1 million in 2023. This is an increase of 35% over 2022 due to mainly fringe benefits and pension expense adjustments.

Depreciation expense changed by -3% to \$9.4 million in 2023 from \$9.7 million in 2022.

Condensed Summary of Cash Flows

Net cash used for operating activities decreased by \$3.3 million to \$52.9 million in 2023.

In 2023, net cash provided by non-capital financing activity remained steady at \$64 million.

Cash and cash equivalents increased by \$27.6 million in 2023.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

| | 2023 | 2022 |
|--|-----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from customers | \$ 2,439,412 | \$ 1,890,099 |
| Cash received from others for miscellaneous revenue and services | 890,575 | 1,111,442 |
| Cash payments to suppliers for goods and services | (12,361,304) | (13,101,729) |
| Cash payments to employees for services | (43,860,361) | (39,500,858) |
| Net cash used in operating activities | (52,891,678) | (49,601,046) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Sales taxes received | 58,837,769 | 56,965,623 |
| Operating grants and other assistance received | 5,225,124 | 7,083,201 |
| Net cash provided by non-capital financing activities | 64,062,893 | 64,048,824 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital grants received | 28,055,574 | 20,246,444 |
| Acquisition and construction of capital assets | (14,040,940) | (4,289,200) |
| Acquisition of intangible right to use asset | - | (290,713) |
| Sale of capital assets | 55,863 | 98,586 |
| Lease payable | (75,363) | 236,057 |
| Interest paid on lease | (7,497) | (7,404) |
| Net cash provided (used) by capital and related financing activities | 13,987,637 | 15,993,770 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash proceeds from sale of investments | 27,590,318 | 29,037,126 |
| Cash used for purchase of investments | (27,170,186) | (27,589,661) |
| Interest received from investments | 2,026,085 | (1,475,337) |
| Net cash provided by investing activities | 2,446,217 | (27,872) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 27,605,069 | 30,413,676 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 97,594,646 | 67,180,970 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 125,199,715 | \$ 97,594,646 |

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Capital Asset and Debt Administration

Capital Assets

The Authority's investment in capital assets amounted to \$77.9 million as of December 31, 2023, an increase of \$4.8 million over 2022.

Capital assets include land, construction-in-progress, building & building improvements, infrastructure, right-of-way, transportation, other equipment and intangible right to use assets.

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, compensated absences and financed purchases (leases) for the right to use buildings, copiers and vehicles, as of December 31, 2023. 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 Chief Financial Officer, METRO Regional Transit Authority, 416 Kenmore Boulevard, Akron, OH 44301.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

| ASSETS | <u>2023</u> |
|---|------------------------------|
| CURRENT ASSETS: | |
| Cash and cash equivalents | \$ 125,199,715 |
| Investments | 27,170,186 |
| Receivables: | |
| Sales taxes | 15,413,004 |
| Federal assistance | 1,614,678 |
| Trade and other | 286,970 |
| Accrued interest | 70,757 |
| Materials and supplies inventory | 1,471,906 |
| Prepaid expenses | <u>1,628,483</u> |
| Total current assets | <u>172,855,699</u> |
| PROPERTY, FACILITIES AND EQUIPMENT | |
| Land | 4,718,744 |
| Construction in Progress | 2,872,145 |
| Buildings and building improvements | 62,644,226 |
| Infrastructure | 8,983,521 |
| Right-of-ways | 10,653,206 |
| Transportation equipment | 84,531,038 |
| Other equipment | 18,351,802 |
| Intangible right to use | <u>290,713</u> |
| Total | 193,045,395 |
| Less: Accumulated depreciation/amortization | <u>(115,021,395)</u> |
| Total capital assets - net | <u>78,024,000</u> |
| DEFERRED OUTFLOW | |
| Deferred outflows - Pension | 19,427,861 |
| Deferred outflows - OPEB | <u>2,889,203</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u><u>\$ 273,196,763</u></u> |

See accompanying notes to the financial statements.

(Continued)

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF NET POSITION (Continued)
DECEMBER 31, 2023

| LIABILITIES AND NET POSITION | <u>2023</u> |
|---|------------------------------|
| CURRENT LIABILITIES: | |
| Accounts payable | 584,053 |
| Accrued payroll and benefits | 3,171,607 |
| Accrued payroll taxes | 218,013 |
| Lease payable, current portion | 78,311 |
| Capital contract payable | 1,068,067 |
| Other liabilities | <u>352,504</u> |
| Total current liabilities | <u>5,472,555</u> |
| NONCURRENT LIABILITIES: | |
| Lease payable, net of current portion | 82,383 |
| Net pension liability | 47,452,831 |
| Net OPEB liability | <u>975,174</u> |
| Total noncurrent liabilities | <u>48,510,388</u> |
| Total liabilities | 53,982,943 |
| DEFERRED INFLOWS | |
| Deferred inflows - Pension | 519,295 |
| Deferred inflows - OPEB | <u>326,067</u> |
| Total deferred inflows | <u>845,362</u> |
| NET POSITION: | |
| Net investment in capital assets | 77,863,306 |
| Unrestricted | <u>140,505,152</u> |
| Total net position | <u>218,368,458</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <u><u>\$ 273,196,763</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, 2023

| | 2023 |
|--|----------------|
| OPERATING REVENUES: | |
| Passenger fares | \$ 2,397,633 |
| Advertising and concessions | 263,398 |
| | 2,661,031 |
| OPERATING EXPENSES | |
| Labor | 25,931,266 |
| Fringe benefits | 18,102,710 |
| Materials and supplies | 3,591,778 |
| Fuel | 1,256,810 |
| Services | 3,751,612 |
| Utilities | 1,027,705 |
| Casualty and liability | 1,043,366 |
| Taxes | 97,369 |
| Purchased transportation service | 1,749,748 |
| Miscellaneous | 557,626 |
| | 57,109,990 |
| OPERATING LOSS BEFORE DEPRECIATION EXPENSE | (54,448,959) |
| DEPRECIATION EXPENSE: | |
| On assets acquired with capital grants | 9,321,732 |
| On other assets and leases | 75,723 |
| Total depreciation expense | 9,397,455 |
| OPERATING LOSS | (63,846,414) |
| NON-OPERATING REVENUES (EXPENSES): | |
| Sales tax revenue | 58,973,972 |
| Federal operating grants and reimbursements | 12,386,304 |
| State operating grants, reimbursements, and special fare assistance | 1,855,645 |
| Student fare and other assistance | 1,706,900 |
| Interest income (loss) | 2,033,703 |
| Interest expense | (39) |
| Gain from disposal of assets | 55,863 |
| Rent, rail and other revenue | 627,177 |
| Interest and fiscal charges | (7,497) |
| Total non-operating revenues - net | 77,632,028 |
| NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION | 13,785,614 |
| CAPITAL CONTRIBUTIONS | 9,267,631 |
| Increase (decrease) in Net Position | 23,053,245 |
| Net Position, Beginning of Year | 195,315,213 |
| Net Position, Ending of Year | \$ 218,368,458 |

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
SUMMIT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2023 |
|--|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from customers | \$ 2,439,412 |
| Cash received from others for miscellaneous revenue and services | 890,575 |
| Cash payments to suppliers for goods and services | (12,361,304) |
| Cash payments to employees for services | (43,860,361) |
| Net cash used in operating activities | (52,891,678) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Sales taxes received | 58,837,769 |
| Operating grants and other assistance received | 5,225,124 |
| Net cash provided by non-capital financing activities | 64,062,893 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Capital grants received | 28,055,574 |
| Acquisition and construction of capital assets | (14,040,940) |
| Gain on sale/disposal of capital assets | 55,863 |
| Capital lease payments | (75,363) |
| Interest paid on lease | (7,497) |
| Net cash provided (used) by capital and related financing activities | 13,987,637 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Cash proceeds from sale of investments | 27,590,318 |
| Cash used for purchase of investments | (27,170,186) |
| Interest received/lost from investments | 2,026,085 |
| Net cash provided by investing activities | 2,446,217 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 27,605,069 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 97,594,646 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 125,199,715 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | |
| Operating loss | \$ (63,846,414) |
| Adjustment to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 9,397,455 |
| Other non-operating revenue | 627,177 |
| Change in assets and liabilities: | |
| (Increase) decrease accounts receivable-trade | 41,779 |
| (Increase) decrease materials and supplies inventory | (292,151) |
| (Increase) decrease prepaid expenses | 106,692 |
| Accounts payable, accrued payroll, accrued payroll taxes and other liabilities | 644,020 |
| (Increase) decrease in deferred outflows of resources (Pension and OPEB) | (16,217,197) |
| Increase (decrease) in deferred inflows of resources (Pension and OPEB) | (22,367,501) |
| Increase (decrease) in net pension liability and net OPEB liability | 39,014,462 |
| NET CASH USED IN OPERATING ACTIVITIES | \$ (52,891,678) |

See accompanying notes to the financial statements.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023, \$9,267,631 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, 2023

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. The Authority is reporting intangible right to use assets related to leased equipment, vehicles and a building. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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 |
| Leased assets | 3-5 |

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 outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets in 2023, although there were lease liabilities in accordance with GASB Statement No. 87.

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, 2023

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, 2023

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, net OPEB asset, 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 or OPEB asset 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 or OPEB asset. Under the new standards, the net pension/OPEB liability or OPEB asset 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, 2023

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, 2023, the carrying amount of the Authority's cash deposits was \$122,887,006. Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures", as of December 31, 2023, \$250,000 of the Authority's bank balance of \$123,570,657 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 of \$61,660,329. As December 31, 2023, the Authority had \$1,561 in petty cash.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 2023, the Authority's financial institution was approved for a collateral rate of 50 percent through the OPCS.

The Board of Trustees has designated \$17,140,508 in 2023 as contingencies for future use that are included in investments.

Investments at December 31, 2023 are summarized as follows:

| Rating <u>S&P</u> | <u>Description</u> | <u>Investment Maturities</u> | | | | <u>Percentage of Investments</u> |
|--------------------------|--|------------------------------|-----------------------------|--|--------------------------------|--------------------------------------|
| | | <u>Fair Value</u> | <u>One year or less</u> | <u>More than one and less than three years</u> | <u>Three years or more</u> | |
| AAAm | Money market mutual fund | \$ 2,312,709 | \$2,312,709 | \$ - | \$ - | 8% |
| FDIC | Various negotiable certificates of deposit | 2,683,004 | 1,349,404 | 1,333,600 | - | 9% |
| | US Treasury notes | 15,368,774 | 3,685,664 | 8,165,008 | 3,518,102 | 52% |
| | Government Sponsored Enterprise Bonds: | | | | | |
| AA+ | Federal Farm Credit Bank (FFCB) | 433,487 | 433,487 | - | - | 2% |
| AA+ | Federal Home Loan Bank (FHLB) | 4,193,306 | 1,070,594 | 3,122,712 | - | 14% |
| AA+ | Federal National Mortgage Assoc (FNMA) | 4,491,615 | - | 4,491,615 | - | 15% |
| | Total investments | \$29,482,895 | \$8,851,858 | \$ 17,112,935 | \$3,518,102 | |
| | Percentage by Maturity | 100% | 30% | 58% | 12% | |

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, 2023. 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, 2023

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 National Mortgage Association (FNMA), 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 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. 31% of the Authority's investments are in FFCB, FNMC and FHLB, and negotiable CDs make up 10% 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.

Interestrate 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.

Reconciliation of Cash and Investments to the Statement of Net Position: The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2023:

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2. DEPOSITS AND INVESTMENTS - (continued)

| | December 31, 2023 |
|--|-------------------|
| <u>Cash and investments per footnote</u> | |
| Carrying amount | \$ 122,887,006 |
| Investments | 29,482,895 |
| Accrued interest | 70,757 |
| | \$ 152,440,658 |

| | |
|---|----------------|
| <u>Cash and investments per statement of net position</u> | |
| Cash and cash equivalents | \$ 125,199,715 |
| Investments | 27,170,186 |
| Accrued interest | 70,757 |
| | \$ 152,440,658 |

3. LONG TERM OBLIGATIONS

During 2023, the following changes occurred in long term obligations:

A. Compensated Absences

| | 2023 |
|---------------------|--------------|
| Beginning balance | \$ 1,855,238 |
| Liability earned | 1,790,714 |
| Liability paid | (1,718,289) |
| Ending balance | \$ 1,927,663 |
| Due within one year | \$ 1,927,663 |

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 and benefits.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

3. LONG TERM OBLIGATIONS - (continued)

B. Net Pension Liability/OPEB and Lease Payable

The long-term obligations at December 31, 2023 follow:

| | January 1 | Increase | Decrease | December 31 | Due within one year |
|-----------------------------|----------------------|----------------------|--------------------|----------------------|------------------------|
| Lease payable | \$ 236,057 | \$ - | \$ (75,363) | \$ 160,694 | \$ 78,311 |
| Net pension liability | 14,404,129 | 33,048,702 | - | 47,452,831 | - |
| Net OPEB liability | - | 975,174 | - | 975,174 | - |
| Total long term obligations | <u>\$ 14,640,186</u> | <u>\$ 34,023,876</u> | <u>\$ (75,363)</u> | <u>\$ 48,588,699</u> | <u>\$ 78,311</u> |

Leases Payable:

The Authority has entered into lease agreements for the use for the right to use building, copiers and vehicles. The Authority has reported intangible -right to use capital assets and corresponding liability for the future scheduled payments under the leases. Payments are due monthly and the leases mature in 2023.

| Year ending <u>December 31,</u> | Principal <u>Payments</u> | Interest <u>Payments</u> | <u>Total</u> |
|------------------------------------|------------------------------|-----------------------------|-------------------|
| 2024 | \$ 78,311 | \$ 4,549 | \$ 82,860 |
| 2025 | 56,410 | 1,891 | 58,301 |
| 2026 | <u>25,973</u> | <u>401</u> | <u>26,374</u> |
| Total | <u>\$160,694</u> | <u>\$ 6,841</u> | <u>\$ 167,535</u> |

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

4. CAPITAL AND RIGHT TO USE ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

| Description | Balance 1/1/2023 | Addition | Disposal | Balance 12/31/2023 |
|--|----------------------|--------------------|--------------------|-----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,718,744 | \$ - | \$ - | \$ 4,718,744 |
| Right-of-ways | 10,653,206 | - | - | 10,653,206 |
| Construction in progress | 2,511,789 | 1,563,894 | (1,203,538) | 2,872,145 |
| Total capital assets not being depreciated | 17,883,739 | 1,563,894 | (1,203,538) | 18,244,095 |
| Capital assets being depreciated/amortized: | | | | |
| Building and building improvements | 61,785,256 | 858,970 | - | 62,644,226 |
| Infrastructure | 8,983,521 | - | - | 8,983,521 |
| Transportation equipment | 78,446,045 | 12,014,344 | (5,929,351) | 84,531,038 |
| Other equipment | 17,544,532 | 807,270 | - | 18,351,802 |
| Intangible right to use: | | | | |
| Lease building | 57,356 | - | - | 57,356 |
| Lease copiers | 32,849 | - | - | 32,849 |
| Lease vehicles | 200,508 | - | - | 200,508 |
| Total intangible right to use | 290,713 | - | - | 290,713 |
| Total capital assets being depreciated/amortized | 167,050,067 | 13,680,584 | (5,929,351) | 174,801,300 |
| Less accumulated depreciation/amortization : | | | | |
| Building and building improvements | \$ (33,197,050) | \$ (2,057,885) | \$ - | \$ (35,254,935) |
| Infrastructure | (7,848,134) | (168,785) | - | (8,016,919) |
| Transportation equipment | (55,695,898) | (5,776,337) | 5,929,351 | (55,542,884) |
| Other equipment | (14,746,206) | (1,319,320) | - | (16,065,526) |
| Less accumulated amortization : | | | | |
| Intangible right to use: | | | | |
| Lease building | (19,119) | (19,119) | - | (38,238) |
| Lease copiers | (1,825) | (10,950) | - | (12,775) |
| Lease vehicles* | (45,059) | (45,059) | - | (90,118) |
| Total accumulated amortization | (66,003) | (75,128) | - | (141,131) |
| Total accumulated depreciation and amortization | (111,553,291) | (9,397,455) | 5,929,351 | (115,021,395) |
| Total capital assets being depreciated/amortized, net | 55,496,776 | | | 59,779,905 |
| Total capital asset, net | \$ 73,380,515 | | | \$ 78,024,000 |

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

5. PURCHASED TRANSPORTATION SERVICES

During 2023, the Authority had a contract with a local transportation company to provide transit services within Summit County for elderly and disabled passengers. Expenses under this contract amounted to \$1,749,748 in 2023. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

6. DEFINED BENEFIT PENSION AND OPEB PLANS

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/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 net pension/OPEB liability (asset) represent the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 pensions/OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

METRO REGIONAL TRANSIT AUTHORITY
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

A. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description - The Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. 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.

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 and combined plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

| 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.

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

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Notes to the Financial Statements
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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

| | <u>State and Local</u> |
|--|----------------------------|
| 2023 Statutory maximum contribution rates | |
| Employer | 14.00 % |
| Employee | 10.00 % |
| 2023 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 \$3,802,355 for 2023. Of this amount, \$310,888 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>OPERS</u> | |
|--|--------------------|-------------------|
| | <u>2023</u> | <u>2022</u> |
| Proportion of the net pension liability - prior measurement date | 0.1655570% | 0.1649240% |
| Proportion of the net pension liability - current measurement date | <u>0.1606390%</u> | <u>0.1655570%</u> |
| Change in proportionate share | <u>-0.0049180%</u> | <u>0.0006330%</u> |
| Proportionate share of the net pension liability | \$47,452,831 | \$14,404,129 |
| Pension expense | \$6,228,812 | (\$2,914,512) |

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | |
|--|----------------------|----------------------|
| | <u>2023</u> | <u>2022</u> |
| Deferred outflows of resources | | |
| Net differences between expected and actual experience | \$ 1,576,184 | \$ 734,301 |
| Net difference between projected and actual earnings on pension plan investments | 13,525,548 | - |
| Changes of assumptions | 501,306 | 1,801,221 |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | 22,468 | 78,329 |
| Employer contributions subsequent to the measurement date | <u>3,802,355</u> | <u>3,486,016</u> |
| Total deferred outflows of resources | <u>\$ 19,427,861</u> | <u>\$ 6,099,867</u> |
| Deferred inflows of resources | | |
| Differences between expected and actual experience | \$ - | \$ 315,918 |
| Net difference between projected and actual earnings on pension plan investments | - | 17,133,187 |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | <u>519,295</u> | <u>364,441</u> |
| Total deferred inflows of resources | <u>\$ 519,295</u> | <u>\$ 17,813,546</u> |

\$3,802,355 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Notes to the Financial Statements
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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

| Year ending December 31: | <u>OPERS</u> |
|-----------------------------|---------------------|
| 2024 | \$ 1,507,215 |
| 2025 | 2,992,011 |
| 2026 | 3,981,227 |
| 2027 | <u>6,625,758</u> |
| Total | <u>\$15,106,211</u> |

Actuarial Assumptions - OPERS

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

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Wage inflation | 2.75 percent |
| Future salary increases, including inflation -Traditional plan | 2.75 percent to 10.75 percent |
| Future salary increases, including inflation - Combined plan | 2.75 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 2023, then 2.05 percent, simple |
| Investment rate of return | 6.9 percent |
| Actuarial cost method | Individual entry age |

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

The most recent experience study was completed for the five-year period ended December 31, 2020.

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.

During 2022, 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 12.1% for 2022.

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 2022 and the long-term expected real rates of return:

| <u>Asset class</u> | <u>Target allocation</u> | Weighted average long-term expected real rate of return <u>(arithmetic)</u> |
|------------------------|------------------------------|--|
| Fixed income | 22.00% | 2.62% |
| Domestic equities | 22.00% | 4.60% |
| Real estate | 13.00% | 3.27% |
| Private equity | 15.00% | 7.53% |
| International equities | 21.00% | 5.51% |
| Risk parity | 2.00% | 4.37% |
| Other investments | <u>5.00%</u> | 3.27% |
| Total | <u>100.00%</u> | |

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For the Year Ended December 31, 2023

6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Discount Rate The discount rate used to measure the total pension liability was 6.9%. 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 6.9%, 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 (5.9%) or one-percentage-point higher (7.9%) than the current rate:

| | 1% Decrease <u>(5.90%)</u> | Current discount rate <u>(6.90%)</u> | 1% Increase <u>(7.90%)</u> |
|--|-------------------------------|--|-------------------------------|
| Employer proportionate share of the net pension liability | \$71,082,758 | \$ 47,452,831 | \$ 27,796,973 |

B. OPEB PLAN

Ohio Public Employees Retirement System

Plan Description - The 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.

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

See OPERS' Annual Comprehensive Financial Report 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 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 2023, 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.

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 2023. 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 2023 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 2023. Of this amount, \$0 is reported as an intergovernmental payable

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

The net OPEB liability or asset and total OPEB liability or asset for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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 or asset 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:

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

| | <u>OPERS</u> | |
|--|--------------------|--------------------|
| | <u>2023</u> | <u>2022</u> |
| Proportion of the net OPEB liability - prior measurement date | 0.1593550% | 0.1595790% |
| Proportion of the net OPEB liability or asset - current measurement date | <u>0.1546620%</u> | <u>0.1593550%</u> |
| Change in proportionate share | <u>-0.0046930%</u> | <u>-0.0002240%</u> |
| Proportionate share of the net OPEB liability (asset) | \$975,174 | (\$4,991,243) |
| OPEB expense | (\$1,996,036) | (\$4,572,485) |

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>OPERS</u> | |
|--|---------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Deferred outflows of resources | | |
| Net difference between projected and actual earnings on OPEB plan investments | \$ 1,936,729 | \$ - |
| Changes of assumptions | <u>952,474</u> | <u>-</u> |
| Total deferred outflows of resources | <u>\$ 2,889,203</u> | <u>\$ -</u> |
| Deferred inflows of resources | | |
| Differences between expected and actual experience | \$ 243,246 | \$ 757,095 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 2,379,473 |
| Changes of assumptions | 78,373 | 2,020,398 |
| Changes in proportionate share and differences between City contributions and proportionate share of contributions | <u>4,448</u> | <u>242,351</u> |
| Total deferred inflows of resources | <u>\$ 326,067</u> | <u>\$ 5,399,317</u> |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

| Year ending December 31: | OPERS |
|-----------------------------|--------------|
| 2024 | \$ 316,505 |
| 2025 | 707,096 |
| 2026 | 603,935 |
| 2027 | 935,600 |
| Total | \$ 2,563,136 |

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 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, 2021 rolled forward to the measurement date of December 31, 2022. 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:

| | |
|-----------------------------|--|
| Experience study | 5 - year period ended December 31, 2020 |
| Wage inflation | 2.75 percent |
| Projected salary increases | 2.75 to 10.75 percent (includes wage inflation at 2.75 percent) |
| Single discount rate: | |
| Current measurement date | 5.22 |
| Prior measurement date | 6.00 percent |
| Investment rate of return | 6.00 percent |
| Municipal bond rate | 4.05 |
| Health care cost trend rate | 5.50 percent, initial 3.50 percent, ultimate in 2036 |
| Actuarial cost method | Individual entry age normal |

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

| <u>Asset class</u> | <u>Target allocation</u> | Weighted average long-term expected real rate of return <u>(arithmetic)</u> |
|------------------------------|------------------------------|--|
| Fixed income | 34.00% | 2.56% |
| Domestic equities | 26.00% | 4.60% |
| Real estate investment trust | 7.00% | 4.70% |
| International equities | 25.00% | 5.51% |
| Risk parity | 2.00% | 4.37% |
| Other investments | <u>6.00%</u> | 1.84% |
| Total | <u>100.00%</u> | |

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Notes to the Financial Statements
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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

During 2022, 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 15.6 percent for 2022.

Discount Rate A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rates 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 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

| | 1% Decrease <u>(4.22%)</u> | Current discount rate <u>(5.22%)</u> | 1% Increase <u>(6.22%)</u> |
|--|-------------------------------|--|-------------------------------|
| Proportionate share of the net OPEB liability/(asset) | \$ 3,319,047 | \$ 975,174 | \$ (958,904) |

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6. DEFINED BENEFIT PENSION AND OPEB PLANS - (continued)

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.

| | <u>1% Decrease</u> | Current health care cost trend rate <u>assumption</u> | <u>1% Increase</u> |
|--|--------------------|---|--------------------|
| Proportionate share of the net OPEB liability | \$914,052 | \$975,174 | \$1,043,969 |

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 2023 is 5.50 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 3.50 percent in the most recent valuation.

7. 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, 2023, are listed in the table below.

| | |
|--------------------------------------|----------------------|
| FEDERAL: | |
| FTA Maintenance and Other Assistance | \$ 12,386,304 |
| FTA Capital Contribution | <u>9,267,631</u> |
| Total | <u>\$ 21,653,935</u> |
| STATE: | |
| Fuel Tax Reimbursement | \$ 85,712 |
| Other State Assistance | <u>1,769,933</u> |
| Total | <u>\$ 1,855,645</u> |

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8. RISK MANAGEMENT

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

During the loss year of 2023, OTRP provided to the Authority commercial property coverage with limits of \$250,000,000. 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 2023.

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

As of January 1, 2023, 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 2023 loss year was 14.37%.

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, 2023 was \$539,390. The full amount has been contributed for 2023.

9. 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, 2023, 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
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

10. SUBSEQUENT EVENTS

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

Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Proportionate Share of the Net Pension Liability

Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|---------------|---------------|
| Ohio Public Employees Retirement System (OPERS) - Traditional Plan | | | | |
| Authority's proportion of the net pension liability | 0.1606390% | 0.1655570% | 0.1649240% | 0.1727850% |
| Authority's proportionate share of the net pension liability | \$ 47,452,831 | \$ 14,404,129 | \$ 24,421,654 | \$ 34,152,127 |
| Authority's covered payroll | \$ 24,900,114 | \$ 23,982,321 | \$ 23,228,271 | \$ 24,310,343 |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 190.57% | 60.06% | 105.14% | 140.48% |
| Plan fiduciary net position as a percentage of total pension liability | 75.74% | 92.62% | 86.88% | 82.17% |

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 0.1684960% | 0.1755800% | 0.1765750% | 0.1633140% | 0.1589510% | 0.1589510% |
| \$ 46,147,638 | \$ 27,545,098 | \$ 40,097,180 | \$ 28,288,044 | \$ 19,171,267 | \$ 18,738,252 |
| \$ 23,680,693 | \$ 23,178,338 | \$ 21,775,667 | \$ 20,524,750 | \$ 19,455,183 | \$ 18,486,369 |
| 194.87% | 118.84% | 184.14% | 137.82% | 98.54% | 101.36% |
| 74.70% | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |

Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Contributions - Pension

Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Ohio Public Employees Retirement System (OPERS) - Traditional Plan | | | | | |
| Contractually required contribution - Pension | \$ 3,802,355 | \$ 3,486,016 | \$ 3,357,525 | \$ 3,251,958 | \$ 3,403,448 |
| Contributions in relation to contractually required contribution | <u>(3,802,355)</u> | <u>(3,486,016)</u> | <u>(3,357,525)</u> | <u>(3,251,958)</u> | <u>(3,403,448)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority covered payroll | \$ 27,159,679 | \$ 24,900,114 | \$ 23,982,321 | \$ 23,228,271 | \$ 24,310,343 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 3,315,297 | \$ 3,013,184 | \$ 2,613,080 | \$ 2,462,970 | \$ 2,334,622 |
| <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>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 23,680,693 | \$ 23,178,338 | \$ 21,775,667 | \$ 20,524,750 | \$ 19,455,183 |
| 14.00% | 13.00% | 12.00% | 12.00% | 12.00% |

Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Proportionate Share of the Net OPEB Liability or Asset Last Seven Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------|----------------|----------------|
| Ohio Public Employees Retirement System (OPERS) | | | |
| Authority's proportion of the net OPEB liability or asset | 0.1546620% | 0.1593550% | 0.1595790% |
| Authority's proportionate share of the net OPEB liability (asset) | \$ 975,174 | \$ (4,991,243) | \$ (2,843,027) |
| Authority's covered payroll | \$ 24,900,114 | \$ 23,982,321 | \$ 23,228,271 |
| Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 3.92% | -20.81% | -12.24% |
| Plan fiduciary net position as a percentage of total OPEB liability or asset | 94.79% | 128.23% | 115.57% |

(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.

| 2020 | 2019 | 2018 | 2017 |
|---------------|---------------|---------------|---------------|
| 0.1668670% | 0.1633880% | 0.1706120% | 0.1726640% |
| \$ 23,048,668 | \$ 21,387,335 | \$ 18,527,206 | \$ 17,439,650 |
| \$ 24,310,343 | \$ 23,680,693 | \$ 23,178,338 | \$ 21,775,667 |
| 94.81% | 90.32% | 79.93% | 80.09% |
| 47.80% | 46.33% | 54.14% | 54.05% |

Metro Regional Transit Authority

Required Supplementary Information

Schedule of Metro Regional Transit Authority Contributions - OPEB

Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|---------------|
| Ohio Public Employees Retirement System (OPERS) | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority covered payroll | \$ 27,159,679 | \$ 24,900,114 | \$ 23,982,321 | \$ 23,228,271 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% |

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------|---------------|------------------|------------------|------------------|------------------|
| \$ - | \$ - | \$ 241,441 | \$ 458,435 | \$ 427,599 | \$ 405,316 |
| <u>-</u> | <u>-</u> | <u>(241,441)</u> | <u>(458,435)</u> | <u>(427,599)</u> | <u>(405,316)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 24,310,343 | \$ 23,680,693 | \$ 23,178,338 | \$ 21,775,667 | \$ 20,524,750 | \$ 19,455,183 |
| 0.00% | 0.00% | 1.00% | 2.00% | 2.00% | 2.00% |

Metro Regional Transit Authority
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Net Pension Liability

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 no change in methods and assumptions used in the calculation of actuarial determined contributions for 2023. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Net OPEB Liability or Asset

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 2023. 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
2023 (Unaudited)**

Statistical Section

This part of the Authority's Annual Comprehensive 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 health.

| 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. | 66-72 |
| Revenue Capacity These schedules contain information to help the reader assess the Authority's most significant local revenue source, the sales tax. | 73-75 |
| Debt Capacity Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. | 76 |
| 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. | 77-79 |
| 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. | 80-83 |

METRO Regional Transit Authority

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

TABLE 1

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| NET POSITION | | | | | |
| Net Investment in capital assets | \$ 77,863,306 | \$ 73,144,458 | \$ 78,498,073 | \$ 79,972,618 | \$ 81,356,197 |
| Unrestricted | 140,505,152 | 122,170,755 | 82,610,350 | 38,574,587 | 13,164,566 |
| TOTAL NET POSITION | <u>\$ 218,368,458</u> | <u>\$ 195,315,213</u> | <u>\$ 161,108,423</u> | <u>\$ 118,547,205</u> | <u>\$ 94,520,763</u> |
| | | | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| NET POSITION | | | | | |
| Net Investment in capital assets | \$ 88,641,026 | \$ 93,767,594 | \$ 94,402,997 | \$ 89,241,815 | \$ 85,936,603 |
| Unrestricted | 13,406,369 | 9,207,002 | 32,102,411 | 34,115,012 | 45,797,451 |
| TOTAL NET POSITION | <u>\$ 102,047,395</u> | <u>\$ 102,974,596</u> | <u>\$ 126,505,408</u> | <u>\$ 123,356,827</u> | <u>\$ 131,734,054</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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| Passenger fares | \$ 2,397,633 | \$ 2,011,757 | \$ 1,786,332 | \$ 1,728,569 | \$ 3,633,758 |
| Advertising and concessions | 263,398 | 215,248 | 273,505 | 467,383 | 574,484 |
| TOTAL OPERATING REVENUE | 2,661,031 | 2,227,005 | 2,059,837 | 2,195,952 | 4,208,242 |
| OPERATING EXPENSES | | | | | |
| Labor | 25,931,266 | 24,929,218 | 23,258,842 | 23,094,596 | 23,593,758 |
| Fringe benefits | 18,102,710 | 4,126,882 | (4,562,449) | 19,025,865 | 23,131,630 |
| Materials and supplies and fuel | 4,848,588 | 5,337,300 | 5,089,084 | 5,208,505 | 5,919,215 |
| Services | 3,751,612 | 4,191,651 | 3,855,356 | 3,672,224 | 3,150,268 |
| Utilities | 1,027,705 | 969,382 | 998,952 | 904,406 | 995,362 |
| Casualty and liability | 1,043,366 | 876,190 | 935,275 | 1,043,110 | 1,082,084 |
| Taxes | 97,369 | 118,383 | 141,932 | 182,846 | 175,160 |
| Purchased transportation service | 1,749,748 | 1,579,208 | 1,346,902 | 1,302,601 | 2,030,270 |
| Miscellaneous | 557,626 | 324,598 | 290,143 | 351,326 | 465,098 |
| TOTAL OPERATING EXPENSES | 57,109,990 | 42,452,812 | 31,354,037 | 54,785,479 | 60,542,845 |
| BEFORE DEPRECIATION EXPENSE | 57,109,990 | 42,452,812 | 31,354,037 | 54,785,479 | 60,542,845 |
| OPERATING LOSS | | | | | |
| BEFORE DEPRECIATION EXPENSE | (54,448,959) | (40,225,807) | (29,294,200) | (52,589,527) | (56,334,603) |
| Depreciation expense | 9,397,455 | 9,697,471 | 9,812,460 | 9,717,664 | 9,516,241 |
| OPERATING LOSS | (63,846,414) | (49,923,278) | (39,106,660) | (62,307,191) | (65,850,844) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Sales tax revenue | 58,973,972 | 57,632,413 | 55,349,037 | 49,541,450 | 48,552,050 |
| Federal operating grants and reimbursements | 12,386,304 | 17,441,505 | 17,167,584 | 27,965,133 | 5,580,096 |
| State operating grants and special fare assistance | 1,855,645 | 3,701,859 | 1,525,089 | 3,449,689 | 169,318 |
| Student fare and other assistance | 1,706,900 | 1,651,490 | 1,559,749 | 1,356,842 | 1,531,202 |
| Interest income (loss) | 2,033,703 | (1,451,199) | (286,363) | 436,959 | 816,510 |
| Gain (Loss) from disposal of assets | 55,863 | 98,586 | 94,427 | 6,705 | 53,614 |
| Interest and fiscal charges | (7,536) | (7,404) | - | - | - |
| Other | 627,177 | 896,194 | 1,072,918 | 3,282,873 | 698,748 |
| NON-OPERATING REVENUES/EXPENSES - NET | 77,632,028 | 79,963,444 | 76,482,441 | 86,039,651 | 57,401,538 |
| CAPITAL CONTRIBUTIONS | | | | | |
| Capital Contributions | 9,267,631 | 4,166,624 | 5,185,441 | 293,982 | 922,674 |
| CHANGE IN NET POSITION | 23,053,245 | 34,206,790 | 42,561,222 | 24,026,442 | (7,526,632) |
| Net Position, Beginning Balance | 195,315,213 | 161,108,423 | 118,547,205 | 94,520,763 | 102,047,395 |
| Net Position, Ending Balance | \$ 218,368,458 | \$ 195,315,213 | \$ 161,108,427 | \$ 118,547,205 | \$ 94,520,763 |

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 (continued)

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| OPERATING REVENUES: | | | | | |
| Passenger fares | \$ 3,702,602 | \$ 3,792,434 | \$ 4,100,559 | \$ 4,428,054 | \$ 4,941,683 |
| Advertising and concessions | 584,334 | 473,562 | 475,218 | 417,915 | 443,133 |
| TOTAL OPERATING REVENUE | 4,286,936 | 4,265,996 | 4,575,777 | 4,845,969 | 5,384,816 |
| OPERATING EXPENSES | | | | | |
| Labor | 23,318,946 | 22,725,196 | 22,055,895 | 20,586,041 | 19,024,350 |
| Fringe benefits | 20,593,032 | 18,026,874 | 14,801,005 | 11,736,750 | 10,086,226 |
| Materials and supplies and fuel | 5,642,583 | 5,436,604 | 4,841,532 | 5,447,931 | 5,745,162 |
| Services | 3,503,955 | 2,861,282 | 2,317,013 | 2,516,684 | 2,712,750 |
| Utilities | 918,551 | 956,330 | 739,511 | 913,740 | 691,099 |
| Casualty and liability | 830,189 | 1,691,192 | 1,450,188 | 1,262,850 | 1,268,181 |
| Taxes | 139,059 | 149,207 | 172,240 | 183,769 | 194,698 |
| Purchased transportation service | 1,924,830 | 1,763,857 | 1,718,313 | 1,229,441 | 807,710 |
| Miscellaneous | 412,372 | 467,124 | 511,478 | 376,597 | 413,348 |
| TOTAL OPERATING EXPENSES | 57,283,517 | 54,077,666 | 48,607,175 | 44,253,803 | 40,943,524 |
| BEFORE DEPRECIATION EXPENSE | 57,283,517 | 54,077,666 | 48,607,175 | 44,253,803 | 40,943,524 |
| OPERATING LOSS | | | | | |
| BEFORE DEPRECIATION EXPENSE | (52,996,581) | (49,811,670) | (44,031,398) | (39,407,834) | (35,558,708) |
| Depreciation expense | 10,070,589 | 10,369,813 | 9,374,581 | 8,628,338 | 9,231,103 |
| OPERATING LOSS | (63,067,170) | (60,181,483) | (53,405,979) | (48,036,172) | (44,789,811) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Sales tax revenue | 49,142,903 | 46,668,426 | 46,784,297 | 44,896,182 | 43,346,649 |
| Federal operating grants and reimbursements | 3,644,841 | 2,530,192 | 4,683,361 | 4,243,338 | 4,826,204 |
| State operating grants and special fare assistance | 135,739 | 686,166 | 165,441 | 177,512 | 251,223 |
| Student fare and other assistance | 1,850,434 | 1,709,021 | 1,160,333 | 809,188 | 545,528 |
| Medicaid transition sales tax | 2,500,246 | 1,157,820 | - | - | - |
| Lottery ticket sales revenue | 37,898 | 127,034 | - | - | - |
| Interest income | 233,684 | 113,554 | 236,441 | 146,698 | 102,124 |
| Interest expense | - | - | - | - | (3,350) |
| Gain (Loss) from disposal of assets | - | 13,380 | 63,106 | 8,125 | 26,883 |
| Other | 757,008 | 712,753 | 575,135 | 860,030 | 262,865 |
| NON-OPERATING REVENUES/EXPENSES - NET | 58,302,753 | 53,718,346 | 53,668,114 | 51,141,073 | 49,358,126 |
| CAPITAL CONTRIBUTIONS | | | | | |
| Capital Grant Contributions | 3,837,216 | 130,534 | 2,886,446 | 4,921,502 | 9,054,483 |
| CHANGE IN NET POSITION | (927,201) | (6,332,603) | 3,148,581 | 8,026,403 | 13,622,798 |
| Net Position, Beginning Balance | 120,172,805 | 126,505,408 | 123,356,827 | 131,734,054 | 118,111,256 |
| Cumulative effect of change in accounting principle* | (17,198,209) | - | - | (16,403,630) | - |
| Net Position, Ending Balance | \$ 102,047,395 | \$ 120,172,805 | \$ 126,505,408 | \$ 123,356,827 | \$ 131,734,054 |

Source: METRO's audited annual financial statements

*GASB 68 implemented during 2015

*GASB 75 implemented during 2018

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> | | |
| 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 | 29.5% | 4.5% | 34.0% | 35.1% | 22.9% | 7.9% | 66.0% | 100.0% |
| 2020 | 16.6% | 4.1% | 20.7% | 29.7% | 23.1% | 26.5% | 79.3% | 100.0% |
| 2021 | 11.9% | 3.6% | 15.5% | 26.9% | 20.6% | 37.0% | 84.5% | 100.0% |
| 2022* | | | | | | | | |
| 2023* | | | | | | | | |

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> | | |
| 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% |
| 2020 | 2.0% | 4.8% | 6.7% | 57.7% | 3.9% | 31.7% | 93.3% | 100.0% |
| 2021 | 2.3% | 1.5% | 3.7% | 72.5% | 1.9% | 21.9% | 96.3% | 100.0% |
| 2022 | 2.4% | -0.3% | 2.1% | 72.1% | 4.5% | 21.2% | 97.9% | 100.0% |
| 2023 | 3.0% | 3.7% | 6.7% | 75.6% | 2.3% | 15.4% | 93.3% | 100.0% |

(1) Source: The American Public Transit Association, "APTA 2023 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> |
|-------------|----------------------------|--------------------------------|-----------------|------------------|---------------------------------|---------------------------------|--------------|-----------------------|
| 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% | 2.6% | 14.5% | 1.5% | 100.0% |
| 2019 | 60.9% | 8.5% | 8.8% | 2.7% | 2.7% | 15.0% | 1.4% | 100.0% |
| 2020 | 61.9% | 7.7% | 9.2% | 2.6% | 2.4% | 15.1% | 1.1% | 100.0% |
| 2021 | 62.0% | 7.5% | 9.5% | 2.7% | 2.8% | 14.3% | 1.2% | 100.0% |
| 2022* | | | | | | | | |
| 2023* | | | | | | | | |

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> |
|-------------|----------------------------|--------------------------------|-----------------|------------------|---------------------------------|---------------------------------|--------------|-----------------------|
| 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% |
| 2020 | 76.9% | 9.5% | 6.7% | 1.7% | 1.9% | 2.4% | 1.0% | 100.0% |
| 2021 | 59.6% | 16.2% | 12.3% | 3.2% | 3.0% | 4.3% | 1.4% | 100.0% |
| 2022 | 68.4% | 12.6% | 9.9% | 2.3% | 2.1% | 3.7% | 1.0% | 100.0% |
| 2023 | 77.1% | 8.5% | 6.6% | 1.8% | 1.8% | 3.1% | 1.1% | 100.0% |

(1) Source: The American Public Transit Association, "APTA 2023 Fact Book Appendix A Table 70"

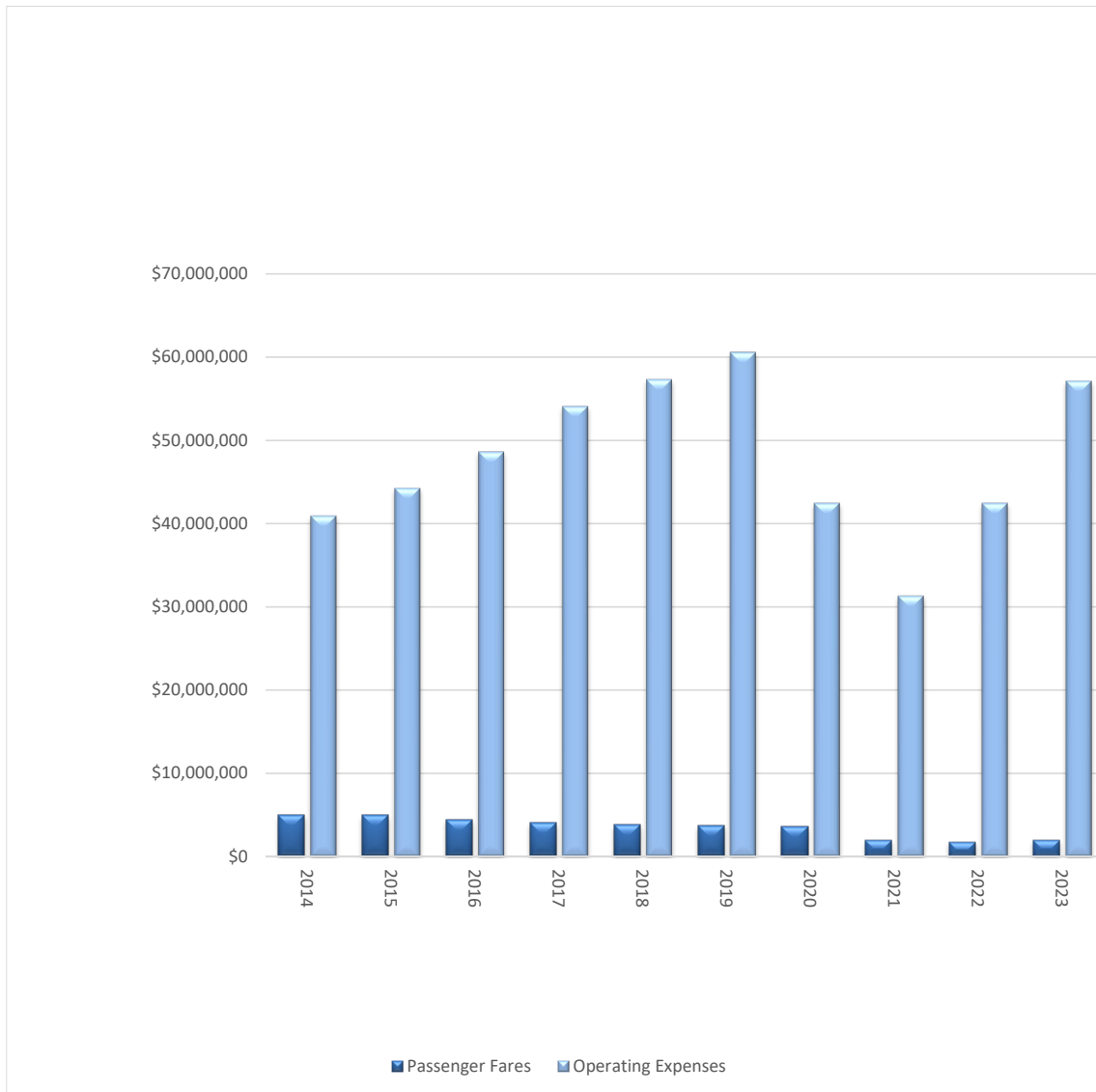
(2) Source: METRO's annual financial audited statements

* 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 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------|-------|--------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GCRTA | 1.00% | Oct 1, 1975 | \$ 197,118,145 | 205,843,322 | 218,749,850 | 213,718,147 | 204,331,707 | 212,192,079 | 210,147,468 | 239,341,749 | 254,954,365 | 261,817,712 |
| COTA | 0.50% | Jan 1, 2008 | \$ 114,310,238 | 124,725,270 | 155,121,245 | 130,475,584 | 129,263,778 | 123,622,039 | 121,924,429 | 139,774,570 | 153,606,229 | 159,407,327 |
| Laketrans | 0.25% | Aug 1, 1988 | \$ 8,500,479 | 8,832,168 | 9,259,352 | 9,200,779 | 9,211,771 | 9,507,546 | 15,001,057 | 22,367,759 | 23,444,793 | 24,184,726 |
| WRTA | 0.25% | Apr 1, 2009 | \$ 8,358,590 | 8,580,592 | 8,700,361 | 8,695,139 | 8,288,017 | 8,550,054 | 8,789,839 | 10,052,650 | 10,570,697 | 10,828,546 |
| MVRTA | 0.50% | Jul 1, 1980 | \$ 36,771,641 | 39,246,288 | 41,441,781 | 40,679,882 | 38,026,154 | 39,441,540 | 40,754,041 | 45,714,810 | 48,133,673 | 48,987,344 |
| PARTA | 0.25% | Feb 1, 2002 | \$ 4,859,656 | 5,156,388 | 5,250,706 | 5,320,630 | 5,262,660 | 5,455,165 | 5,801,971 | 6,782,195 | 7,078,284 | 7,394,492 |
| SARTA | 0.25% | Jul 1, 1997 | \$ 13,555,026 | 14,412,060 | 14,595,763 | 14,867,817 | 14,585,440 | 14,880,943 | 15,042,836 | 17,115,132 | 18,340,003 | 18,837,417 |
| METRO | 0.50% | Jul 1, 2008 | \$ 42,168,538 | 44,190,357 | 46,205,876 | 46,271,616 | 44,638,154 | 46,298,041 | 49,053,203 | 53,499,068 | 56,395,967 | 58,249,392 |
| ACRTA | 0.10% | Oct 1, 2019 | a | a | a | a | a | 8,990 | 1,737,496 | 1,909,731 | 1,978,712 | 2,023,387 |
| DCT | 0.18% | Jan 1, 2019 | a | a | a | a | a | 9,368,940 | 9,052,322 | 10,746,415 | 12,159,030 | 12,686,134 |
| LFPT | 0.15% | Jan 1, 2019 | a | a | a | a | a | 1,540,637 | 1,450,136 | 1,664,945 | 1,724,204 | 1,710,487 |
| LCT | 0.20% | Jan 1, 2019 | a | a | a | a | a | 420,073 | 388,385 | 498,162 | 530,128 | 802,024 |
| UCATS | 0.18% | Jan 1, 2019 | a | a | a | a | a | 167,255 | 172,051 | 190,947 | 226,482 | 239,870 |

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

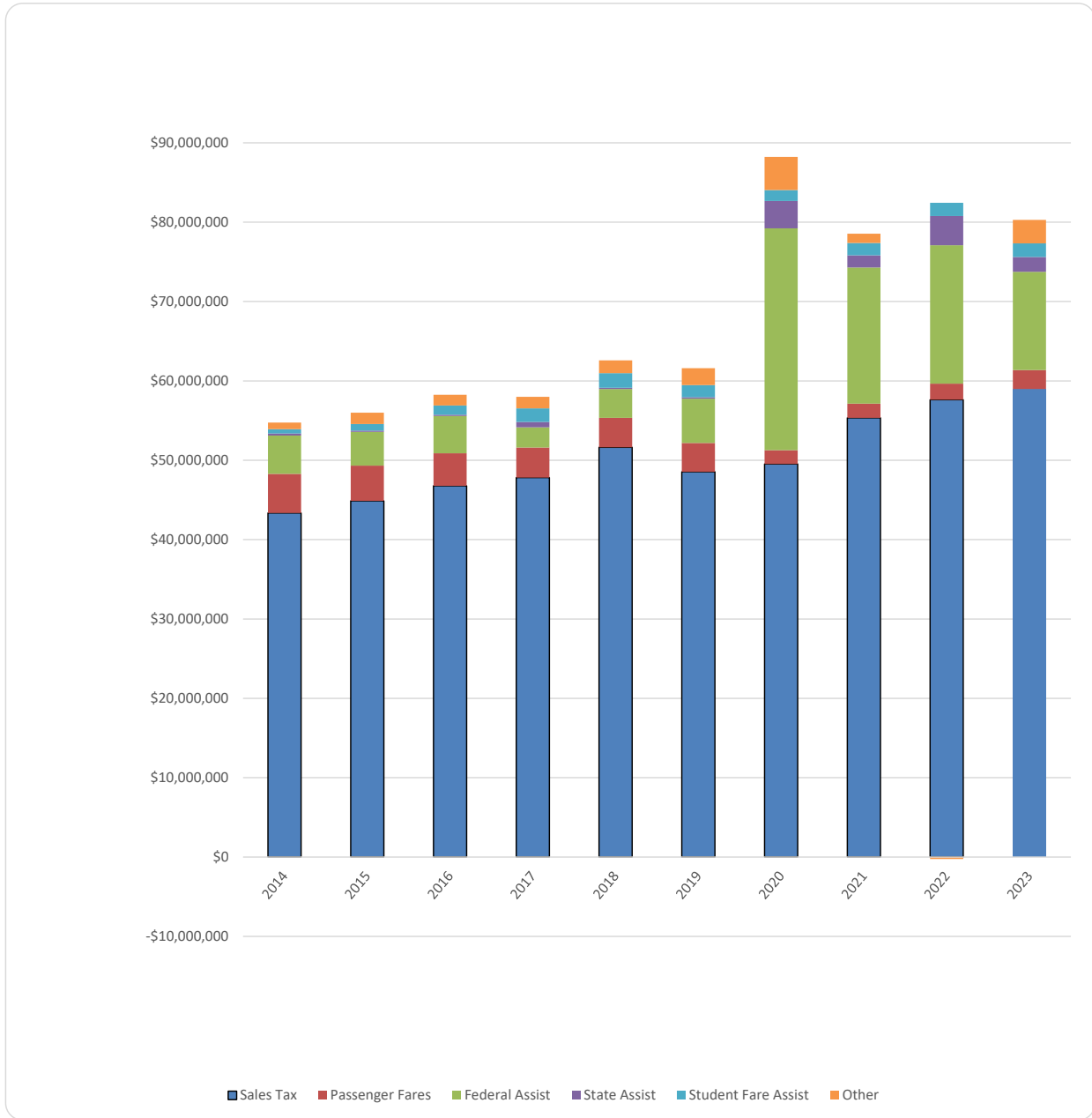
| Operating Revenues | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Passengers Fares | \$4,941,683 | \$4,428,054 | \$4,100,559 | \$3,792,434 | \$3,702,602 | \$3,633,758 | \$1,728,569 | \$1,786,332 | \$2,011,757 | \$2,397,633 |
| Advertising | 443,133 | 417,915 | 475,218 | 473,562 | 584,334 | 574,484 | 467,383 | 273,505 | 215,248 | 263,398 |
| Total operating revenues | 5,384,816 | 4,845,969 | 4,575,777 | 4,265,996 | 4,286,936 | 4,208,242 | 2,195,952 | 2,059,837 | 2,227,005 | 2,661,031 |
| Non-operating Revenues | | | | | | | | | | |
| Sales Tax revenue | 43,346,649 | 44,896,182 | 46,784,297 | 46,668,426 | 49,142,903 | 48,552,050 | 49,541,450 | 55,349,037 | 57,632,413 | 58,973,972 |
| Federal grants | 4,826,204 | 4,243,338 | 4,683,361 | 2,530,192 | 3,644,841 | 5,580,096 | 27,965,133 | 17,167,584 | 17,441,505 | 12,386,304 |
| State grants | 251,223 | 177,512 | 165,441 | 686,166 | 135,739 | 169,318 | 3,449,689 | 1,525,089 | 3,701,859 | 1,855,645 |
| Medicaid transition sales tax | 0 | 0 | 0 | 1,157,820 | 2,500,246 | 0 | 0 | 0 | 0 | 0 |
| Student fares assistance | 545,528 | 809,188 | 1,160,333 | 1,709,021 | 1,850,434 | 1,531,202 | 1,356,842 | 1,559,745 | 1,651,490 | 1,706,900 |
| Lottery ticket sales | 0 | 0 | 0 | 127,034 | 37,898 | 0 | 0 | 0 | 0 | 0 |
| Interest income | 102,124 | 146,698 | 236,441 | 113,554 | 233,684 | 816,510 | 436,959 | (286,363) | (1,451,199) | 2,033,703 |
| Gain (loss) from disposal of assets | 26,883 | 8,125 | 63,106 | 13,380 | 0 | 53,614 | 6,705 | 94,427 | 98,586 | 55,863 |
| Other non-transportation revenue | 262,865 | 860,030 | 575,135 | 712,753 | 757,008 | 698,748 | 3,282,873 | 1,072,918 | 888,790 | 619,641 |
| Total non-operating revenues | 49,361,476 | 51,141,073 | 53,668,114 | 53,718,346 | 58,302,753 | 57,401,538 | 86,039,651 | 76,482,437 | 79,963,444 | 77,632,028 |
| Total Revenues | \$54,746,292 | \$55,987,042 | \$58,243,891 | \$57,984,342 | \$62,589,689 | \$61,609,780 | \$88,235,603 | \$78,542,274 | \$82,190,449 | \$80,293,059 |

Source: METRO's independently audited annual financial statements

METRO REGIONAL TRANSIT AUTHORITY

Revenue by Source - Last Ten Years

TABLE 8



METRO Regional Transit Authority

Demographic Statistics

Last Ten Years
(Unaudited)

TABLE 11

| <u>Year</u> | <u>Population</u> (2) | <u>Per Capita Income</u> (2) | <u>Personal Income</u> (2) | <u>K - 12 School Enrollment</u> (3) | <u>Unemployment Rate</u> (1) |
|-------------|--------------------------|-------------------------------------|-----------------------------------|--|-------------------------------------|
| 2014 | 541,943 | 44,024 | 23,858,499 | 71,417 | 5.8% |
| 2015 | 541,968 | 44,761 | 24,258,142 | 70,682 | 4.9% |
| 2016 | 540,300 | 46,071 | 24,969,081 | 70,442 | 5.0% |
| 2017 | 541,228 | 46,382 | 25,060,119 | 70,529 | 5.1% |
| 2018 | 541,318 | 49,168 | 26,611,223 | 70,574 | 4.7% |
| 2019 | 541,013 | 51,036 | 27,657,447 | 70,265 | 4.0% |
| 2020 | 540,428 | 53,580 | 28,976,895 | 70,142 | 5.2% |
| 2021 | 537,633 | 56,821 | 30,618,857 | 67,807 | 3.7% |
| 2022 | 535,882 | 60,771 | 32,672,387 | 67,739 | 3.8% |
| 2023 | 535,733 | a | a | 65,922 | 3.3% |

Notes: All information is presented for Summit County, Ohio

Personal Income in (\$000)

(a) Information is not available as of report date

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

(2) Summit County ACFR 2022 (Data are updated to reflect latest available.)

(3) Ohio Department of Education - enrollment data

METRO Regional Transit Authority

Expenses by Object Class - Last Ten years

(Unaudited)

TABLE 9

| Operating Expenses | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Labor | \$19,024,350 | \$20,586,041 | \$22,055,895 | \$22,725,196 | \$23,318,946 | \$23,593,758 | \$23,094,596 | \$23,258,842 | \$24,929,218 | \$25,931,266 |
| Fringe Benefits | 10,086,226 | 11,736,750 | 14,801,005 | 18,026,874 | 20,593,032 | 23,131,630 | 19,025,865 | -4,562,449 | 4,126,882 | 18,102,710 |
| Materials, Supplies and Fuel | 5,745,162 | 5,447,931 | 4,841,532 | 5,436,604 | 5,642,583 | 5,919,215 | 5,208,505 | 5,089,084 | 5,337,300 | 4,848,588 |
| Services | 2,712,750 | 2,516,684 | 2,317,013 | 2,861,282 | 3,503,955 | 3,150,268 | 3,672,224 | 3,855,356 | 4,191,651 | 3,751,612 |
| Utilities | 691,099 | 913,740 | 739,511 | 956,330 | 918,551 | 995,362 | 904,406 | 998,952 | 969,382 | 1,027,705 |
| Casualty and Liability | 1,268,181 | 1,262,850 | 1,450,188 | 1,691,192 | 830,189 | 1,082,084 | 1,043,110 | 935,275 | 876,190 | 1,043,366 |
| Taxes | 194,698 | 183,769 | 172,240 | 149,207 | 139,059 | 175,160 | 182,846 | 141,932 | 118,383 | 97,369 |
| Purchased Transportation | 807,710 | 1,229,441 | 1,718,313 | 1,763,857 | 1,924,830 | 2,030,270 | 1,302,601 | 1,346,902 | 1,579,208 | 1,749,748 |
| Interest Expense | 3,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 413,348 | 376,597 | 511,478 | 467,124 | 412,372 | 465,098 | 351,326 | 290,143 | 324,598 | 557,626 |
| Total | 40,946,874 | 44,253,803 | 48,607,175 | 54,077,666 | 57,283,517 | 60,542,845 | 54,785,479 | 31,354,037 | 42,452,812 | 57,109,990 |
| Depreciation | 9,231,103 | 8,628,338 | 9,374,581 | 10,369,813 | 10,070,589 | 9,516,241 | 9,717,664 | 9,812,460 | 9,697,471 | 9,397,455 |
| Total Expenses | \$50,177,977 | \$52,882,141 | \$57,981,756 | \$64,447,479 | \$67,354,106 | \$70,059,086 | \$64,503,143 | \$41,166,497 | \$52,150,283 | \$66,507,445 |

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>SUMMIT COUNTY POPULATION (2)</u> | <u>TOTAL PERSONAL INCOME (2)</u> | <u>PERCENTAGE OF PERSONAL INCOME</u> | <u>BOND DEBT PER CAPITA</u> |
|-------------|---|---|--|--|-------------------------------------|
| 2014 | 0 | 541,943 | 23,858,499 | 0.000% | \$0.00 |
| 2015 | 0 | 541,968 | 24,258,142 | 0.000% | \$0.00 |
| 2016 | 0 | 540,300 | 24,969,081 | 0.000% | \$0.00 |
| 2017 | 0 | 541,228 | 25,060,119 | 0.000% | \$0.00 |
| 2018 | 0 | 541,318 | 26,611,223 | 0.000% | \$0.00 |
| 2019 | 0 | 541,013 | 27,657,447 | 0.000% | \$0.00 |
| 2020 | 0 | 540,428 | 28,976,895 | 0.000% | \$0.00 |
| 2021 | 0 | 537,633 | 30,618,857 | 0.000% | \$0.00 |
| 2022 | 0 | 535,882 | 32,672,387 | 0.000% | \$0.00 |
| 2023* | 0 | 535,733 | a | | \$0.00 |

Sources:

(1) Total principal due on all outstanding debt.

(2) Summit County ACFR (Data are updated to reflect latest available.)

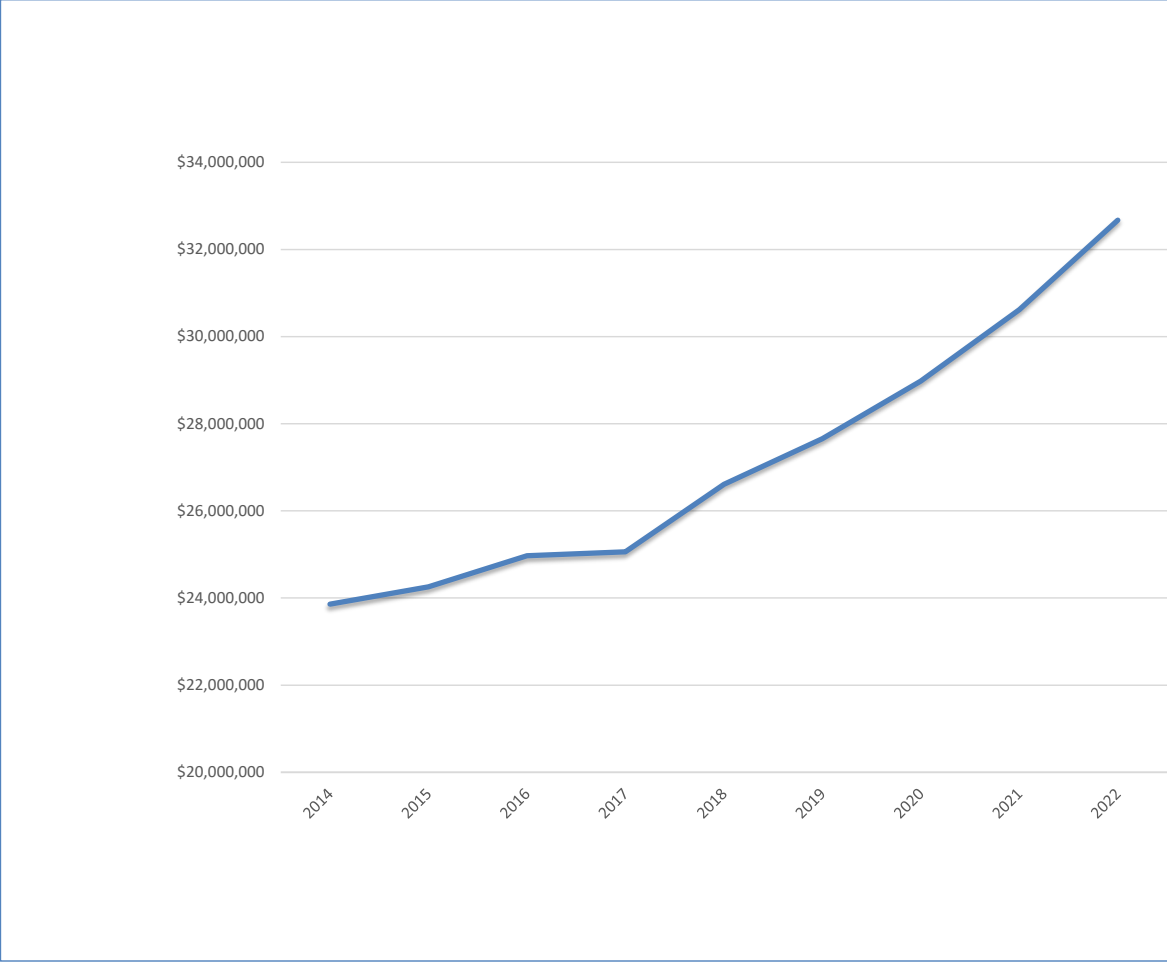
(a) Information is not available as of report date

METRO Regional Transit Authority

Personal Income of Summit County, Ohio

Last Ten Years

TABLE 12



Source: Bureau of Economic Statistics
Notes: Personal Income (\$000); 2022 is the last year data is available

METRO Regional Transit Authority

Summit County, Ohio - Largest Employers

(Unaudited)

TABLE 13

| Company/Organization | 2022 | | | 2013 | | |
|--|----------------|------|------------------------------------|----------------|------|------------------------------------|
| | Employees | Rank | Percent of Total County Employment | Employees | Rank | Percent of Total County Employment |
| Summa Health System | 8,200 | 1 | 3.25% | 11,000 | 1 | 4.23% |
| Akron Children's Hospital | 6,500 | 2 | 2.58% | 3,220 | 4 | 1.24% |
| Amazon | 5,000 | 3 | 1.98% | | | |
| Cleveland Clinic Akron General | 4,604 | 4 | 1.82% | | | |
| Akron Public Schools | 3,758 | 5 | 1.49% | 2,827 | 7 | 1.09% |
| Summit County | 3,173 | 6 | 1.26% | 2,969 | 6 | 1.14% |
| Goodyear Tire & Rubber Co. | 2,905 | 7 | 1.15% | 3,000 | 5 | 1.15% |
| FirstEnergy Corp. | 2,519 | 8 | 1.00% | 2,500 | 9 | 0.96% |
| Signet Jewelers | 1,980 | 9 | 0.78% | 2,300 | 10 | 0.88% |
| City of Akron | 1,828 | 10 | 0.72% | | | |
| First Merit Corp | | | | 4,894 | 2 | 1.88% |
| Akron General Health System | | | | 3,843 | 3 | 1.48% |
| University of Akron | | | | 2,622 | 8 | 1.01% |
| Total | 40,467 | | 16.03% | 39,175 | | 15.05% |
| Total Labor Force - Summit County | 252,400 | | | 260,300 | | |

Sources: Greater Akron Chamber of Commerce

Total County Employment; Bureau of Labor Statistics; Ohio Job & Family Services, Office of Workforce Development-Labor Market Information

Summit County Audited ACFR

Note: 2022 is the latest available information

METRO Regional Transit Authority

Operating Statistics - Last Ten Years

(Unaudited)

TABLE 14

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| System Ridership (1) | | | | | | | | | | |
| Motor Bus | 5,203,843 | 5,052,855 | 4,908,399 | 4,885,178 | 4,907,761 | 4,683,698 | 3,128,383 | 2,882,108 | 3,473,534 | 4,130,646 |
| Demand Response | 254,440 | 268,843 | 267,964 | 265,833 | 270,815 | 276,329 | 171,341 | 174,873 | 186,211 | 194,033 |
| Average Weekday System Ridership (1) | | | | | | | | | | |
| Motor Bus | 17,748 | 17,207 | 16,821 | 16,849 | 16,869 | 16,012 | 10,596 | 9,579 | 11,391 | 13,388 |
| Demand Response | 966 | 1,023 | 746 | 1,017 | 1,035 | 1,057 | 650 | 657 | 698 | 715 |
| Total Vehicle Miles (1) | | | | | | | | | | |
| Motor Bus | 4,494,800 | 4,586,078 | 4,804,980 | 4,725,698 | 4,695,705 | 4,819,560 | 3,799,662 | 3,897,030 | 3,828,114 | 4,336,583 |
| Demand Response | 2,154,379 | 1,963,497 | 1,948,575 | 2,167,055 | 2,348,770 | 2,408,983 | 1,681,048 | 1,673,004 | 1,720,019 | 1,816,455 |
| Total Revenue Miles (1) | | | | | | | | | | |
| Motor Bus | 3,897,860 | 4,172,713 | 4,051,831 | 4,082,524 | 4,078,092 | 4,092,623 | 3,363,548 | 3,425,508 | 3,250,623 | 3,801,252 |
| Demand Response | 1,829,170 | 1,593,690 | 1,630,912 | 1,751,353 | 1,938,752 | 1,988,763 | 1,341,639 | 1,401,597 | 1,474,549 | 1,553,501 |
| Passenger Miles (1) | | | | | | | | | | |
| Motor Bus | 20,551,047 | 22,575,883 | 19,432,291 | 16,768,798 | 21,355,560 | 27,323,801 | 13,977,760 | 12,356,484 | 13,931,692 | 17,054,610 |
| Demand Response | 1,643,644 | 1,846,489 | 1,868,499 | 1,715,310 | 1,723,653 | 1,726,718 | 983,730 | 1,009,114 | 1,077,122 | 1,077,122 |

METRO Regional Transit Authority

Operating Statistics - Last Ten Years (Continued)

(Unaudited)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Full Time Employees (1) | 377 | 387 | 409 | 403 | 410 | 417 | 416 | 401 | 398 | 374 |
| Total Vehicle Hours (1) | | | | | | | | | | |
| Motor Bus | 342,569 | 345,330 | 343,914 | 338,534 | 337,470 | 342,819 | 284,741 | 295,305 | 292,233 | 330,696 |
| Demand Response | 143,162 | 149,542 | 150,030 | 152,913 | 156,544 | 164,074 | 174,552 | 129,312 | 128,401 | 160,932 |
| Total Vehicle Revenue Hours (1) | | | | | | | | | | |
| Motor Bus | 295,883 | 313,341 | 315,316 | 316,992 | 315,326 | 319,785 | 263,027 | 267,642 | 256,001 | 300,414 |
| Demand Response | 115,039 | 120,319 | 120,964 | 124,098 | 128,136 | 133,468 | 100,529 | 102,235 | 104,935 | 109,262 |
| Total Vehicle Accidents average per month (2) | 9.8 | 11.1 | 10.1 | 9.3 | 10.6 | 9.7 | 7.9 | 7.8 | 8.0 | 9.2 |
| Motor Bus | 7.5 | 8.3 | 6.8 | 6.9 | 8.1 | 7.3 | 6.1 | 6.3 | 5.9 | 7.0 |
| Demand Response | 2.3 | 2.5 | 3.1 | 3.0 | 2.5 | 2.4 | 1.5 | 1.5 | 2.1 | 2.2 |
| Miles between Roadcalls (2) | 5,423 | 6,051 | 5,446 | 6,287 | 6,890 | 7,674 | 7,701 | 7,088 | 9,824 | 10,055 |
| Total Revenue Vehicles (1) | | | | | | | | | | |
| Motor Bus | 137 | 147 | 139 | 141 | 141 | 139 | 142 | 139 | 135 | 140 |
| Demand Response | 118 | 121 | 89 | 91 | 91 | 91 | 112 | 118 | 94 | 94 |

(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, 2023

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 (2021 est) | 537,633 |
| Miles of routes | 672.06 |
| Number of buses (Directly Operated) | |
| Motor Bus | 140 |
| Demand Response | 94 |
| Number of routes | 25 |
| Customer Service information calls answered (2023) | 70,201 |
| SCAT Return Calls Answered (2023) | 118,751 |

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 9/26/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov