Deloitte & Touche

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Single Audit Report
for the Year Ended
December 31, 1999

Deloitte Touche Tohmatsu

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

**Single Audit Report for the Year Ended December 31, 1999**

**STATE OF OHIO**
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Trustees
Greater Cleveland Regional Transit Authority

We have reviewed the Independent Auditor's Report of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by Deloitte & Touche LLP for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greater Cleveland Regional Transit Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 14, 2000

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## TABLE OF CONTENTS

Deloitte & Touche

**Deloitte & Touche LLP**
127 Public Square
Suite 2500
Cleveland, Ohio 44114-1303

Telephone: (216) 589-1300
Facsimile: (216) 589-1369

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio 44113

We have audited the accompanying financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of December 31, 1999 and 1998 and for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended December 31, 1999 is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

June 9, 2000

Deloitte Touche Tohmatsu

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## COMPARATIVE BALANCE SHEETS

### December 31, 1999 and 1998

| ASSETS | 1999 | 1998 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | $ 6,773,903 | $ 18,565,021 |
| Short-Term Investments | 16,537,496 | 2,006,875 |
| Receivables: | | |
| Sales and Use Tax | 24,895,279 | 24,755,594 |
| State Operating Assistance | -0- | 2,699,226 |
| Accrued Interest and Other | 1,091,405 | 551,026 |
| Materials and Supplies Inventory | 9,562,595 | 9,323,282 |
| Total Current Assets | 58,860,678 | 57,901,024 |
| RESTRICTED ASSETS: | | |
| Cash and Cash Equivalents | 6,395,686 | 30,521,422 |
| Investments | 23,230,504 | 13,675,365 |
| Receivables: | | |
| Accrued Interest and Other | 185,291 | 212,070 |
| State Capital Assistance | 154,822 | -0- |
| Federal Capital Assistance | 2,407,714 | 1,023,567 |
| Total Restricted Assets | 32,374,017 | 45,432,424 |
| PROPERTY, FACILITIES AND EQUIPMENT | | |
| Land | 16,869,622 | 13,999,159 |
| Right-of-Ways | 255,347,797 | 243,702,265 |
| Buildings, Improvements, Furniture and Fixtures | 351,204,364 | 331,528,275 |
| Transportation and Other Equipment | 290,605,319 | 301,873,548 |
| Construction in Progress | 34,038,846 | 42,553,845 |
| Total | 948,065,948 | 933,657,092 |
| Less Accumulated Depreciation | (358,625,809) | (341,801,818) |
| Property, Facilities and Equipment-Net | 589,440,139 | 591,855,274 |
| OTHER NON-CURRENT ASSETS: | | |
| Receivables-State Contribution | 4,860,000 | 6,340,000 |
| TOTAL ASSETS | $ 685,534,834 | $ 701,528,722 |

| LIABILITIES AND EQUITY | 1999 | 1998 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts Payable | $ 4,206,201 | $ 4,115,127 |
| Accrued Compensation | 20,475,503 | 19,611,998 |
| Other Accrued Expenses | 1,244,051 | 1,175,294 |
| Interest Payable – Bonds | 426,564 | 444,687 |
| Current Portion of Long-Term Debt | 3,835,000 | 3,620,000 |
| Self-Insurance Liabilities – Current Portion | 5,182,714 | 5,882,799 |
| Total Current Liabilities | 35,370,033 | 34,849,905 |
| CURRENT LIABILTIES PAYABLE FROM RESTRICTED ASSETS: | | |
| Contracts and Other Payables | 6,003,338 | 3,021,441 |
| Contract Retainers | 39,284 | 1,037,578 |
| Total Current Liabilities Payable from Restricted Assets | 6,042,622 | 4,059,019 |
| NON-CURRENT LIABILITES: | | |
| Long-Term Debt [net of $1,987,594 deferred charge in 1999 & $2,288,000 in 1998] | 96,085,156 | 99,622,000 |
| Self-Insurance Liabilities | 9,625,041 | 10,925,197 |
| Capital Lease Obligation | 4,860,000 | 6,340,000 |
| Deferred Revenue | 1,520,331 | 1,477,865 |
| Deferred Contributed Capital | 4,860,000 | 6,340,000 |
| Other | 1,589,431 | 1,589,431 |
| Total Non-Current Liabilities | 118,539,959 | 126,294,493 |
| Total Liabilities | 159,952,614 | 165,203,417 |
| EQUITY: | | |
| Contributed Capital: | | |
| Federal Grants | 362,383,910 | 361,374,628 |
| State Grants | 36,394,590 | 34,934,327 |
| Total Contributed Capital | 398,778,500 | 396,308,955 |
| Retained Earning | 126,803,720 | 140,016,350 |
| Total Equity | 525,582,220 | 536,325,305 |
| TOTAL LIABILITIES AND EQUITY | $ 685,534,834 | $ 701,528,722 |

See notes to financial statements.

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| **OPERATING REVENUES:** | | |
| Passenger Fares | $ 41,773,055 | $ 43,230,585 |
| Advertising and Concessions | 2,258,364 | 2,205,994 |
| Total Operating Revenues | $ 44,031,419 | 45,436,579 |
| **OPERATING EXPENSES:** | | |
| Labor | 108,278,894 | 103,280,722 |
| Fringe Benefits | 44,528,639 | 40,201,606 |
| Materials and Supplies | 17,774,378 | 18,839,951 |
| Services | 9,993,990 | 9,062,342 |
| Utilities | 7,475,593 | 8,022,720 |
| Self-Insurance Claims | 2,814,301 | 3,717,161 |
| Purchased Transportation | 9,032,885 | 8,305,459 |
| Leases and Rentals | 562,946 | 418,646 |
| Taxes | 1,212,274 | 1,419,378 |
| Miscellaneous | 5,008,781 | 3,865,060 |
| Total Operating Expenses Excluding Depreciation | 206,682,681 | 197,133,045 |
| **OPERATING LOSS BEFORE DEPRECIATION EXPENSE** | (162,651,262) | (151,696,466) |
| **DEPRECIATION EXPENSE:** | | |
| On Assets Acquired with Capital Grants | 29,111,058 | 27,533,681 |
| On Assets Acquired with Authority Equity | 7,277,764 | 6,883,419 |
| Total Depreciation Expense | 36,388,822 | 34,417,100 |
| **OPERATING LOSS** | (199,040,084) | (186,113,566) |
| **NON-OPERATING REVENUES (EXPENSES):** | | |
| Sales and Use Tax Revenues | 151,405,646 | 146,703,293 |
| Federal Operating Grants and Reimbursements | 2,936,393 | 551,875 |
| State Operating Grants, Reimbursements, and Special Fare Assistance | 6,501,510 | 6,068,797 |
| Investment Income | 2,653,670 | 3,756,395 |
| Interest Expense | (5,890,794) | (5,617,414) |
| Other (Expense) Income | (890,029) | 602,315 |
| Total Non-operating Income – Net | 156,716,396 | 152,065,261 |
| **NET LOSS** | $ (42,323,688) | $ (34,048,305) |

See notes to financial statements.

(Continued)

## COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998 (Continued)

| | 1999 | 1998 |
|---|---|---|
| Net Loss | $ (42,323,688) | $ (34,048,305) |
| Depreciation of Fixed Assets acquired with Capital Grants | 29,111,058 | 27,533,681 |
| Decrease in Retained Earnings | (13,212,630) | (6,514,624) |
| Retained Earnings, Beginning of Year | 140,016,350 | 146,530,974 |
| Retained Earnings, End of Year | 126,803,720 | 140,016,350 |
| Contributed Capital, Beginning of Year | 396,308,955 | 390,020,033 |
| Contributed Capital, During the Year: | | |
| Federal Grants | 24,298,128 | 30,493,189 |
| State Grants | 7,282,475 | 3,329,414 |
| Depreciation on Fixed Assets Acquired with Capital Grants | (29,111,058) | (27,533,681) |
| Contributed Capital, End of Year | 398,778,500 | 396,308,955 |
| Equity, End of Year | $ 525,582,220 | $ 536,325,305 |

See notes to financial statements.

(Concluded)

## COMPARATIVE STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| **CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:** | | |
| Cash received from customers | $ 43,517,819 | $ 45,752,637 |
| Cash payments to suppliers for goods and services | (51,140,329) | (51,973,872) |
| Cash payments to employees for services | (107,415,389) | (100,843,296) |
| Cash payments for employee benefits | (44,528,639) | (40,201,606) |
| Cash payments for casualty and liability | (4,814,542) | (4,272,394) |
| Net cash used in operating activities | (164,381,080) | (151,538,531) |
| **CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:** | | |
| Sales and use taxes received | 151,265,961 | 144,913,742 |
| Grants, reimbursements and special fare assistance: | | |
| Federal | 2,936,393 | 551,875 |
| State | 9,200,736 | 7,401,683 |
| Other revenue | 298,976 | 413,945 |
| Net cash provided by non-capital financing activities | 163,702,066 | 153,281,245 |
| **CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:** | | |
| Federal capital grants received | 22,913,981 | 34,257,862 |
| State capital grants received | 5,641,782 | 1,557,814 |
| Proceeds from issuance of bonds | 0 | 33,000,000 |
| Acquisition and construction of fixed assets | (33,296,204) | (46,144,642) |
| Principal paid on bond/note maturities | (3,620,000) | (3,655,000) |
| Interest paid on bonds | (5,336,239) | (5,065,529) |
| Net cash provided by (used in) capital and Related financing activities | (13,696,680) | 13,950,505 |
| **CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:** | | |
| Proceeds from maturities of investments | 61,953,912 | 49,734,382 |
| Purchases of investments | (86,309,293) | (51,593,912) |
| Interest received from investments | 2,814,221 | 3,756,395 |
| Net cash flows provided by (used in) investing activities | (21,541,160) | 1,896,865 |
| **Net (Decrease) Increase In Cash and Cash Equivalents** | (35,916,854) | 17,590,084 |
| **Cash and Cash Equivalents, Beginning of Year** | 49,086,443 | 31,496,359 |
| **Cash and Cash Equivalents, End of Year** | $ 13,169,589 | $ 49,086,443 |

See notes to financial statements.

**(Continued)**

## COMPARATIVE STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
## (Continued)

| | 1999 | 1998 |
|---|---|---|
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:** | | |
| Operating Loss | $(199,040,084) | $(186,113,566) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 36,388,822 | 34,417,100 |
| Change in assets and liabilities: | | |
| (Increase) decrease in other receivables | (513,600) | 316,058 |
| (Increase) decrease in materials and supplies inventory | (239,313) | 34,188 |
| Decrease in accounts payable, accrued compensation, self-insurance liabilities and other | (976,905) | (192,311) |
| Net Cash Used In Operating Activities | $(164,381,080) | $(151,538,531) |

See notes to financial statements.

(Concluded)

## 1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

A) The Authority - The Greater Cleveland Regional Transit Authority (the "Authority" or "GCRTA") is an independent, special purpose political subdivision of the State of Ohio (the "State") with powers derived from Sections 306.30 through 306.71 of the Ohio Revised Code. The Authority has territorial boundaries and jurisdiction coextensive with the territorial boundaries of Cuyahoga County. As a political subdivision, it is distinct from, and is not an agency of, the State and the County or any other local governmental unit. The Authority was created on December 30, 1974, by ordinance of the Council of the City of Cleveland and by resolution of the Board of County Commissioners of Cuyahoga County and became operational on September 5, 1975.

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, 0.5, 1, or 1.5 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 and the County. On July 22, 1975, the voters of the County approved a 1% sales and use tax with no limit on its duration.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes have not been levied through 1999.

The Authority is managed by a ten-member Board of Trustees and provides directly, or under contract, virtually all-mass transportation within the County.

The Authority is not subject to federal or state income taxes.

B) Reporting Entity -"The Financial Reporting Entity," as defined by Statement No. 14 of the Governmental Accounting Standards Board ("GASB"), is comprised of the primary government and its component units. The primary government includes all departments and operations of the Authority, which are not legally separate organizations. Component units are legally separate organizations which are fiscally dependent on the Authority or for which the Authority is financially accountable.

An organization is fiscally dependent if it must receive the Authority's approval for its budget, the levying of taxes or the issuance of debt. The Authority is financially accountable for an organization if it appoints a majority of the organization's board, and either a) has the ability to impose its will on the organization or b) there is the potential for the organization to provide a financial benefit to or impose a financial burden on the Authority. The reporting entity of the Authority consists solely of the primary government. There are no component units.

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any support or had any significant financial transactions with the Authority during 1999.

As discussed in Note 8, the Authority contracts with two municipalities for assistance in providing transit service within the County.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources. The Authority also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to the extent that they do not contradict/conflict with GASB pronouncements.

**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.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Investment Securities** - Effective January 1, 1998, the Authority adopted Statement No. 31 of the GASB, "Accounting and Financial Reporting for Certain Investments and External Investment Pools" ("GASB 31"), which provides for Accounting for investments with maturities greater than one year at fair value. The Authority's investments are stated at fair value for the years ended December 31, 1999 and 1998.

**Materials and Supplies Inventory** - Materials and supplies inventory are stated at average cost. Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

**Property and Depreciation** - Property, facilities and equipment are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements and interest are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| Description | Years |
|---|---|
| Buildings and improvements | 20-60 |
| Transportation and other equipment | 5-15 |
| Furniture and fixtures | 3-15 |
| Rolling stock | 7-12 |

Depreciation and losses on the disposal of fixed assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation (and losses) on fixed assets acquired in this manner is closed to retained earnings.

**Restricted Assets** - Restricted assets consist of monies and other resources, the use of which is legally restricted for the following purposes:

- Capital acquisition and construction
- Self-insurance; catastrophic losses
- Law enforcement

**Recognition of Revenue and Receivables** - Passenger fares are recorded as revenue at the time cash is received and tickets and passes are sold.

Sales and use tax revenues are recognized in the month collected by the State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The federal government, through 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 revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to contributed capital when the related qualified expenditures are incurred.

Compensated Absences - The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service. Vacation days are limited to a maximum of fifty days.

Self-Insurance Liabilities and Expense - The Authority has a self-insurance program for public liability and property damage claims. The Authority also operates a self-insurance program for workers' compensation claims. For workers' compensation claims awarded, the Authority pays the same benefits as would be paid by the State of Ohio Bureau of Workers' Compensation.

Both programs are administered by the Authority. Claims are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management and legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported.

Budgetary Accounting and Control - The Authority's annual budget, as provided by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The major differences between the budget basis and GAAP basis are:

1) Revenues are recorded when received (budget) as opposed to when earned (GAAP);

2) Expenses are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP); and

3) Budget basis includes proceeds of long-term debt and capital grants as revenues and capital outlay and debt principal payments as expenses, and excludes depreciation on, as well as gains and losses on disposition of, property and equipment.

Reported budgeted amounts are as originally adopted and amended by appropriations resolutions passed by the Board. Three budget amendments were passed by the Board during 1999, increasing 1999 appropriations by $4.4 million, and two budget amendments were passed by the Board during 1998, increasing 1998 appropriations by $11.2 million. The budget for each division and department is represented by appropriations. Any increase in the total Authority appropriations must be approved by the Board. Any inter-divisional budget transfers must be approved by the General Manager. Appropriations to applicable departments within a division and to accounts within a department may be modified by the appropriate Deputy General Manager and the Financial Planning & Budgeting Department. All budget transfers must be reported to the Board within 30 days after the end of the month in which the transfer occurred.

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The investment and deposit of Authority monies is governed by the provisions of the Bylaws of the Authority and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic saving and loan associations are eligible to hold public deposits. The provisions also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool (STAROhio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require that security maintained for public deposits and investments be held in the Authority's name.

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 instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

Deposits - The carrying amount of the Authority's deposits was $6,610,791 at December 31, 1999 with a $7,478,935 bank balance. Of the bank balance, $100,000 was covered by federal depository insurance. The remaining balance, $7,378,935 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by various financial institutions' risk pools for public deposits as governed under the Ohio Revised Code Section 135.

Investments – The Authority's investments are detailed below and are categorized to give an indication of the level of credit risk assumed as of year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Balances with Star Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the Authority's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

| Description | Risk Category 1 | 2 | 3 | Fair Value/ Carrying Value |
|---|---|---|---|---|
| U.S. Government and Agency Securities | $39,768,000 | | | $39,768,000 |
| Investment in state treasurer's investment pool (STAROhio) | | | | 6,558,798 |
| Total | | | | $46,326,798 |

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

At December 31, 1999, the Authority's cash, cash equivalents and investments consist of the following:

| | |
|---|---|
| Demand deposits | $ 6,610,791 |
| Investments | 46,326,798 |
| Total | $52,937,589 |

The balances are included in the accompanying December 31, 1999 balance sheet under the following captions:

| | |
|---|---|
| Current Assets: | |
| Cash and cash equivalents | $ 6,773,903 |
| Short-term investments | 16,537,496 |
| Restricted Assets: | |
| Cash and cash equivalents | 6,395,686 |
| Investments | 23,230,504 |
| Total | $52,937,589 |

## 4. CONSTRUCTION IN PROGRESS AND COMMITMENTS

During 1999, major construction projects aggregating $30.0 million were completed and transferred to the appropriate property, facilities and equipment accounts. Major projects included the rehabilitation of rail track and bridges ($9.8 million), rehabilitation of a rail station-West 98th ($7.1 million), construction of rail station-West Boulevard-Cudell ($7.7 million), construction of the Westgate Transit Center ($1.9 million), construction of Euclid Transit Center ($1.1 million), and various smaller projects. Included in the December 31, 1999 construction in progress balance are costs associated with further right-of-way, rail track, bridge and transit station rehabilitations, the Euclid Corridor construction, and various other projects. Remaining costs to complete these projects, which will extend over a period of several years, total $91.0 million. Approximately $67.5 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with local dollars.

## 5. RESTRICTED ASSESTS AND LIABILITIES

Restricted assets and liabilities consist of the following components at December 31, 1999 and 1998.

**Restricted For**

| | Capital Acquisition and Construction | Self Insurance | Law Enforcement | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents | $ 5,068,873 | $ 1,164,375 | $ 162,438 | $ 6,395,686 |
| Investments | 18,985,365 | 4,245,139 | | 23,230,504 |
| Accrued interest and other receivable | 134,184 | 51,107 | | 185,291 |
| Federal capital assistance receivable | 2,407,714 | | | 2,407,714 |
| State capital assistance receivable | 154,822 | | | 154,822 |
| Total | 26,750,958 | 5,460,621 | 162,438 | 32,374,017 |
| **Liabilities:** | | | | |
| Contracts and other payables | 6,003,338 | | | 6,003,338 |
| Contract retainers | 39,284 | | | 39,284 |
| Total | 6,042,622 | | | 6,042,622 |
| **Net Restricted Assets – December 31, 1999** | $ 20,708,336 | $ 5,460,621 | $ 162,438 | $ 26,331,395 |
| **Net Restricted Assets - December 31, 1998** | $ 30,943,560 | $10,277,245 | $ 152,600 | $ 41,373,405 |

## 6. LONG TERM DEBT

Long-term debt consists of the following:

| GENERAL OBLIGATION BONDS PAYABLE | December 31 1999 | 1998 |
|---|---|---|
| Capital improvement bonds, Series 1996, due annually to 2011 at an average rate of 5.24 | $ 41,065,000 | $ 43,565,000 |
| Capital improvement bonds, Series 1998, due annually to 2018 at an average rate of 4.61 | 31,900,000 | 32,955,000 |
| Capital improvement refunding bonds, Series 1998R, due annually to 2016 at an average rate of 4.17 | 28,900,000 | 28,965,000 |
| Total debt | 101,865,000 | 105,485,000 |
| Deferred amount on refunding | (1,987,594) | (2,288,000) |
| Premium on Series 1998 bonds | 42,750 | 45,000 |
| Long-term debt | 99,920,156 | 103,242,000 |
| Less current portion | 3,835,000 | 3,620,000 |
| Long-term portion | $ 96,085,156 | $ 99,622,000 |

Bonds maturing after December 31, 2006 are subject to optional redemption by the Authority prior to maturity.

On November 15, 1998, the Authority issued $28,965,000 of general obligation capital improvement refunding bonds. A portion of the proceeds of the bonds was used for the advance refunding of $26,425,000 of the 1996 capital improvement bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The total amount of funds available in the trust at December 31, 1999 was $25,282.204. The refunded bonds, which have an outstanding balance of $26,425,000 at December 31, 1999 are not included in the Authority's outstanding debt since the Authority has satisfied its obligations through the advance refunding. The principal balance of the general obligation capital improvement refunding bonds at December 31, 1999 was $28,900,000.

The 1998 general obligation capital improvement refunding bonds' advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,288,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in proportion to stated interest requirements through the year 2006.

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 1999 are as follows:

| Year | Principal | Interest |
|---|---|---|
| 2000 | $ 3,835,000 | $ 5,118,764 |
| 2001 | 4,005,000 | 4,951,751 |
| 2002 | 4,170,000 | 4,772,949 |
| 2003 | 4,360,000 | 4,583,131 |
| 2004 | 4,560,000 | 4,380,881 |
| 2005 and thereafter | 80,935,000 | 30,178,317 |
| Total | $ 101,865,000 | $ 53,985,793 |

## 7. CAPITAL LEASE OBLIGATION

In 1995, $10 million Series 1995 Certificates of Participation were issued by a bank to fund a portion of the construction of the Waterfront Transit Line Project. In connection with the issuance of the Series 1995 Certificates of Participation, the Authority entered into a capital lease agreement (as lessee) with McDonald Financial Services, Inc. (MFSI) for certain parcels of real property together with all buildings, structures, and other improvements related to the Waterfront Transit Line Project.

The Authority has entered into an agreement with the State of Ohio Department of Transportation (ODOT) whereby ODOT has agreed to make payments to the Authority in amounts equal to the payments required under the capital leases. The payments by ODOT to the Authority are subject to receipt by ODOT of appropriations of sufficient amounts of money for that purpose by the General Assembly of the state of Ohio and the Certification as to the availability of such funds by the State Director of Budget and Management pursuant to Section 126.07 of the Ohio Revised Code (the "OMB Certification"). The Authority has recognized a long-term receivable and deferred capital contribution from ODOT related to this agreement. Contributed capital is recognized upon receipt of the annual payments made by ODOT.

Future capital lease payments are as follows as of December 31, 1999:

| YEAR | TOTAL PAYMENTS |
|---|---|
| 2000 | $ 1,771,140 |
| 2001 | 1,775,842 |
| 2002 | 1,775,512 |
| Total Lease Payments | 5,322,494 |
| Less amount representing interest | (462,494) |
| Present Value of Lease Payments | $ 4,860,000 |

## 8. PURCHASED TRANSPORTATION SERVICES

During 1999 and 1998, the Authority had operating agreements with two Ohio cities that provide transit services within Cuyahoga County. The agreements provide for a fixed rate of reimbursement based on actual vehicle miles and standard operator platform hours. Expenses under these agreements were $7,674,445 in 1999 and $6,540,859 in 1998. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

In addition, the Authority has a contract with a local taxi company to provide transit services within Cuyahoga County for elderly and handicapped persons. Expenses under this contract amounted to $1,358,440 in 1999 and $1,152,297 in 1998. Expenses under other purchased transportation service contracts for 1998 were $612,303; however, in 1999, the Authority did not contract circulator service.

## 9. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

| | 1999 | 1998 |
|---|---|---|
| FEDERAL: | | |
| FTA Operating Assistance | $ | $ 551,875 |
| FTA Maintenance Assistance | 2,936,393 | |
| Total | $ 2,936,393 | $ 551,875 |
| STATE: | | |
| ODOT Maintenance Assistance | $ 4,826,195 | $ 4,368,521 |
| ODOT Elderly and Handicapped Grants | 567,581 | 552,554 |
| ODOT Fuel Tax Reimbursement | 1,107,734 | 1,147,722 |
| Total | $ 6,501,510 | $ 6,068,797 |

## 10. CONTINGENCIES

Federal and State Grants - Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 1999, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

Contract Disputes and Legal Proceedings - The Authority has been named as a defendant in a number of contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the Authority's financial position.

## 11. RETIREMENT BENEFITS

### PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description - All full time employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS). It is a cost -sharing multiple-employer defined benefit pension plan created by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

11. RETIREMENT BENEFITS (CONTINUED)

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions which are summarized as follows:

| | Contribution Rate as a % of Covered Salaries | Contributions | | |
|---|---|---|---|---|
| | | 1999 | 1998 | 1997 |
| By Authority | 13.55 | $16,113,397 | $15,499,329 | $14,529,627 |
| By employees | 8.50 | 10,108,035 | 9,722,826 | 9,114,526 |
| Less healthcare portion (1999-1998, 4.20; 1997, 5.11) | (4.20) | (4,994,559) | (4,804,220) | (5,479,439) |
| Total Pension Contributions | | $21,226,873 | $20,417,935 | $18,164,714 |

The pension contributions equaled the required contributions for each of the last three years.

Healthcare - PERS provides postretirement healthcare coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients are also available.

The healthcare coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS (4.2% of the total 13.55% contributed) is set-aside for the funding of postretirement healthcare. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement healthcare through their contributions to PERS. The statutory healthcare contribution requirement from the Authority for years ended December 31, 1999 and 1998 (which is included in the Authority's total PERS contribution) was $4,994,559 and $4,804,220, respectively. At December 31, 1999, the Authority was not responsible for paying premiums, contributions or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions are expected to be sufficient to sustain the program indefinitely.

PERS expenditures for OPEB during 1999 were approximately $524 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were approximately $9.8 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

## 12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has a contract with an outside insurance company to provide property coverage with various limits on property and equipment of the Authority. The maximum limit of liability in any one occurrence regardless of the number of locations or coverages involved, cannot exceed $630,000,000. During 1999, the Authority purchased catastrophic loss insurance to protect its assets against catastrophic losses. This umbrella liability coverage is in the amount of $75,000,000 per occurrence in excess of the $5,000,000 self-insurance retention. This maximum limit of liability applies to blanket coverage. Settled claims have not exceeded coverage in any of the last three years.

The Authority provides employees healthcare benefits, which include medical, drug, dental, and vision. These benefits are provided through both insured and self-funded plans under group insurance agreements.

The Authority is self-insured for public liability. The Authority also operates a self-insurance program for workers' compensation claims. Claims are normally paid with the general operating revenues of the GCRTA. The GCRTA, by resolution of the Board of Trustees, established an insurance reserve in fiscal year 1980 to accumulate funds to satisfy catastrophic or extraordinary losses. The insurance reserve as of December 31, 1999 was $5.5 million (see Note 5).

Changes in the Authority's claims liability amount in 1999 and 1998 were:

| Year | Balance Beginning of Year | Incurred Claims | Payments | Balance End of Year |
|---|---|---|---|---|
| 1999 | $ 16,807,996 | $ 2,814,301 | $ 4,814,542 | $ 14,807,755 |
| 1998 | 17,363,229 | 3,717,161 | 4,272,394 | 16,807,996 |

## 13. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". These statements establish accounting standards for non-exchange transactions such as sales taxes, grants and other assistance provided to the Authority by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the Authority's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2002. The Authority has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 1999

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Federal Grant Number | Grant Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Federal Transit Cluster | | | |
| Federal Transit -- Formula Grants | 20.507 | OH-90-0166 | $ 499,289 |
| | | OH-90-0149 | 901 |
| | | OH-90-0068 | 199,870 |
| | | OH-90-0134 | 3,260 |
| | | OH-90-0179 | 443,343 |
| | | OH-90-0181 | 495,535 |
| | | OH-90-0242 | 112,290 |
| | | OH-90-0288 | 361,560 |
| | | OH-03-0150 | 115,160 |
| | | OH-03-0151 | 589,020 |
| | | OH-03-0154 | 4,857,800 |
| | | OH-03-0155 | 26,703 |
| | | OH-03-0161 | 1,234,859 |
| | | OH-90-0270 | 521,503 |
| | | OH-90-0204 | 19,293 |
| | | OH-90-0222 | 2,030,043 |
| | | OH-03-0167 | 1,214,970 |
| | | OH-03-0168 | 750,809 |
| | | OH-90-0306 | 5,322,456 |
| | | OH-26-7000 | 26,856 |
| Total CFDA #20.507 | | | 18,825,520 |
| Federal Transit – Capital Investment Grants | 20.500 | OH-03-0062 | 482,367 |
| | | OH-23-9001 | 34,328 |
| | | OH-23-9004 | 21,250 |
| | | OH-03-0104 | 332,328 |
| | | OH-03-0113 | 38,267 |
| | | OH-03-0115 | 314,998 |
| | | OH-03-0118 | 226,316 |
| | | OH-03-0128 | 239,874 |
| | | OH-03-0136 | 1,043,914 |
| | | OH-23-9012 | 84,983 |
| | | OH-03-0135 | 32,011 |
| | | OH-03-0143 | 1,216 |
| | | OH-03-0144 | 995,073 |
| | | OH-03-0054 | 3,593 |
| | | OH-03-4002 | 61,262 |
| | | OH-03-0178 | 2,589,577 |
| | | OH-90-0337 | 3,254,681 |
| Total CFDA #20.500 | | | 9,756,038 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | $ 28,581,558 |

See note to supplemental schedule of expenditures of federal awards.

## NOTE TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 1999

### 1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the Greater Cleveland Regional Transit Authority under programs financed by the U.S. government for the year ended December 31, 1999. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting in accordance with generally accepted accounting principles.

Deloitte &
Touche

**Deloitte & Touche LLP**
127 Public Square
Suite 2500
Cleveland, Ohio 44114-1303

Telephone: (216) 589-1300
Facsimile: (216) 589-1369

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio

We have audited the financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of and for the year ended December 31, 1999 and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that is reported as Finding 99-1 in the accompanying Schedule of Findings and Questioned Costs.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority as Finding 99-1 in the accompanying Schedule of Findings and Questioned Costs and in a separate letter dated June 9, 2000.

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

Deloitte & Touche LLP

June 9, 2000

Deloitte Touche
Tohmatsu

Deloitte & Touche

**Deloitte & Touche LLP**
127 Public Square
Suite 2500
Cleveland, Ohio 44114-1303

Telephone: (216) 589-1300
Facsimile: (216) 589-1369

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM**

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio

**Compliance**

We have audited the compliance of the Greater Cleveland Regional Transit Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 1999. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

As described in Finding 99-1 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding Allowable Costs/Costs Principles - Indirect Costs that are applicable to its Federal Transit -- Formula Grants and Federal Transit -- Capital Investment Grants. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

**Internal Control Over Compliance**

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as Finding 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose matters in the internal control that might be material weaknesses. However, we believe none of the reportable conditions above to be material weaknesses.

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

Deloitte & Touche LLP

June 9, 2000

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 1999

### SUMMARY OF AUDITORS' RESULTS

- Type of Report issued on the Financial Statements as of and for the Year Ended December 31, 1999 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A. (None reported)
- Noncompliance Noted that is Material to the Financial Statements of the Authority - None.
- Reportable Conditions in Internal Control Over Major Federal Financial Assistance Programs Disclosed by the Audit of the Financial Statements - Finding 99-1.
- Type of Report Issued on Compliance for Major Federal Financial Assistance Programs - Qualified.
- The audit disclosed one audit finding that is required to be reported under Section 501(a) of OMB Circular A-133.
- Major Federal Financial Assistance Programs Identified for the Year Ended December 31, 1999:

  Federal Transit Cluster:

    CFDA #20.507 Federal Transit -- Formula Grants

    CFDA #20.500 Federal Transit -- Capital Investment Grants

- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - $857,447.
- The Authority is considered to be a Low Risk Auditee as defined under OMB Circular A-133.



(Continued)

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED DECEMBER 31, 1999

**Findings Related to the Financial Statements that are Required to be Reported Under *Government Auditing Standards***

None

**Findings and Questioned Costs Relating to Federal Awards**

**DEPARTMENT OF TRANSPORTATION**

**Finding:** **99-1**

Program Name: Federal Transit -- Formula Grants

Federal Transit -- Capital Investment Grants

CFDA No. 20.507 and 20.500

**Compliance - Allowable Costs/Costs Principles - Indirect Costs**

*Criteria:* OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, allows reimbursement of indirect costs at a rate established in an approved indirect cost rate proposal.

*Condition:* The Authority used an incorrect higher rate to claim reimbursement for indirect costs.

*Effect:* The Authority is not in compliance with OMB Circular A-87 for the program.

*Cause:* Individuals responsible for requesting federal reimbursements were not adequately informed of the correct reimbursement rate.

*Recommendation:* Individuals responsible for requesting federal reimbursement should be informed of the correct reimbursement rate. In addition, the Authority should implement a procedure for the review of federal reimbursements for the proper reimbursement rate.

*Questioned Costs:* $309,971

*Status:* The Authority reimbursed the Federal Transit Administration in March 2000 for all prior reimbursements made at the higher incorrect rate.



(Concluded)

# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## STATUS OF PRIOR YEAR AUDIT AND PRIOR YEAR FEDERAL TRANSIT ADMINISTRATION TRIENNIAL REVIEW FINDINGS FOR THE YEAR ENDED DECEMBER 31, 1999

### STATUS OF PRIOR YEAR AUDIT FINDINGS

This procedure is not applicable as there were no significant prior year comments on internal control or legal compliance.

### FEDERAL TRANSIT ADMINISTRATION TRIENNIAL REVIEW

During 1998, the Federal Transit Administration ("FTA") performed a Triennial Review of the Authority's operations and issued a report dated April 27, 1999. This report noted the following instances of non-compliance, which are not considered material to the Authority's financial statements or federal award programs.

### GRANT AVAILABILITY PERIOD

***Observation:*** The Authority is not closing its grants in a timely manner. Practices by the Authority that delayed the closing of a grant past its original completion date based on the grant obligation date included the following: 1) the Authority does not draw down funds from the oldest grant when multiple grants fund a project, 2) project managers do not close out purchase orders immediately when projects are complete, 3) the Authority holds grants open until the last purchase order is closed even if there are no funds left in the grant and 4) the Authority funded the design engineers on older grants for the life of a construction project from one grant instead of funding the design and construction oversight from different grants.

***Corrective Action:*** Within 90 days, the Authority must develop and implement procedures to ensure that projects are completed and grants closed in a timely manner.

***Current Year Status:*** The Authority has established a Grants Management Task Force that is responsible for effectively administering and managing the timely grant closings. The Grants Management Task Force has developed an internal process that will be used to effectively perform the closeout of grants. The Authority has prepared an estimated grant closeout schedule for which it has closed five of the grants.

### FIXED ASSET SAFEGUARDING

***Observation:*** The Authority's fixed asset records do not include ID numbers, Federal percentages and use and condition. The Authority has not completed the tagging of all fixed assets.

The Authority removed equipment from service before the end of its useful life and did not reimburse the FTA for its share of the remaining useful life. Subsequent to the FTA's site visit, the Authority has reimbursed the FTA its share of the remaining useful life.

The Authority has an excessive spare ratio for its fixed-route and paratransit fleet.

***Corrective Action:*** Within 90 days of issuance of the final report, the Authority must develop and implement a plan for tagging equipment, updating equipment records and including serial numbers, Federal percentages, and use and condition in the fixed asset records. The plan will include a milestone date for completing each task.



(Continued)

### FIXED ASSET SAFEGUARDING (continued)

Within 30 days of issuance of the final report, the Authority must develop procedures to notify the FTA when it removes equipment from service before the end of its useful life.

Within 90 days of issuance of the final report, the Authority must develop procedures to reduce the excess spare ratios of its fixed-route fleet.

***Current Year Status:*** The Authority completed the tagging of all fixed assets during November 1999 and has implemented procedures to tag all subsequently purchased fixed assets. The Authority has implemented procedures for FTA reimbursement of its share of the remaining useful life for equipment removed from service prior to the end of its useful life. For example, as the Authority reimbursed the FTA in 1999 for its share of the remaining useful life for a bus that was removed from service before the end of its useful life. The Authority has reduced its bus spare ratio to 20 percent as of April 30, 2000 and has communicated this ratio to the FTA on May 18, 2000.

### MAINTENANCE

***Observation:*** The Authority did not perform preventive maintenance within the prescribed mileage limits for rail vehicles. The Authority did not perform preventive maintenance inspections at the intervals prescribed by its maintenance plan at one of the four garages in July 1998 and two of the four garages in December 1998 for its bus operations. The Authority did not perform preventative maintenance within prescribed limits for paratransit vehicles due to difficulty of obtaining parts in a timely manner from the manufacturer.

The Authority replaces parts on a failure basis, not on a predicative basis.

The Authority does not obtain monthly performance data from North Olmsted and Maple Heights for federally funded vehicles and does not include the two in its monthly maintenance reports for tracking scheduled maintenance.

***Corrective Action:*** Within 60 days of issuance of the final report, the Authority must develop and implement procedures to ensure that preventive maintenance inspections are performed according to the schedules required by the maintenance plans. In addition, the Authority is to collect monthly performance data from Maple Heights and North Olmsted for federally funded vehicles.

Beginning with the quarter ended June 30, 1999, the Authority is to report quarterly on its efforts to implement a system-wide maintenance and materials management system. The report should include milestones and timeframes for implementation.



(Continued)

### MAINTENANCE (continued)

***Current Year Status:*** The Authority is in the process of developing and implementing a system-wide maintenance management tool (CITME). The Authority must report quarterly, including timeframes and milestones, on its efforts to implement CITME. Prior to the implementation of CITME, Authority management is seeking a resolution to ensure that preventative maintenance of buses is performed timely as bus maintenance is not performed on a consistent basis.

The Authority is collecting monthly performance data from Maple Heights and North Olmsted for federally funded vehicles.

### INTEGRITY

***Observation:*** The Authority did not obtain a signed debarment and suspension certification from the cities of North Olmsted and Maple Heights and does not have procedures in place to obtain the certification when it enters into operating agreements with the two cities that are financed in part with Federal assistance.

***Corrective Action:*** Within 30 days of issuance of the final report, the Authority must develop and implement procedures to obtain signed debarment and suspension certifications from the cities of Maple Heights and North Olmsted when it enters into operating agreements that are financed in part with Federal assistance.

***Current Year Status:*** The Authority obtained signed debarment and suspension certifications from the cities of North Olmsted and Maple Heights in 1999.

### RESTRICTIONS ON LOBBYING

***Observation:*** The Authority did not obtain signed lobbying certifications from the cities of North Olmsted and Maple Heights and does not have procedures in place to obtain the certifications when it enters into operating agreements with the two cities that are financed in part with Federal assistance.

***Corrective Action:*** Within 30 days of issuance of the final report, the Authority must develop and implement procedures to obtain signed lobbying certifications from the cities of Maple Heights and North Olmsted when it enters into operating agreements that are financed in part with Federal assistance.

***Current Year Status:*** The Authority obtained signed lobbying certifications from the cities of North Olmsted and Maple Heights in 1999.



(Continued)

### FARE PRICES

***Observation:*** The Authority did not include Medicare cardholders as a separate category of persons eligible for half-price fares in its fare and services booklet.

***Corrective Action:*** With the next printing of the fare and services booklet, the Authority must update the reduced fare information to list Medicare cardholders as a separate category of persons eligible for half-price fares.

***Current Year Status:*** The Authority's Marketing Department has developed brochures that indicate the Medicare half-price fares in the fare structure language. In addition, the Marketing Department is in the process of having decals printed that indicate the fare structure. These decals are expected to be placed on the farebox of every Authority vehicle by September 2000.

### CIVIL RIGHTS

***Observation:*** The Authority does not have established timeframes included in its civil rights manual for all stages of processing civil rights complaints.

***Corrective Action:*** Within 60 days of issuance of the final report, the Authority must update its civil rights manual to include timeframes for all stages of processing civil rights complaints.

***Current Year Status:*** The Authority has revised its civil rights manual to include timeframes for all stages of processing civil rights complaints in 1999.

## SCHEDULE OF OTHER REPORTS
## FOR THE YEAR ENDED DECEMBER 31, 1999

### FEDERAL TRANSIT ADMINISTRATION PROCUREMENT REVIEW

During 1999, a consultant, under contract with the Federal Transit Administration, performed a procurement review of the Authority. There were ten procurement areas in which the Authority was found to be deficient. Most of the deficient areas were related to the Bus and Rail procurement groups and the lack of competition received by the Authority on its large purchases. The report communicated recommended changes in the Authority's practices to improve procurements in the following areas:

- Increased competition
- Documentation related to bus and rail maintenance purchases
- Rationalization of sole source awards
- Use of price and cost analysis
- Evaluation of suppliers as responsible parties.

**Status:** The Authority has prepared a corrective action plan as of May 31, 2000 that has been communicated to the Federal Transit Administration.

### FEDERAL TRANSIT ADMINISTRATION FINANCIAL MANAGEMENT OVERSIGHT REVIEW

During 1999, a consultant, under contract with the Federal Transit Administration, performed a financial management oversight review of the Authority. The report noted recommendations to improve internal controls in the following areas: 1) Grant Administration and Management, 2) Grant Tracking, 3) Indirect Cost Rate (see Finding 99-1), 4) Timeliness of Quarterly Reporting, and 5) maintaining adequate physical security of payroll records. Recommendations were also made with respect to summary reports for bus maintenance and the spare ratio for rail vehicles.

**Status:** The Authority has prepared a corrective action plan as of May 31, 2000 that has been communicated to the Federal Transit Administration.

Analyzing the past... Measuring progress...

# gcrta 1999 Comprehensive Annual Financial Report

for the year ended
December 31, 1999

RTA

Greater Cleveland Regional Transit Authority
Cuyahoga County, Ohio

# Comprehensive Annual Financial Report
## For the Year Ended December 31, 1999

## Greater Cleveland Regional Transit Authority
Cuyahoga County, Ohio

George F. Dixon, III
President
Board of Trustees

Clarence D. Rogers, Jr.
Interim General Manager/
Secretary-Treasurer

*Prepared By:*
*Division of Finance and Administration*
*General Accounting*

# 1999 Introductory Section

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

## TABLE OF CONTENTS

PAGE

### STATISTICAL SECTION

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Greater Cleveland Regional Transit Authority, Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

"The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the Greater Cleveland Regional Transit Authority for its Comprehensive Annual financial Report for the fiscal year ended December 31, 1998.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continued to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA."

RTA

The Greater Cleveland
Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100

June 9, 2000

George F. Dixon, III, President,
and Members, Board of Trustees
Greater Cleveland Regional Transit Authority
and Residents of Cuyahoga County, Ohio:

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the Greater Cleveland Regional Transit Authority (GCRTA or Authority) for the year ended December 31, 1999. This is the twelfth such report issued by GCRTA. It has become the standard format used in presenting the results of the GCRTA's operations, financial position, cash flows and related statistical information.

GCRTA takes great pride in the fact that each of the previously issued Comprehensive Annual Financial Reports earned the recognition of the Government Finance Officers Association (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. This award evidences the fact that the previous CAFRs complied with stringent GFOA standards for professional financial reporting. GCRTA was the first public transit agency in Ohio, and one of only a few nationwide, to consistently earn this important recognition.

The GCRTA also submits its annual operating and capital budgets to the GFOA and has been doing so since 1990. Each of these budget documents has won the Distinguished Budget Presentation Award, having satisfied the most stringent program criteria and proven its value as (1) a policy document, (2) an operations guide, (3) a financial plan, and (4) a communication device.

This report contains financial statements and statistical data that provide full disclosure of all of the material financial operations of the GCRTA. The financial statements, supplemental schedules, and statistical information are the representations of the GCRTA's management, which bears the responsibility for their accuracy, completeness, and fairness. In conformance with generally accepted accounting principles, this report was developed on the accrual basis of accounting, treating the GCRTA as a single enterprise fund. This CAFR is indicative of the GCRTA's commitment to provide accurate, concise and high quality financial information to the residents of this area and to all other interested parties.

The CAFR is divided into an Introductory Section, a Financial Section, and a Statistical Section.

**The INTRODUCTORY SECTION** contains a title page and table of contents, the GFOA Certificate of Achievement for Excellence in Financial Reporting, this letter of transmittal, the GCRTA's organization chart, a listing of the members of the Board of Trustees and chief administrators of the GCRTA, and a map of municipalities in the County.

**The FINANCIAL SECTION** begins with the Independent Auditors' Report and the GCRTA's comparative financial statements. Supplemental budget schedules, intended to further enhance an understanding of the GCRTA's current financial status, conclude this section.

**The STATISTICAL SECTION** provides financial, economic, and demographic information that is useful for indicating trends for comparative fiscal periods.

## REPORTING ENTITY

The Greater Cleveland Regional Transit Authority is an independent political subdivision of the State of Ohio. It was created in December 1974 by ordinance of the City of Cleveland, Ohio, and by resolution of the Board of County Commissioners of Cuyahoga County, Ohio. Operations at GCRTA began in September 1975. Either directly or through contracts with systems in the Cities of North Olmsted and Maple Heights, the GCRTA provides virtually all mass transportation within the County. It is a multimodal system delivering bus, paratransit, heavy rail and light rail services.

A ten-member Board of Trustees (Board) establishes policy and sets direction for the management of the GCRTA. Four of the members are appointed by the Mayor of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by suburban mayors, city managers, and township trustees. Board members serve overlapping three-year terms. Under the provisions of GASB Statement No. 14, the GCRTA is considered to be a jointly governed organization.

Responsibility for the line administration rests with the CEO, General Manager/Secretary-Treasurer. He supervises four Deputy General Managers who head the Operations, Legal Affairs, Finance & Administration, and the Development divisions. Additionally, the Office of Small Business and Employment Opportunity, Office of External Affairs and the Office of Organizational Planning & Development function outside of the divisional configuration and report directly to the General Manager. The Internal Audit Department reports to the Board of Trustees and maintains a close working relationship with the General Manager. An organizational chart, which depicts these relationships, follows later in this introductory section.

In 1999, the GCRTA had 2,968 full-time equivalent employees. The system delivered 24.6 million revenue miles of bus service and 3.3 million revenue miles on its heavy and light rail systems. The service fleet was composed of 747 motor bus coaches, 60 heavy rail cars, 47 light rail cars, and 83 paratransit vehicles.

## ECONOMIC CONDITION AND OUTLOOK

The GCRTA's service area is contiguous with the boundaries of Cuyahoga County, Ohio. The County includes the City of Cleveland, two townships, and sixty-four other jurisdictions. This is the largest metropolitan area in Ohio and one of the largest counties in the United States. The population of this area is currently at 1.4 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 1990, manufacturing employment has dropped significantly from 21.9% of the total workforce to 16.5%, while wholesale and retail trade has remained constant over this same time period. The professional and related services sector work force has steadily grown from 28.2% of the total workforce since 1990 to the present rate of 32.2%, of the workforce. Over time, the local economy has become more resilient and less exposed to the risks inherent in a workforce dominated by any single industry. The County's 1999 unemployment is close to the national rate of 4.6%.

During 1997, the County Auditor completed the required update of the appraised valuation of all commercial, industrial, and residential real property. This is the most recent valuation available. This process is the foundation for property taxation, and it sets the debt limitation for GCRTA. This appraisal valuation is currently at $24.9 billion.

## CURRENT YEAR REVIEW

The decrease in overall ridership in 1999, impacted by a loss in our riders using our services to go to work, is a major concern to us. We are continuing our efforts to implement programs to increase ridership. On the positive side, our Community Circulators program continues to be in high demand. Request for new and expanded services continues to challenge our ability to provide this popular service in meeting the public demands. In addition, our rail ridership showed an increase for the year of 2.9%. GCRTA continued its efforts in meeting the needs of our customers by modifying our routes based on community input and the changing population and employment patterns. We will continue our aggressive efforts in marketing our traditional and new services to current and potential customers.

To continue planning for future ridership needs, GCRTA has completed three Major Investments Studies, which are now in the evaluation process to access the feasibility of extending services on our rail lines. One study focuses on extending the Waterfront line through downtown Cleveland. A second study analyzes extending the Red Line beyond Hopkins Airport. The third examines options for extending the Blue Line to the Interstate 271 area. The increasing popularity of our rail system has challenged us to continue to plan for this popular mode of transportation for the future.

As discussed earlier, our Community Circulator service has also become very popular in addition to our rail service. Our Community Circulators provides "loop-like" services to neighborhood and easy access to main line bus and rail services. In March 1999, a new Southeast Circulator was introduced to provide service to Maple Heights and North Randall and to offer transfer opportunities to many other eastside bus routes. In August 1999, GCRTA introduced a Westhore Circulator, operating from the new Transit Center in Fairview Park, to provide service for Bay Village, Westlake and Rocky River, with convenient connections to many west suburban routes. In December 1999, the Euclid Community Circulator was extended to Euclid Beach. With these additions, GCRTA now provides Community Circulator services to eight areas throughout Greater Cleveland, and assessments are underway to determine the feasibility of additional expansion of this service. The ninth circulator service will be implemented in the Kamm's Corners – Puritas Road area in June 2000. More than 1.2 million rides were taken on the Authority's eight circulators, including major ridership growth on the St. Clair Circulator and strong performance by the new Southeast Suburban Circulator.

GCRTA continues to be at the forefront of major national transit trends through our development of Transit Centers. In 1999, we completed one in Euclid and one in Fairview Park. The Euclid Transit Center, opened in October 1999, is located at our 300-car Park-N-Ride lot adjacent to the Euclid Square Mall. This $600,000 project can accommodate up to 50 waiting passengers and includes driver layover and rest facilities. The climate-controlled space is enhanced by abstract sculpture created by a local artist. In November 1999, the

Westgate Transit Center was completed in Fairview Park. This $650,000 facility serves as the transfer point for seven bus routes serving the western suburbs and includes a seven-acre site, developed jointly with a neighboring company. These two centers are the first of 12 centers scheduled for completion by 2005, all designed to increase rider convenience and comfort and to provide efficient connections between Circulator, local, suburban and downtown transit lines. Future locations are planned for Mayfield Heights, Solon, Maple Heights, Oakwood, Independence, Brecksville, Parma and North Olmsted, as well as centers near Randall Park Mall and Southgate USA. Centers such as these are part of a national trend in public transit to create more efficient, customer–friendly transportation hubs.

In 1999, GCRTA made significant strides in its program, begun almost 10 years ago, to renovate its Red Line rail stations, including the opening of one new station, the dedication of a state-of-the-art reconstructed station and progress on other rail station improvements. Our new West Third St. Rapid Transit Station was dedicated with a kick-off event in August 1999, in time to transport fans to the much-awaited opening kick-off of the Cleveland Browns football season in the team's new stadium. This on-schedule, on-budget improvement to GCRTA's Waterfront Line was funded by a $5 million Ohio Department of Transportation grant and marks the successful completion of another project in GCRTA's long range plan of rail line building and renovation program. This dramatic 3-level, glass-enclosed station conveniently located in the shadow of the stadium, features artwork honoring past Cleveland Browns stars. The etched-glass art project, created by a Cleveland artist, is part of GCRTA's Arts-in-Transit program that uses original artwork to enhance many of its new and renovated stations. This station, fully compliant with the Americans with Disabilities Act (ADA), served nearly 18 percent of the fans during the Browns inaugural season. Many of these fans took advantage of special GCRTA farecards that provided discounts on game days. In addition to football fans, the new station is the gateway for convenient rail transportation to the Warehouse District and other recreational destinations, as well as the Justice Center and other places of employment. In April 1999, GCRTA and the community celebrated the opening of the renovated West Boulevard-Cudell Red Line Station. Amenities of this $5.5 million project include attractive steel and glass station with a climate controlled waiting area, an elevator to ensure ADA accessibility, and an adjacent 300-vehicle Park-N-Ride lot. This station is the seventh Red Line Station to be completely renovated as part of the GCRTA program that started in the early 1990s.

Work is continuing on the $8.4 million reconstruction of the Red Line's Triskett Station, with completion scheduled for August 2000. Funding for this project was secured from the federal government for 80% cost of this project. In addition, track and rail upgrades to the rapid transit systems are progressing, with the installation of new rail from the Kinsman Road bridge near East 55$^{th}$ street to University Circle. This marks the completion of a total Red Line track renovation program that began in the early 1990s to install a state-of-the-art seamless rail system, providing our customers with a more comfortable ride.

During 1999, GCRTA invested in 30 "low floor" buses to be used primarily on its busiest routes along Euclid Avenue. These buses are approximately 20 inches lower to the ground than our traditional buses. This allows for easier, faster and safer passenger boarding and exiting. Fully ADA compatible, these buses provide easier access for wheelchair-bound riders because of a ramp in place of a lift. Our goal is to replace all buses with these vehicles in the future. In addition, GCRTA ordered 28 low-floor Community Circulators to provide a more comfortable ride. GCRTA purchased 20 new Paratransit vehicles to replace some of its retired buses. Diligent maintenance efforts kept some of GCRTA's Paratransit vehicles on the road up to three years past their useful life.

GCRTA continues its efforts to advance the goal of redefining transit service as we move into the 21st century. One of our most important initiatives is the $292 million Euclid Corridor Transportation Project (ECTP), the largest capital improvement project in GCRTA's history. ECTP will create a unique environment along the corridor that will benefit the entire region by improving transit services, promoting long-term economic and community development, and improving the quality of life in Northeast Ohio. This 5.6-mile corridor will provide a vastly improved transportation link from downtown Cleveland to University Circle, enhancing access to the corridor's employment, educational and cultural centers. Curbside services operation will then begin from University Circle to the Louis Stokes Station at Windermere. ECTP will restore the beauty of this historic street. Environmentally friendly electric trolley buses will operate on dedicated bus lanes along the corridor. Federal funding of $1 million earmarked for fiscal 2000, the $1.9 million approved by Congress last year, along with the local and Ohio Department of Transportation dollars were utilized for the design process of ECTP. This major undertaking involves all sectors of Greater Cleveland from the general public and government bodies to businesses and academia. GCRTA will continue to seek input and support as the project moves forward.

In 1999, GCRTA continued its efforts to improve ridership. In addition to our new Community Circulators and Transit Centers, GCRTA focused its attention on the Work Access and Transportation Program. This program is designed to transport low-income residents and new job seekers to desirable job opportunities in the suburbs. As part of the "reverse commute" concept, GCRTA modified 15 routes to increase access to suburban work centers. In July 1999, the Authority assumed management of Cuyahoga County's van pool service to provide comfortable service to these work centers. GCRTA is working with employers to create opportunities to provide van service and augment the VanPool program.

In addition to our focus on transportation improvements, we continued with our internal culture transformation as a Total Quality organization to better serve our customers. We realize to become a Total Quality organization, our employees must receive adequate training in this area. To that end, an additional 377 employees attended Total Quality orientation sessions during 1999. Building on the tenets of Total Quality orientation, the Authority is transitioning into using continuous improvement as an operating methodology. As part of this ongoing process, GCRTA conducted a series of surveys during 1999 to determine effective ways to facilitate culture change. Key areas identified include effective leadership, fair and impartial treatment, interpersonal support and personal responsibility for change. Action teams are continuing to work on these issues to ensure that the commitment continues to grow throughout GCRTA to better serve our customers. In addition, we have continued our efforts to manage employee performance. This approach, Positive Discipline, is a leading edge technique designed to improve and develop employee performance using recognition, coaching and non-punitive discipline. GCRTA is the only transit authority in the country using this innovative program for all its employees. The success of this program can be measured by the bottom-line impact in substantially reducing grievances, discharges and formal disciplinary actions. In addition, GCRTA honored 13 employees with the General Manager's Customer Service Award. This recognition, the highest an employee can achieve, recognizes those who meet criteria specific to customer service, solve an extraordinary problem, or achieve or exceed a particularly difficult goal related to customers; implement an innovative customer service concept with measurable results; and /or perform an outstanding act of customer service. Winners were selected from persons nominated by both internal and external customers.

## FUTURE PLANS

The Authority continued to implement its Long-Range Plan. This long-range plan serves as a blueprint for building tomorrow's public transit by addressing shifts in our area's population and employment centers as well as changing travel patterns. This plan includes:

Community Circulators – A total of 9 Community Circulators will be operational in 2000 including the new Kamms-Puritas Circulator. A total of 16 operator positions will be added in 2000 to deliver this service in addition to the 48 that were hired in 1999. These small buses provide neighborhood services throughout the City and the suburbs, including transfers to mainline bus and rail services.

Transit Centers - Transit stations strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. In addition to the two Transit Centers completed in 1999, two additional transit centers are planned for 2000 at North Randall and at Southgate

Park-N-Ride Lots - Parking lots strategically located at freeway or other major intersections. Commuters leave their cars and ride express service to and from their destinations.

Rail Line Extensions - Various expansions of the existing rail system, including an extension of the Red Line to Berea and an extension of the Blue Line to Interstate 271; and an extension of the Waterfront Line south thru the Cleveland State University-Playhouse Square area of downtown Cleveland.

Commuter Rail - Long distance rail service over existing rail rights-of-way would provide easy access to downtown and suburban employment centers.

Euclid Corridor Improvement Project - This project would establish dedicated bus lanes along Euclid Avenue from Public Square to University Circle and beyond and include improved passenger shelter, signals, street lighting and landscaping.

Intermodal Transportation Hub - The contemplated development of a downtown transportation center linking rapid transit, commuter rail, and bus services with pedestrian connectors to adjacent developments. Conceptual design work on this facility known as the North Coast Transportation Center was completed in 1997.

Capital Improvement Plan

The development of the 2000 budget included preparation of a six year Capital Improvement Plan (CIP). This document is an ambitious outline for rebuilding and expanding service by the GCRTA. Totaling $1.3 billion, the CIP constitutes a huge public works effort aimed at remaking the transit network and positioning GCRTA, not just for the short term, but for the long-term future.

Significant capital improvements planned for the six-year period include:

Local Capital Projects - $35.3 million

Classified as Routine Capital ($21.0 million) and Asset Maintenance ($14.3 million) Projects, these initiatives are funded entirely from local resources. Routine Capital Projects are typically equipment requested by various departments and not funded through grants. Asset Maintenance funds are used to maintain, rehabilitate, replace, or construct assets of a smaller scope or cost than those typically supported with grants. These projects are authorized within the GCRTA Capital Fund and are supported with annual allocations of Sales Tax receipts.

Rail Projects - $545.7 million

This huge commitment, totaling nearly 40.5% of the total Capital Improvements Plan, includes rail extensions, station rehabilitation, bridges, tracks, train control systems, signage upgrade, and rail car overhaul. There are several projects planned for the extension of our rail lines totaling $380.2 million. They include the extension of the Red Line to the city of Berea; extension of the Blue Line to the village of Highland Hills; and the Waterfront Line extension. Other rail projects includes the rehabilitation of the rail stations totaling $47.3 million, rehabilitation of the rail tracks, bridges and stations of $77.3 million, mid-life overhaul of light rail vehicles for $17.2 million and upgrade of the train control system totaling $23.7 million.

Bus Garages - $39.4 million

The Triskett facilities will go through rehabilitation at an estimated cost of $23.0 million and is expected to be completed in a few years. Our Brooklyn garage will undergo rehabilitation at an estimated cost of $3.0 million in the year 2003, and our Woodhill garage will be rehabilitated for $13 million. A total of $ 250,000 is budgeted for "high speed roll-up doors". The Hayden facility is expected to undergo minor repairs of $125,000.

Bus Purchases - $156.5 million

The useful life of a bus, as defined by the Federal Transit Administration (FTA) is twelve years, or five hundred thousand miles. GCRTA is aggressively reducing its fleet's average age, now at 7.91 years, by replacing its oldest vehicles. GCRTA will be purchasing approximately 600 buses over the next 6 years.

### Transit Centers - $94.5 million

GCRTA will be making a significant investment for the construction of Transit Centers over the next 6 years. These centers will be designed to provide our riders with convenient connections between local, regional and downtown transit lines. Comfortable waiting areas and time-coordinated service will make it easier for riders to transfer between routes. The largest of these centers, North Coast Transportation Center, is budgeted at $80.1 million with a preliminary start date in the year 2001.

## FINANCIAL INFORMATION

### Internal Control

The GCRTA is responsible for establishing and maintaining an internal control system designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation. The valuation of costs and benefits requires estimates and judgments by management. The Authority's management believes its internal controls are adequate.

### Basis of Accounting

The GCRTA's accounting records are maintained on the accrual basis. The activities are reported through use of a single enterprise fund.

### Budgetary Control

The annual cash basis operating budget is proposed by management, at the department level, and adopted by the Board of Trustees after public discussion. The Budget for each division and department is represented by appropriations. The Board must approve any increase in the total Authority appropriations. The General Manager must approve any inter-divisional budget transfers. The appropriate Deputy General Manager may modify appropriations to applicable departments within a division and to accounts within a department.

Budgetary control is maintained at the department level. It is the responsibility of each department to administer its operations in such a manner as to ensure that the use of funds is consistent with the goals and programs authorized by the Board of Trustees. The GCRTA also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations lapse at year-end. Encumbered appropriation balances are carried forward to the succeeding year and need not be reauthorized.

## FINANCIAL OPERATING RESULTS

### Revenues

For purposes of this presentation, the GCRTA groups its operating revenues into the following categories:

Passenger Fares - Farebox receipts and special transit fares are included here. The 3.2% decrease in 1999 is due to a decrease in ridership.

Sales and Use Tax - This dedicated 1% tax is levied in Cuyahoga County as part of the 7% overall tax on retail sales. For 1999, approximately 72.8% of the Authority's revenue came from this source. The 3.2% increase in 1999 over 1998 was due to a healthy economy resulting in an increase in retail sales.

Federal Operating Grants and Reimbursements - Funds for operating assistance are provided by the Federal Transit Administration through formula grants. The Authority did not receive any operating assistance in 1999 compared to 1998 receipts of $500,000. However, in the current year GCRTA did receive $2.9 million in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases.

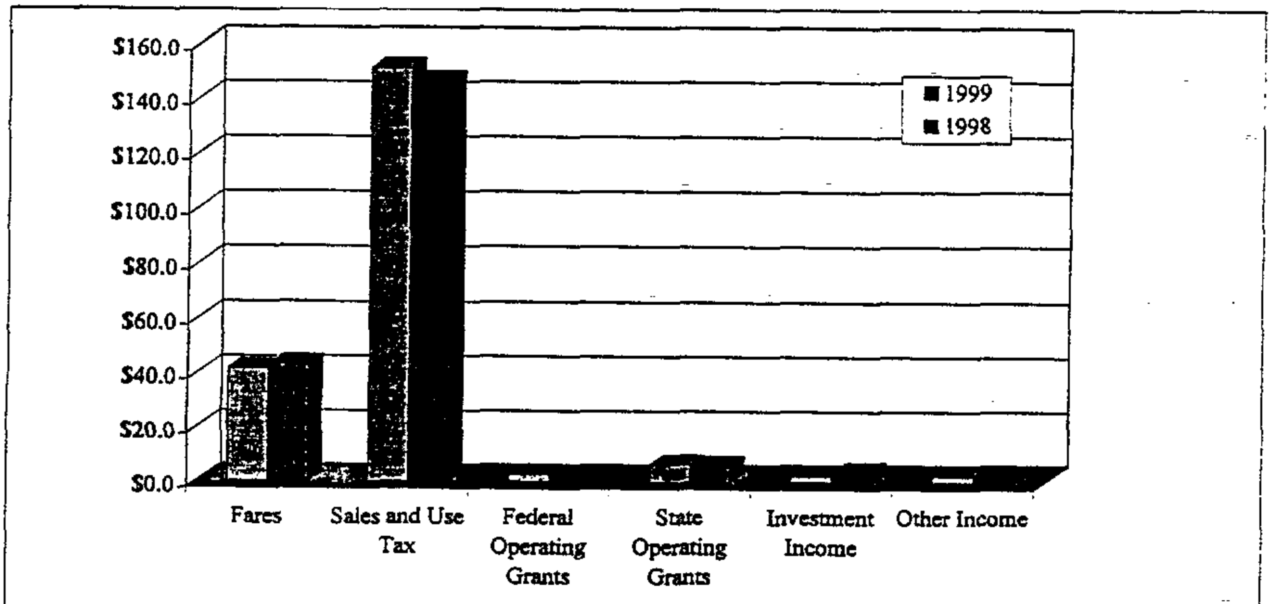
State Operating Grants - The Ohio Department of Transportation allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the GCRTA. The increase of 6.6% in this area is a result of increased funding. There have been discussions with State officials about increasing capital support, partly in lieu of operating subsidies, and the State has been very responsive to these initiatives.

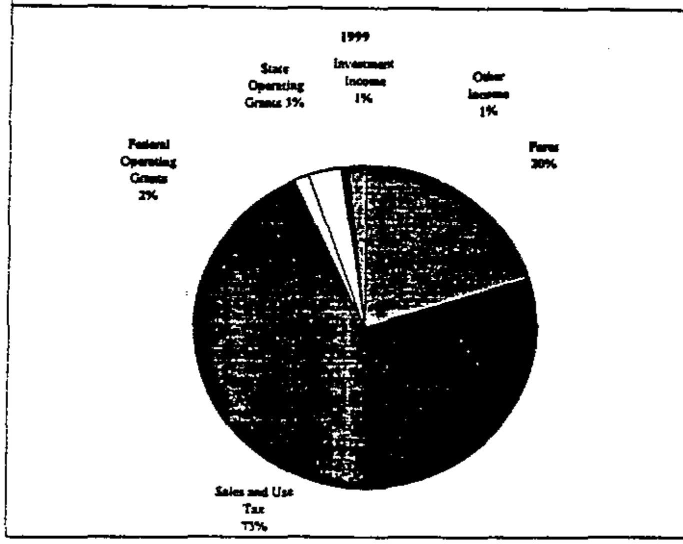
Investment Income - Investment income decreased in 1999 relative to 1998 because of a lower investment balance.

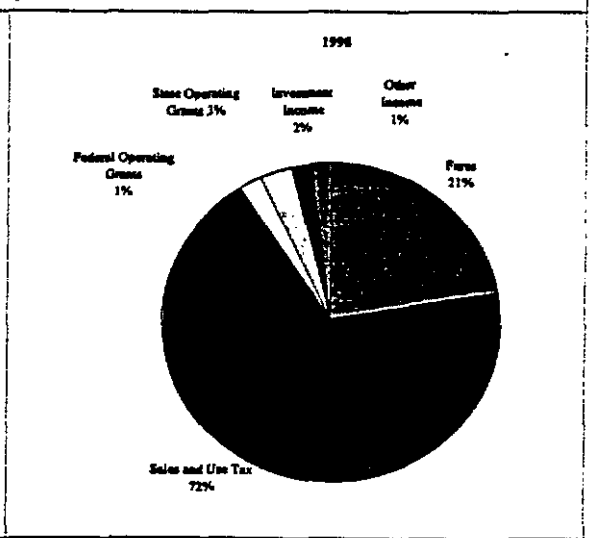
Other Income - This category summarizes various miscellaneous income and revenue received from advertising and concessions. In addition, this account is used to account for funds received from insurance recovery settlements.

## REVENUE
Millions of Dollars

| | 1999 | 1998 | Increase/(Decrease) Amount | Increase/(Decrease) Percent |
|---|---|---|---|---|
| Fares | $41.8 | $43.2 | ($1.4) | (3.2) % |
| Sales and Use Tax | 151.4 | 146.7 | 4.7 | 3.2 |
| Federal Operating Grants | 2.9 | 0.5 | 2.4 | 480.0 |
| State Operating Grants | 6.5 | 6.1 | 0.4 | 6.6 |
| Investment Income | 2.7 | 3.8 | (1.1) | (28.9) |
| Other Income | 2.6 | 2.8 | (0.2) | (7.1) |
| **Total** | **$207.9** | **$203.1** | **$4.8** | **2.4 %** |



## *Expenses*

LABOR AND FRINGE BENEFITS: These personnel costs accounted for approximately 71.5% of all GCRTA operating expenses (excluding depreciation) in 1999. This proportion is consistent with past years' experiences. The 6.5% increase in this category is the result of the settlement of an arbitration agreement in 1998 relating to the union contract for our skilled mechanics positions and normal salary increases. These costs were paid during 1999 causing the expenses to increase.

MATERIALS AND SUPPLIES: These costs have decreased from 1998 mainly to due significant purchases made in 1998 for CNG vehicle fuel tanks that were expensed.

SERVICES: These costs increased approximately 10% over 1998. This was mainly due to increases in contracted services relating to Y2K and increased costs relating to the "Welfare to Work" program. This program is designed to transport low-income residents and new job seekers to desirable job opportunities in the suburbs.

UTILITIES: Utility costs decreased due to less severe weather conditions experienced in 1999 compared to 1998. GCRTA has continued to minimize usage through various energy conservation initiatives.

CASUALTY AND LIABILITY: The decrease in these costs is due to lower claims expense resulting from improved experience.

PURCHASED TRANSPORTATION: These costs consist of the contracting of outside transportation services. The increase in this category is primarily due to an increase in costs relating to operating agreements with our two satellites.

INTEREST EXPENSE: The 5.4% increase is due to the amortization charges incurred in 1999 due to the advanced refunding of debt in 1998.

MISCELLANEOUS: This category summarizes various expenses not included in other expense categories.

On page 18, expenses are charted by function, explained briefly as follows:

**Transportation** - These are expenses directly relating to the operation of bus and rail vehicles. Included are the wages and fringe benefits of operators, booth attendants, and line supervisors, as well as diesel fuel, propulsion power, and purchased transportation.

**Maintenance** - Vehicle and facility maintenance labor costs, fringe benefits, supplies, parts inventory and utility costs are found here.

**General and Administration** - This grouping consists primarily of administrative personnel costs, public liability and property damage claims, workers compensation payments, professional services, and related expenses.

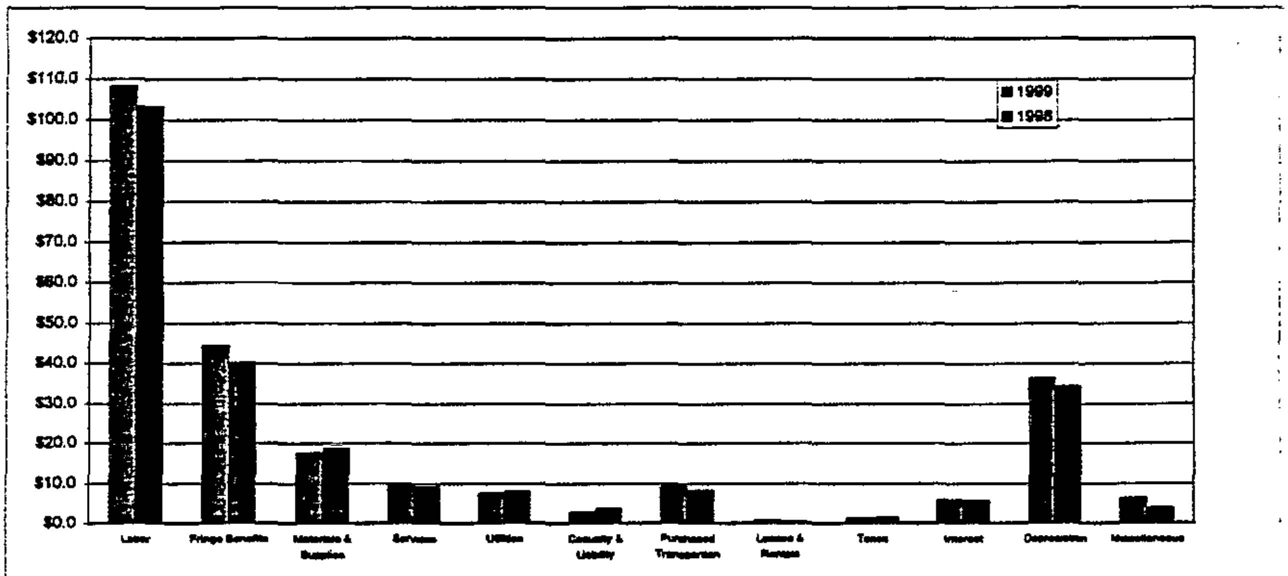
**Depreciation** -Included here is depreciation on assets acquired with capital grants and GCRTA equity.

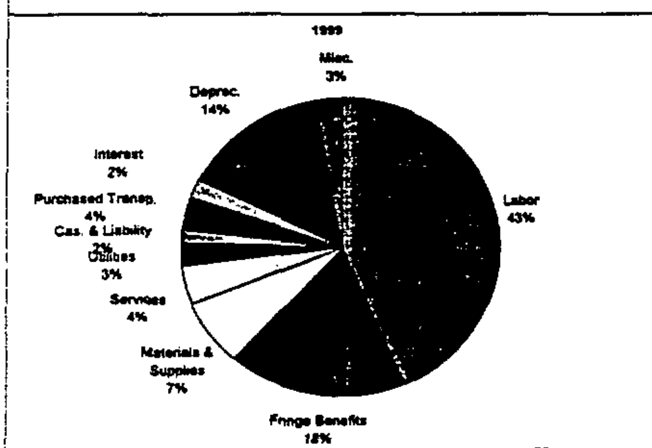
**Interest** - This is interest incurred on capital improvement bonds payable.

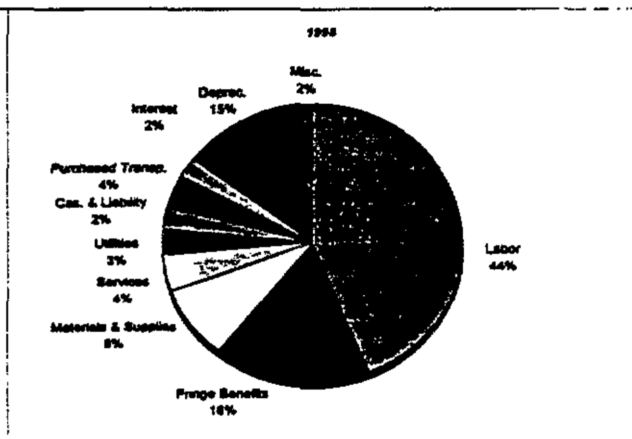
## Expenses by Object Class

Millions of Dollars

| | 1999 | 1998 | Increase/(Decrease) Amount | Increase/(Decrease) Percent |
|---|---|---|---|---|
| Labor | $108.3 | $103.3 | $5.0 | 4.8 % |
| Fringe Benefits | 44.5 | 40.2 | 4.3 | 10.7 |
| Materials & Supplies | 17.7 | 18.8 | (1.1) | (5.9) |
| Services | 10.0 | 9.1 | 0.9 | 9.9 |
| Utilities | 7.5 | 8.0 | (0.5) | (6.3) |
| Casualty & Liability | 2.8 | 3.7 | (0.9) | (24.3) |
| Purchased Transportion | 9.0 | 8.3 | 0.7 | 8.4 |
| Leases & Rentals | 0.6 | 0.4 | 0.2 | 50.0 |
| Taxes | 1.2 | 1.4 | (0.2) | (14.3) |
| Interest | 5.9 | 5.6 | 0.3 | 5.4 |
| Depreciation | 36.4 | 34.4 | 2.0 | 5.8 |
| Miscellaneous | 6.3 | 3.9 | 2.4 | 61.5 |
| **Total** | **$250.2** | **$237.1** | **$13.1** | **5.5 %** |



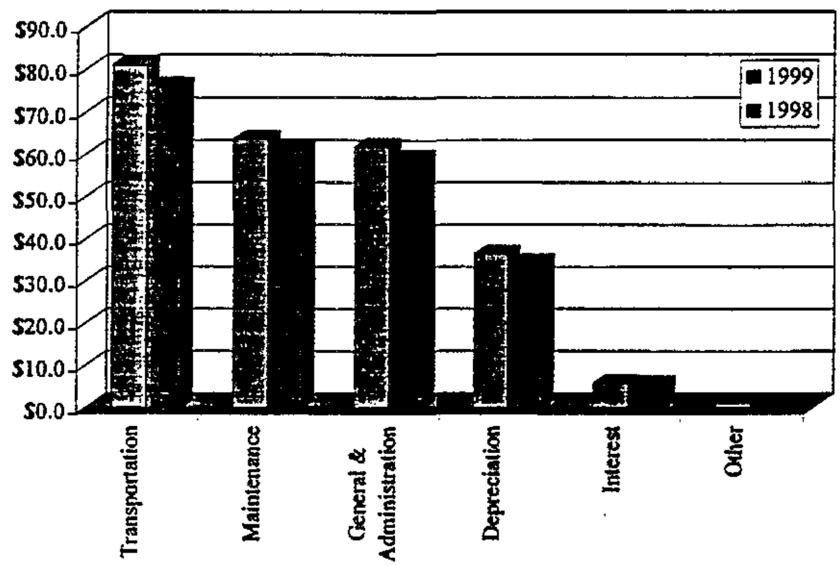



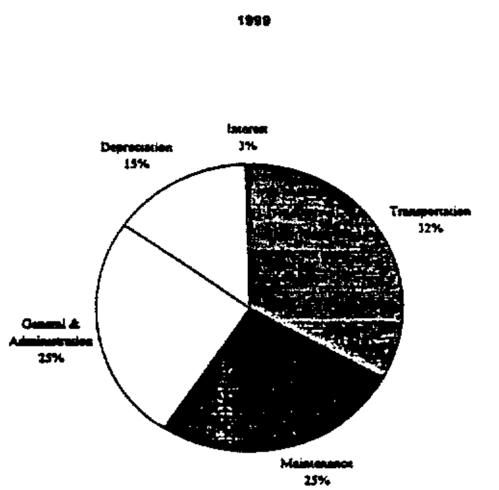



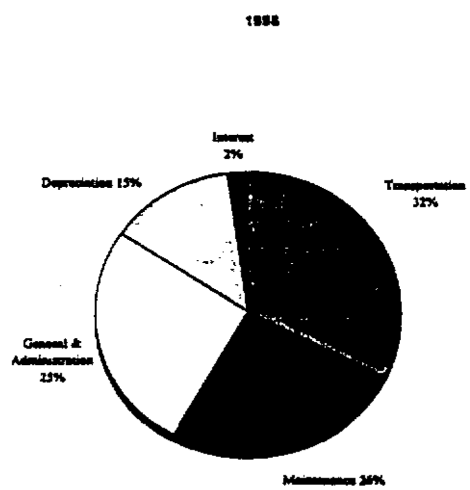
## Expenses by Function

Millions of Dollars

| | 1999 | 1998 | Increase/(Decrease) Amount | Increase/(Decrease) Percent |
|---|---|---|---|---|
| Transportation | $81.1 | $76.2 | $4.9 | 6.4 % |
| Maintenance | 63.7 | 61.7 | 2.0 | 3.2 |
| General & Administration | 61.9 | 59.2 | 2.7 | 4.6 |
| Depreciation | 36.4 | 34.4 | 2.0 | 5.8 |
| Interest | 5.9 | 5.6 | 0.3 | 5.4 |
| Other | 1.2 | 0.0 | 1.2 | 0.0 |
| **Total** | **$250.2** | **$237.1** | **$13.1** | **5.5 %** |



## *Equity*

The Authority's equity consists of capital contributions from the federal and state governments in addition to retained earnings.

## Retirement Plan

Employees of the GCRTA are covered under the Public Employees Retirement System (PERS) of Ohio, a cost-sharing multiple-employer pension plan (including disability and health care benefits).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees covered by PERS contribute 8.5% of earnable salary or compensation and the GCRTA contributes 13.55% (actuarially established for PERS) of the same base. The PERS of Ohio does not make separate measurements of assets and pension benefit obligations for individual Ohio subdivisions.

PERS also provides post-retirement healthcare coverage to those employees who retire with ten or more years of qualifying Ohio service credit as well as healthcare coverage for disability recipients and primary survivor recipients. A portion of each employer's contribution to PERS is set aside to fund these benefits.

## Debt Administration

The GCRTA has sold unvoted general obligation (capital improvement) bonds to partially finance the purchase and construction of various capital assets. Payment of debt service on the outstanding unvoted general obligation bonds of the GCRTA is secured by a pledge of all revenues of the GCRTA, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, state or federal law, or any revenue bond trust agreement that the GCRTA might execute. In practice, debt service has been paid from the receipts of the GCRTA's sales and use tax. Subject to the approval of the County Budget Commission, the debt service can also be paid; in the event it is not paid from other sources, from the proceeds of the levy by the GCRTA of ad valorem taxes within the ten-mill limitation provided by Ohio law. The GCRTA can also, with the approval of the voters within the territory of the Authority, issue general obligation bonds that, unless paid from other sources, are payable from the proceeds of the levy by GCRTA of ad valorem taxes that are outside that ten mill limitation.

The GCRTA had $101.9 million outstanding capital improvement bonds as of December 31, 1999 of which $31.9 million is non-callable and $70 million callable. The GCRTA general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

Total outstanding bonds and notes as of December 31, 1999 include:

| Series | Issue Date | Maturity Date | Original Principal | December 31, 1999 Balance | Average Interest Rate |
|---|---|---|---|---|---|
| **General Obligation Improvement Bonds** | | | | | |
| 1996 | 10/03/96 | 12/01/2011 | $70,000,000 | $41,065,000 | 5.24 |
| 1998 | 03/01/98 | 12/01/2018 | 32,955,000 | 31,900,000 | 4.61 |
| **General Improvement Refunding Bonds** | | | | | |
| 1998R (11/15/98 annually thru 2016) | | | | 28,900,000 | 4.17 |
| Premium | | | | 42,750 | |
| Deferred Amortization on Refunding | | | | (1,987,594) | |
| Total General Obligation Bonds | | | | $ 99,920,156 | |

At December 31, 1999, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $16.7 million.

## Cash Management

The GCRTA pursues an aggressive cash management and investment program in order to achieve reasonable financial return on all available funds. Cash balances are invested at the best interest rates available in the money markets within the constraints imposed by the Bylaws of the GCRTA and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic savings and loan associations are eligible to hold public deposits.

The provisions also permit the GCRTA to invest its moneys in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR OHIO), and obligations of the United States government or certain agencies thereof. The GCRTA may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Under the criteria developed by the Governmental Accounting Standards Board, $39.8 million of the GCRTA's investments are included in Risk Category 1 as defined in Note 3 to the financial statements. See Note 3 to the financial statements regarding credit risk relating to GCRTA's deposits. The procedures used for securing the Authority's deposits and investments are governed by the Ohio Revised Code. Because the GCRTA's deposits and investments are generally held by large, financially sound, national banks, we believe that the security supporting the GCRTA's deposits and investments is adequate.

## Risk Management

The GCRTA is self-insured for public liability. The GCRTA also operates a self-insurance program for workers' compensation claims. Claims are normally paid with the general operating revenues of the GCRTA. The GCRTA, by resolution of the Board of Trustees, established an insurance reserve in fiscal year 1980 to accumulate funds to satisfy catastrophic or extraordinary losses. The insurance reserve as of December 31, 1999 was

$5.5 million. During 1999, the GCRTA purchased catastrophic loss insurance to protect the Authority's assets against catastrophic losses. This umbrella liability coverage is in the amount of $75 million per occurrence in excess of the $5 million self-insured retention.

Blanket insurance coverage is maintained for property and equipment. In addition, the GCRTA has insurance to protect against internal losses.

## OTHER INFORMATION

### Independent Audit

The GCRTA's independent audit was conducted by Deloitte & Touche LLP, who has issued an unqualified audit report on these financial statements.

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

### Certificate of Achievement for Financial Reporting

It is also management's intention to submit this and future CAFRs to the Government Finance Officers Association of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe the current report conforms to the program requirements, and we expect that participation will result in improvements to our reports in coming years.

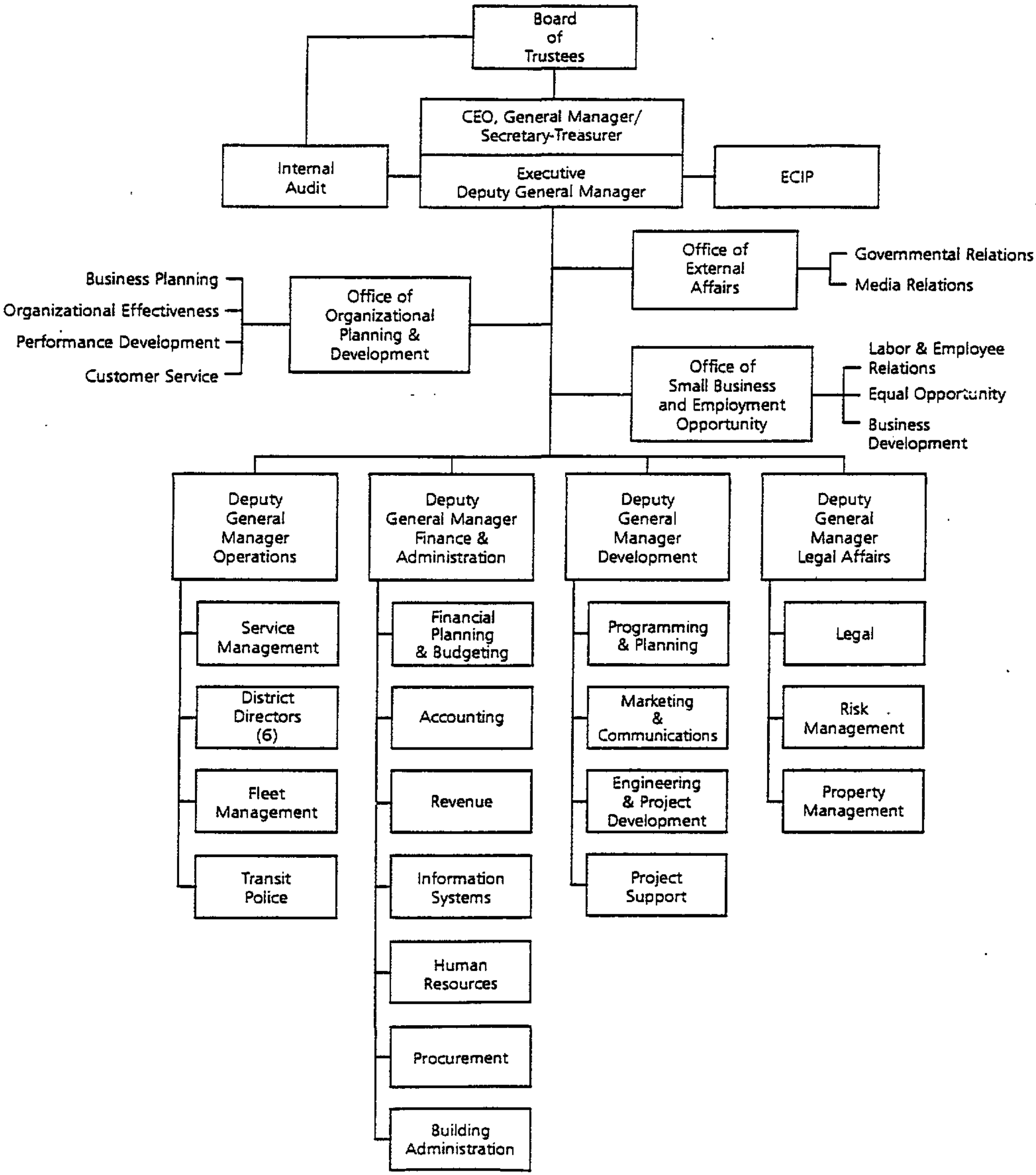
**Acknowledgments**

The GCRTA expresses thanks to the staff of the Accounting Department directed by Glenn Hendrix and assisted by Pamela Fairfax, for their work in preparing this report. Robert Ehlert and Joseph Ivan organized the project; Patricia English provided the graphics; Grace Gallucci, Director of the Financial Planning & Budgeting Department, assisted in providing supplemental schedules; and Anthony Garofoli, Director of Internal Audit Department, assisted in the preparation of the footnote disclosure. LaWana Simmons typed and proofread the entire document, and prepared it for printing. Cuyahoga County and Steven C. Letsky, Director of Accounting for the Cuyahoga County Auditor, provided supporting demographics and other statistics.

**Joseph A. Calabrese,**
Chief Executive Officer-
General Manager/
Secretary-Treasurer

**Loretta Bakr**
Deputy General Manager
Finance & Administration

# GCRTA Organizational Structure



# BOARD OF TRUSTEES AND ADMINISTRATION

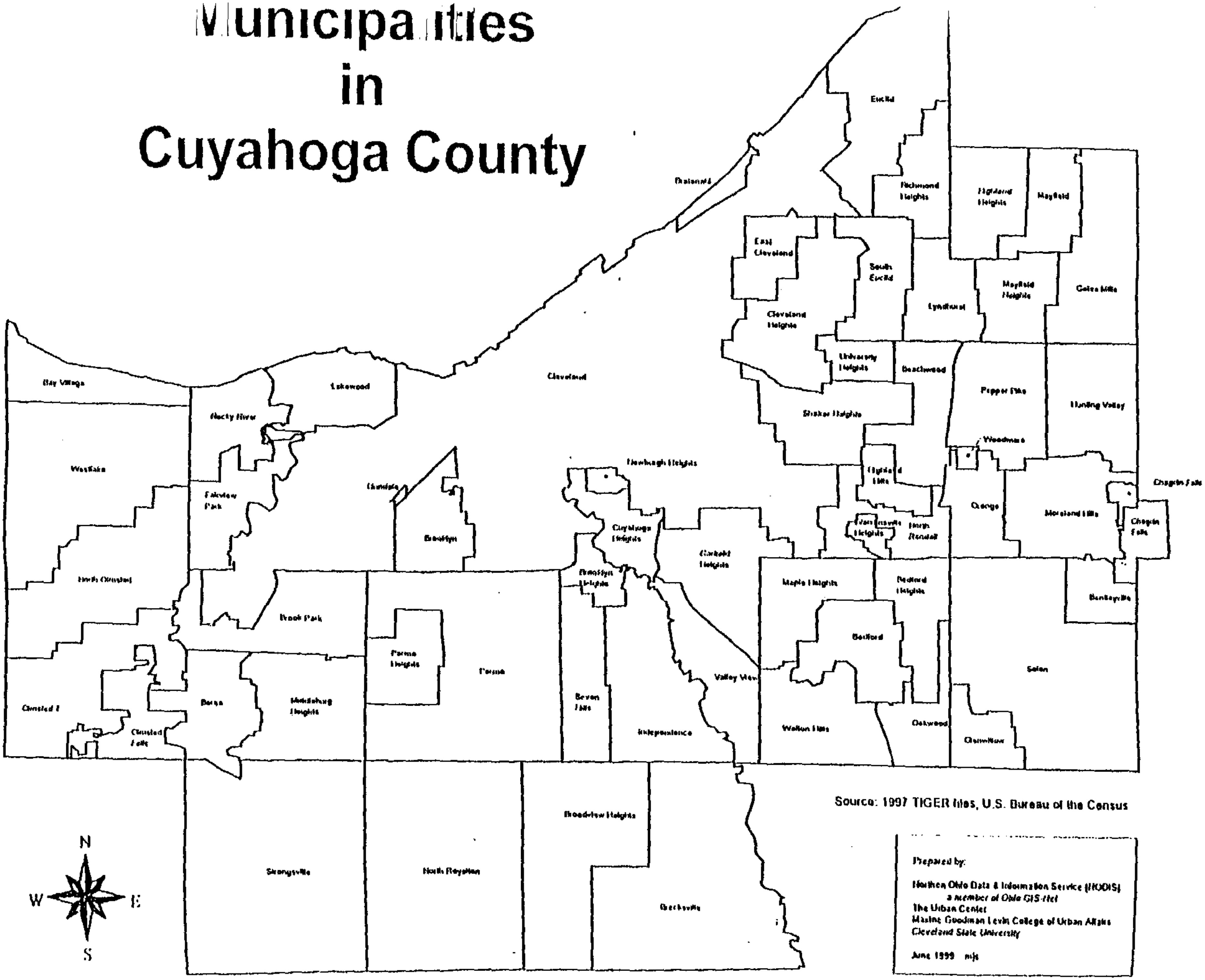
*As of December 31, 1999*

## BOARD OF TRUSTEES



## ADMINISTRATION

# Municipalities in Cuyahoga County




Source: 1997 TIGER files, U.S. Bureau of the Census

Prepared by:

Northern Ohio Data & Information Service (NODIS)
*a member of Ohio GIS-Net*
The Urban Center
Maxine Goodman Levin College of Urban Affairs
*Cleveland State University*

June 1999 mjs

(THIS PAGE INTENTIONALLY LEFT BLANK)

# 1999

# Financial Section

## General Purpose Financial Statements and Notes

Deloitte & Touche

Deloitte & Touche LLP
127 Public Square
Suite 2500
Cleveland, Ohio 44114-1303

Telephone: (216) 589-1300
Facsimile: (216) 589-1369

## INDEPENDENT AUDITORS' REPORT

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio 44113

We have audited the accompanying financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of December 31, 1999 and 1998, and for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents, which are also the responsibility of the management of the Authority, are presented for purposes of additional analysis and are not a required part of the financial statements of the Authority. Such additional information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

The statistical data on pages 47 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such additional information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we express no opinion on it.

Deloitte + Touche LLP

June 9, 2000

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
### COMPARATIVE BALANCE SHEETS
### December 31, 1999 and 1998

| ASSETS | 1999 | 1998 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash and Cash Equivalents | $ 6,773,903 | $ 18,565,021 |
| Short-Term Investments | 16,537,496 | 2,006,875 |
| Receivables: | | |
| Sales and Use Tax | 24,895,279 | 24,755,594 |
| State Operating Assistance | -0- | 2,699,226 |
| Accrued Interest and Other | 1,091,405 | 551,026 |
| Materials and Supplies Inventory | 9,562,595 | 9,323,282 |
| Total Current Assets | 58,860,678 | 57,901,024 |
| RESTRICTED ASSETS: | | |
| Cash and Cash Equivalents | 6,395,686 | 30,521,422 |
| Investments | 23,230,504 | 13,675,365 |
| Receivables: | | |
| Accrued Interest and Other | 185,291 | 212,070 |
| State Capital Assistance | 154,822 | -0- |
| Federal Capital Assistance | 2,407,714 | 1,023,567 |
| Total Restricted Assets | 32,374,017 | 45,432,424 |
| PROPERTY, FACILITIES AND EQUIPMENT | | |
| Land | 16,869,622 | 13,999,159 |
| Right-of-Ways | 255,347,797 | 243,702,265 |
| Buildings, Improvements, Furniture and Fixtures | 351,204,364 | 331,528,275 |
| Transportation and Other Equipment | 290,605,319 | 301,873,548 |
| *Construction in Progress* | 34,038,846 | 42,553,845 |
| Total | 948,065,948 | 933,657,092 |
| Less Accumulated Depreciation | (358,625,809) | (341,801,818) |
| Property, Facilities and Equipment-Net | 589,440,139 | 591,855,274 |
| OTHER NON-CURRENT ASSETS: | | |
| Receivables-State Contribution | 4,860,000 | 6,340,000 |
| TOTAL ASSETS | $ 685,534,834 | $ 701,528,722 |

| LIABILITIES AND EQUITY | 1999 | 1998 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts Payable | $ 4,206,201 | $ 4,115,127 |
| Accrued Compensation | 20,475,503 | 19,611,998 |
| Other Accrued Expenses | 1,244,051 | 1,175,294 |
| Interest Payable – Bonds | 426,564 | 444,687 |
| Current Portion of Long-Term Debt | 3,835,000 | 3,620,000 |
| Self-Insurance Liabilities – Current Portion | 5,182,714 | 5,882,799 |
| Total Current Liabilities | 35,370,033 | 34,849,905 |
| CURRENT LIABILTIES PAYABLE FROM RESTRICTED ASSETS: | | |
| Contracts and Other Payables | 6,003,338 | 3,021,441 |
| Contract Retainers | 39,284 | 1,037,578 |
| Total Current Liabilities Payable from Restricted Assets | 6,042,622 | 4,059,019 |
| *NON-CURRENT LIABILITES:* | | |
| Long-Term Debt [net of $1,987,594 deferred charge in 1999 & $2,288,000 in 1998] | 96,085,156 | 99,622,000 |
| Self-Insurance Liabilities | 9,625,041 | 10,925,197 |
| Capital Lease Obligation | 4,860,000 | 6,340,000 |
| Deferred Revenue | 1,520,331 | 1,477,865 |
| Deferred Contributed Capital | 4,860,000 | 6,340,000 |
| Other | 1,589,431 | 1,589,431 |
| Total Non-Current Liabilities | 118,539,959 | 126,294,493 |
| Total Liabilities | 159,952,614 | 165,203,417 |
| EQUITY: | | |
| Contributed Capital: | | |
| Federal Grants | 362,383,910 | 361,374,628 |
| State Grants | 36,394,590 | 34,934,327 |
| Total Contributed Capital | 398,778,500 | 396,308,955 |
| Retained Earning | 126,803,720 | 140,016,350 |
| Total Equity | 525,582,220 | 536,325,305 |
| TOTAL LIABILITIES AND EQUITY | $ 685,534,834 | $ 701,528,722 |

*See notes to financial statements.*

## Greater Cleveland Regional Transit Authority

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

| | 1999 | 1998 |
|---|---|---|
| **OPERATING REVENUES:** | | |
| Passenger Fares | $ 41,773,055 | $ 43,230,585 |
| Advertising and Concessions | 2,258,364 | 2,205,994 |
| Total Operating Revenues | $ 44,031,419 | 45,436,579 |
| **OPERATING EXPENSES:** | | |
| Labor | 108,278,894 | 103,280,722 |
| Fringe Benefits | 44,528,639 | 40,201,606 |
| Materials and Supplies | 17,774,378 | 18,839,951 |
| Services | 9,993,990 | 9,062,342 |
| Utilities | 7,475,593 | 8,022,720 |
| Self-Insurance Claims | 2,814,301 | 3,717,161 |
| Purchased Transportation | 9,032,885 | 8,305,459 |
| Leases and Rentals | 562,946 | 418,646 |
| Taxes | 1,212,274 | 1,419,378 |
| Miscellaneous | 5,008,781 | 3,865,060 |
| Total Operating Expenses Excluding Depreciation | 206,682,681 | 197,133,045 |
| **OPERATING LOSS BEFORE DEPRECIATION EXPENSE** | (162,651,262) | (151,696,466) |
| **DEPRECIATION EXPENSE:** | | |
| On Assets Acquired with Capital Grants | 29,111,058 | 27,533,681 |
| On Assets Acquired with Authority Equity | 7,277,764 | 6,883,419 |
| Total Depreciation Expense | 36,388,822 | 34,417,100 |
| **OPERATING LOSS** | (199,040,084) | (186,113,566) |
| **NON-OPERATING REVENUES (EXPENSES):** | | |
| Sales and Use Tax Revenues | 151,405,646 | 146,703,293 |
| Federal Operating Grants and Reimbursements | 2,936,393 | 551,875 |
| State Operating Grants, Reimbursements, and Special Fare Assistance | 6,501,510 | 6,068,797 |
| Investment Income | 2,653,670 | 3,756,395 |
| Interest Expense | (5,890,794) | (5,617,414) |
| Other (Expense) Income | (890,029) | 602,315 |
| Total Non-operating Income – Net | 156,716,396 | 152,065,261 |
| **NET LOSS** | $ (42,323,688) | $ (34,048,305) |

See notes to financial statements.

**(Continued)**

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
(Continued)

| | 1999 | 1998 |
|---|---|---|
| Net Loss | $ (42,323,688) | $ (34,048,305) |
| Depreciation of Fixed Assets acquired with Capital Grants | 29,111,058 | 27,533,681 |
| Increase (Decrease) in Retained Earnings | (13,212,630) | (6,514,624) |
| Retained Earnings, Beginning of Year | 140,016,350 | 146,530,974 |
| Retained Earnings, End of Year | 126,803,720 | 140,016,350 |
| Contributed Capital, Beginning of Year | 396,308,955 | 390,020,033 |
| Contributed Capital, During the Year: | | |
| Federal Grants | 24,298,128 | 30,493,189 |
| State Grants | 7,282,475 | 3,329,414 |
| Depreciation on Fixed Assets Acquired with Capital Grants | (29,111,058) | (27,533,681) |
| Contributed Capital, End of Year | 398,778,500 | 396,308,955 |
| Equity, End of Year | $ 525,582,220 | $ 536,325,305 |

See notes to financial statements.

(Concluded)

## Greater Cleveland Regional Transit Authority

*COMPARATIVE STATEMENTS OF CASH FLOWS*
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Cash received from customers | $ 43,517,819 | $ 45,752,637 |
| Cash payments to suppliers for goods and services | (51,140,329) | (51,973,872) |
| Cash payments to employees for services | (107,415,389) | (100,843,296) |
| Cash payments for employee benefits | (44,528,639) | (40,201,606) |
| Cash payments for casualty and liability | (4,814,542) | (4,272,394) |
| Net cash used in operating activities | (164,381,080) | (151,538,531) |
| CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES: | | |
| Sales and use taxes received | 151,265,961 | 144,913,742 |
| Grants, reimbursements and special fare assistance: | | |
| Federal | 2,936,393 | 551,875 |
| State | 9,200,736 | 7,401,683 |
| Other revenue | 298,976 | 413,945 |
| Net cash provided by non-capital financing activities | 163,702,066 | 153,281,245 |
| CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Federal capital grants received | 22,913,981 | 34,257,862 |
| State capital grants received | 5,641,782 | 1,557,814 |
| Proceeds from issuance of bonds | 0 | 33,000,000 |
| Acquisition and construction of fixed assets | (33,296,204) | (46,144,642) |
| Principal paid on bond/note maturities | (3,620,000) | (3,655,000) |
| Interest paid on bonds | (5,336,239) | (5,065,529) |
| Net cash provided by (used in) capital and Related financing activities | (13,696,680) | 13,950,505 |
| CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES: | | |
| Proceeds from maturities of investments | 61,953,912 | 49,734,382 |
| Purchases of investments | (86,309,293) | (51,593,912) |
| Interest received from investments | 2,814,221 | 3,756,395 |
| Net cash flows provided by (used in) investing activities | (21,541,160) | 1,896,865 |
| **Net (Decrease) Increase In Cash and Cash Equivalents** | (35,916,854) | 17,590,084 |
| **Cash and Cash Equivalents, Beginning of Year** | 49,086,443 | 31,496,359 |
| **Cash and Cash Equivalents, End of Year** | $ 13,169,589 | $ 49,086,443 |

*See notes to financial statements.*

**(Continued)**

## COMPARATIVE STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
## (Continued)

| | 1999 | 1998 |
|---|---|---|
| **RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:** | | |
| Operating Loss | $(199,040,084) | $(186,113,566) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 36,388,822 | 34,417,100 |
| Change in assets and liabilities: | | |
| (Increase) decrease in other receivables | (513,600) | 316,058 |
| (Increase) decrease in materials and supplies inventory | (239,313) | 34,188 |
| Decrease in accounts payable, accrued compensation, self-insurance liabilities and other | (976,905) | (192,311) |
| Net Cash Used In Operating Activities | $(164,381,080) | $(151,538,531) |

See notes to financial statements.

(Concluded)

## 1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

A) The Authority - The Greater Cleveland Regional Transit Authority (the "Authority" or "GCRTA") is an independent, special purpose political subdivision of the State of Ohio (the "State") with powers derived from Sections 306.30 through 306.71 of the Ohio Revised Code. The Authority has territorial boundaries and jurisdiction coextensive with the territorial boundaries of Cuyahoga County. As a political subdivision, it is distinct from, and is not an agency of, the State and the County or any other local governmental unit. The Authority was created on December 30, 1974, by ordinance of the Council of the City of Cleveland and by resolution of the Board of County Commissioners of Cuyahoga County and became operational on September 5, 1975.

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, 0.5, 1, or 1.5 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 and the County. On July 22, 1975, the voters of the County approved a 1% sales and use tax with no limit on its duration.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes have not been levied through 1999.

The Authority is managed by a ten-member Board of Trustees and provides directly, or under contract, virtually all-mass transportation within the County.

The Authority is not subject to federal or state income taxes.

B) Reporting Entity -"The Financial Reporting Entity," as defined by Statement No. 14 of the Governmental Accounting Standards Board ("GASB"), is comprised of the primary government and its component units. The primary government includes all departments and operations of the Authority, which are not legally separate organizations. Component units are legally separate organizations which are fiscally dependent on the Authority or for which the Authority is financially accountable.

An organization is fiscally dependent if it must receive the Authority's approval for its budget, the levying of taxes or the issuance of debt. The Authority is financially accountable for an organization if it appoints a majority of the organization's board, and either a) has the ability to impose its will on the organization or b) there is the potential for the organization to provide a financial benefit to or impose a financial burden on the Authority. The reporting entity of the Authority consists solely of the primary government. There are no component units.

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any support or had any significant financial transactions with the Authority during 1999.

As discussed in Note 8, the Authority contracts with two municipalities for assistance in providing transit service within the County.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources. The Authority also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to the extent that they do not contradict/conflict with GASB pronouncements.

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.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investment Securities - Effective January 1, 1998, the Authority adopted Statement No. 31 of the GASB, "Accounting and Financial Reporting for Certain Investments and External Investment Pools" ("GASB 31"), which provides for Accounting for investments with maturities greater than one year at fair value. The Authority's investments are stated at fair value for the years ended December 31, 1999 and 1998.

Materials and Supplies Inventory - Materials and supplies inventory are stated at average cost. Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

Property and Depreciation - Property, facilities and equipment are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements and interest are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

| Description | Years |
|---|---|
| Buildings and improvements | 20-60 |
| Transportation and other equipment | 5-15 |
| Furniture and fixtures | 3-15 |
| Rolling stock | 7-12 |

Depreciation and losses on the disposal of fixed assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation (and losses) on fixed assets acquired in this manner is closed to retained earnings.

Restricted Assets - Restricted assets consist of monies and other resources, the use of which is legally restricted for the following purposes:

- Capital acquisition and construction
- Self-insurance; catastrophic losses
- Law enforcement

Recognition of Revenue and Receivables - Passenger fares are recorded as revenue at the time cash is received and tickets and passes are sold.

Sales and use tax revenues are recognized in the month collected by the State.

The federal government, through 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 revenues over the entitlement periods. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to contributed capital when the related qualified expenditures are incurred.

*Compensated Absences* - The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service. Vacation days are limited to a maximum of fifty days.

Self-Insurance Liabilities and Expense - The Authority has a self-insurance program for public liability and property damage claims. The Authority also operates a self-insurance program for workers' compensation claims. For workers' compensation claims awarded, the Authority pays the same benefits as would be paid by the State of Ohio Bureau of Workers' Compensation.

Both programs are administered by the Authority. Claims are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management and legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported.

Budgetary Accounting and Control - The Authority's annual budget, as provided by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The major differences between the budget basis and GAAP basis are:

1) Revenues are recorded when received (budget) as opposed to when earned (GAAP);

2) Expenses are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP); and

3) Budget basis includes proceeds of long-term debt and capital grants as revenues and capital outlay and debt principal payments as expenses, and excludes depreciation on, as well as gains and losses on disposition of, property and equipment.

Reported budgeted amounts are as originally adopted and amended by appropriations resolutions passed by the Board. Three budget amendments were passed by the Board during 1999, increasing 1999 appropriations by $4.4 million, and two budget amendments were passed by the Board during 1998, increasing 1998 appropriations by $11.2 million. The budget for each division and department is represented by appropriations. Any increase in the total Authority appropriations must be approved by the Board. Any inter-divisional budget transfers must be approved by the General Manager. Appropriations to applicable departments within a division and to accounts within a department may be modified by the appropriate Deputy General Manager and the Financial Planning & Budgeting Department. All budget transfers must be reported to the Board within 30 days after the end of the month in which the transfer occurred.

### 3. *CASH, CASH EQUIVALENTS AND INVESTMENTS*

The investment and deposit of Authority monies is governed by the provisions of the Bylaws of the Authority and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic saving and loan associations are eligible to hold public deposits. The provisions also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool (STAROhio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require that security maintained for public deposits and investments be held in the Authority's name.

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 instrument, contract, or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

Deposits - The carrying amount of the Authority's deposits was $6,610,791 at December 31, 1999 with a $7,478,935 bank balance. Of the bank balance, $100,000 was covered by federal depository insurance. The remaining balance, $7,378,935 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by various financial institutions' risk pools for public deposits as governed under the Ohio Revised Code Section 135.

Investments – The Authority's investments are detailed below and are categorized to give an indication of the level of credit risk assumed as of year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Balances with Star Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the Authority's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

| Description | Risk Category 1 | 2 | 3 | Fair Value/ Carrying Value |
|---|---|---|---|---|
| U.S. Government and Agency Securities | $39,768,000 | | | $39,768,000 |
| Investment in state treasurer's investment pool (STAROhio) | | | | 6,558,798 |
| Total | | | | $46,326,798 |

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

At December 31, 1999, the Authority's cash, cash equivalents and investments consist of the following:

| | |
|---|---|
| Demand deposits | $ 6,610,791 |
| Investments | 46,326,798 |
| Total | $52,937,589 |

The balances are included in the accompanying December 31, 1999 balance sheet under the following captions:

| | |
|---|---|
| Current Assets: | |
| Cash and cash equivalents | $ 6,773,903 |
| Short-term investments | 16,537,496 |
| Restricted Assets: | |
| Cash and cash equivalents | 6,395,686 |
| Investments | 23,230,504 |
| Total | $52,937,589 |

## 4. CONSTRUCTION IN PROGRESS AND COMMITMENTS

During 1999, major construction projects aggregating $30.0 million were completed and transferred to the appropriate property, facilities and equipment accounts. Major projects included the rehabilitation of rail track and bridges ($9.8 million), rehabilitation of a rail station-West 98th ($7.1 million), construction of rail station-West Boulevard-Cudell ($7.7 million), construction of the Westgate Transit Center ($1.9 million), construction of Euclid Transit Center ($1.1 million), and various smaller projects. Included in the December 31, 1999 construction in progress balance are costs associated with further right-of-way, rail track, bridge and transit station rehabilitations, the Euclid Corridor construction, and various other projects. Remaining costs to complete these projects, which will extend over a period of several years, total $91.0 million. Approximately $67.5 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with local dollars.

## 5. RESTRICTED ASSESTS AND LIABILITIES

Restricted assets and liabilities consist of the following components at December 31, 1999 and 1998.

**Restricted For**

| | Capital Acquisition and Construction | Self Insurance | Law Enforcement | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents | $ 5,068,873 | $ 1,164,375 | $ 162,438 | $ 6,395,686 |
| Investments | 18,985,365 | 4,245,139 | | 23,230,504 |
| Accrued interest and other receivable | 134,184 | 51,107 | | 185,291 |
| Federal capital assistance receivable | 2,407,714 | | | 2,407,714 |
| State capital assistance receivable | 154,822 | | | 154,822 |
| Total | 26,750,958 | 5,460,621 | 162,438 | 32,374,017 |
| **Liabilities:** | | | | |
| Contracts and other payables | 6,003,338 | | | 6,003,338 |
| Contract retainers | 39,284 | | | 39,284 |
| Total | 6,042,622 | | | 6,042,622 |
| **Net Restricted Assets – December 31, 1999** | $ 20,708,336 | $ 5,460,621 | $ 162,438 | $ 26,331,395 |
| **Net Restricted Assets - December 31, 1998** | $ 30,943,560 | $10,277,245 | $ 152,600 | $ 41,373,405 |

## 6. LONG TERM DEBT

Long-term debt consists of the following:

| GENERAL OBLIGATION BONDS PAYABLE | December 31, 1999 | 1998 |
|---|---|---|
| Capital improvement bonds, Series 1996, due annually to 2011 at an average rate of 5.24 | $ 41,065,000 | $ 43,565,000 |
| Capital improvement bonds, Series 1998, due annually to 2018 at an average rate of 4.61 | 31,900,000 | 32,955,000 |
| Capital improvement refunding bonds, Series 1998R, due annually to 2016 at an average rate of 4.17 | 28,900,000 | 28,965,000 |
| Total debt | 101,865,000 | 105,485,000 |
| Deferred amount on refunding | (1,987,594) | (2,288,000) |
| Premium on Series 1998 bonds | 42,750 | 45,000 |
| Long-term debt | 99,920,156 | 103,242,000 |
| Less current portion | 3,835,000 | 3,620,000 |
| Long-term portion | $ 96,085,156 | $ 99,622,000 |

Bonds maturing after December 31, 2006 are subject to optional redemption by the Authority prior to maturity.

On November 15, 1998, the Authority issued $28,965,000 of general obligation capital improvement refunding bonds. A portion of the proceeds of the bonds was used for the advance refunding of $26,425,000 of the 1996 capital improvement bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The total amount of funds available in the trust at December 31, 1999 was $25,282.204. The refunded bonds, which have an outstanding balance of $26,425,000 at December 31, 1999 are not included in the Authority's outstanding debt since the Authority has satisfied its obligations through the advance refunding. The principal balance of the general obligation capital improvement refunding bonds at December 31, 1999 was $28,900,000.

The 1998 general obligation capital improvement refunding bonds' advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,288,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in proportion to stated interest requirements through the year 2006.

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 1999 are as follows:

| Year | Principal | Interest |
|---|---|---|
| 2000 | $ 3,835,000 | $ 5,118,764 |
| 2001 | 4,005,000 | 4,951,751 |
| 2002 | 4,170,000 | 4,772,949 |
| 2003 | 4,360,000 | 4,583,131 |
| 2004 | 4,560,000 | 4,380,881 |
| 2005 and thereafter | 80,935,000 | 30,178,317 |
| Total | $101,865,000 | $53,985,793 |

## 7. CAPITAL LEASE OBLIGATION

In 1995, $10 million Series 1995 Certificates of Participation were issued by a bank to fund a portion of the construction of the Waterfront Transit Line Project. In connection with the issuance of the Series 1995 Certificates of Participation, the Authority entered into a capital lease agreement (as lessee) with McDonald Financial Services, Inc. (MFSI) for certain parcels of real property together with all buildings, structures, and other improvements related to the Waterfront Transit Line Project.

The Authority has entered into an agreement with the State of Ohio Department of Transportation (ODOT) whereby ODOT has agreed to make payments to the Authority in amounts equal to the payments required under the capital leases. The payments by ODOT to the Authority are subject to receipt by ODOT of appropriations of sufficient amounts of money for that purpose by the General Assembly of the state of Ohio and the Certification as to the availability of such funds by the State Director of Budget and Management pursuant to Section 126.07 of the Ohio Revised Code (the "OMB Certification"). The Authority has recognized a long-term receivable and deferred capital contribution from ODOT related to this agreement. Contributed capital is recognized upon receipt of the annual payments made by ODOT.

Future capital lease payments are as follows as of December 31, 1999:

| YEAR | TOTAL PAYMENTS |
|---|---|
| 2000 | $ 1,771,140 |
| 2001 | 1,775,842 |
| 2002 | 1,775,512 |
| Total Lease Payments | 5,322,494 |
| Less amount representing interest | (462,494) |
| Present Value of Lease Payments | $ 4,860,000 |

## 8. PURCHASED TRANSPORTATION SERVICES

During 1999 and 1998, the Authority had operating agreements with two Ohio cities that provide transit services within Cuyahoga County. The agreements provide for a fixed rate of reimbursement based on actual vehicle miles and standard operator platform hours. Expenses under these agreements were $7,674,445 in 1999 and $6,540,859 in 1998. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

In addition, the Authority has a contract with a local taxi company to provide transit services within the County for elderly and handicapped persons. Expenses under this contract amounted to $1,358,440 in 1999 and $1,152,297 in 1998. Expenses under other purchased transportation service contracts for 1998 were $612,303; however, in 1999, the Authority did not contract circulator service.

## 9. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

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

| | 1999 | 1998 |
|---|---|---|
| FEDERAL: | | |
| FTA Operating Assistance | $ | $ 551,875 |
| FTA Maintenance Assistance | 2,936,393 | |
| Total | $ 2,936,393 | $ 551,875 |
| STATE: | | |
| ODOT Maintenance Assistance | $ 4,826,195 | $ 4,368,521 |
| ODOT Elderly and Handicapped Grants | 567,581 | 552,554 |
| ODOT Fuel Tax Reimbursement | 1,107,734 | 1,147,722 |
| Total | $ 6,501,510 | $ 6,068,797 |

## 10. CONTINGENCIES

Federal and State Grants - Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 1999, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

Contract Disputes and Legal Proceedings - The Authority has been named as a defendant in a number of contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the Authority's financial position.

## 11. RETIREMENT BENEFITS

### PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description - All full time employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS). It is a cost -sharing multiple-employer defined benefit pension plan created by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

## 11. RETIREMENT BENEFITS (CONTINUED)

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions which are summarized as follows:

| | Contribution Rate as a % of Covered Salaries | Contributions | | |
|---|---|---|---|---|
| | | 1999 | 1998 | 1997 |
| By Authority | 13.55 | $16,113,397 | $15,499,329 | $14,529,627 |
| By employees | 8.50 | 10,108,035 | 9,722,826 | 9,114,526 |
| Less healthcare portion (1999-1998, 4.20; 1997, 5.11) | (4.20) | (4,994,559) | (4,804,220) | (5,479,439) |
| Total Pension Contributions | | $21,226,873 | $20,417,935 | $18,164,714 |

The pension contributions equaled the required contributions for each of the last three years.

Healthcare - PERS provides postretirement healthcare coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients are also available.

The healthcare coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS (4.2% of the total 13.55% contributed) is set-aside for the funding of postretirement healthcare. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement healthcare through their contributions to PERS. The statutory healthcare contribution requirement from the Authority for years ended December 31, 1999 and 1998 (which is included in the Authority's total PERS contribution) was $4,994,559 and $4,804,220, respectively. At December 31, 1999, the Authority was not responsible for paying premiums, contributions or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions are expected to be sufficient to sustain the program indefinitely.

PERS expenditures for OPEB during 1999 were approximately $524 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were approximately $9.8 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

## 12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has a contract with an outside insurance company to provide property coverage with various limits on property and equipment of the Authority. The maximum limit of liability in any one occurrence regardless of the number of locations or coverages involved, cannot exceed $630,000,000. During 1999, the Authority purchased catastrophic loss insurance to protect its assets against catastrophic losses. This umbrella liability coverage is in the amount of $75,000,000 per occurrence in excess of the $5,000,000 self-insurance retention. This maximum limit of liability applies to blanket coverage. Settled claims have not exceeded coverage in any of the last three years.

The Authority provides employees healthcare benefits, which include medical, drug, dental, and vision. These benefits are provided through both insured and self-funded plans under group insurance agreements.

The Authority is self-insured for public liability. The Authority also operates a self-insurance program for workers' compensation claims. Claims are normally paid with the general operating revenues of the GCRTA. The GCRTA, by resolution of the Board of Trustees, established an insurance reserve in fiscal year 1980 to accumulate funds to satisfy catastrophic or extraordinary losses. The insurance reserve as of December 31, 1999 was $5.5 million (see Note 5).

Changes in the Authority's claims liability amount in 1999 and 1998 were:

| Year | Balance Beginning of Year | Incurred Claims | Payments | Balance End of Year |
|---|---|---|---|---|
| 1999 | $ 16,807,996 | $ 2,814,301 | $ 4,814,542 | $ 14,807,755 |
| 1998 | 17,363,229 | 3,717,161 | 4,272,394 | 16,807,996 |

## 13. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". These statements establish accounting standards for non-exchange transactions such as sales taxes, grants and other assistance provided to the Authority by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the Authority's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2002. The Authority has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

GREATER CLEVELAND REGIONAL AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN EQUITY – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 1999

| | BUDGET | ACTUAL | VARIANCE |
|---|---|---|---|
| **OPERATING REVENUES:** | | | |
| Passenger and Other Transit Fares | $ 45,000,000 | $ 41,790,115 | $ (3,209,885) |
| Advertising and Concessions | 2,000,000 | 1,855,374 | (144,626) |
| Total Operating Revenues | 47,000,000 | 43,645,489 | (3,354,511) |
| **OPERATING EXPENSES:** | | | |
| Departmental (See detail on following page) | 202,407,017 | 199,362,619 | 3,044,398 |
| Non-Departmental | 1,225,400 | 1,192,559 | 32,841 |
| Total Operating Expenses | 203,632,417 | 200,555,178 | 3,077,239 |
| **OPERATING PROFIT (LOSS)** | (156,632,417) | (156,909,689) | (277,272) |
| **NON-OPERATING REVENUES (EXPENSES):** | | | |
| Sales and Use Tax Revenues | 151,350,000 | 151,265,961 | (84,039) |
| Federal Operating Grants and Reimbursements | 2,000,000 | 6,128,121 | 4,128,121 |
| State Operating Grants, Reimbursements and Special Fare Assistance | 5,301,000 | 6,060,869 | 759,869 |
| Interest Income | 3,137,000 | 2,932,049 | (204,951) |
| Debt Service: | | | |
| Principal Retirement | (3,555,000) | (3,620,000) | (65,000) |
| Interest | (5,432,479) | (5,336,239) | 96,240 |
| Other Income | 7,860,000 | 1,591,784 | (6,268,216) |
| Total Non-Operating Revenues (Expenses)-Net | 160,660,521 | 159,022,545 | (1,637,976) |
| **NET CAPITAL OUTLAY:** | | | |
| Capital Outlay | (81,205,000) | (45,149,096) | 36,055,904 |
| Capital Grants Reimbursements: | | | |
| Federal | 42,030,000 | 24,074,838 | (17,955,162) |
| State | 3,060,000 | 5,474,311 | 2,414,311 |
| Total Capital Outlay-Net | (36,115,000) | (15,599,947) | 20,515,053 |
| **Net Income (Loss)** | (32,086,896) | (13,487,091) | 18,599,805 |
| **Fund Balance - January 1** | 54,731,473 | 54,127,502 | (603,971) |
| **Fund Balance – December 31** | $ 22,644,577 | $ 40,640,411 | $ 17,995,834 |

## GREATER CLEVELAND REGIONAL AUTHORITY

### SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL EXPENSES
### BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
### FOR THE YEAR ENDED DECEMBER 31, 1999

| DEPARTMENT | BUDGET | ACTUAL | VARIANCE |
|---|---|---|---|
| Euclid Corridor Improvement Project | $ 347,312 | $ 262,915 | $ 84,397 |
| Office of Small Business & Equal Opportunity | 496,116 | 489,494 | 6,622 |
| Engineering & Construction | 2,463,413 | 2,202,950 | 260,463 |
| Executive | 1,475,357 | 1,463,948 | 11,409 |
| Human Resources | 1,539,050 | 1,445,588 | 93,462 |
| Risk Management | 6,891,269 | 6,559,890 | 331,379 |
| Secretary-Treasurer/Board of Trustees | 257,206 | 255,841 | 1,365 |
| Labor Relations | 385,500 | 371,021 | 14,479 |
| Internal Audit | 549,212 | 522,278 | 26,934 |
| Legal Services | 1,858,596 | 1,744,405 | 114,191 |
| Training Services and Career Development | 1,281,776 | 1,215,006 | 66,770 |
| Paratransit | 6,730,592 | 6,706,502 | 24,090 |
| Rail Operations | 14,021,783 | 14,002,727 | 19,056 |
| Transit Police | 7,117,640 | 7,056,357 | 61,283 |
| Bus Transportation Management | 3,658,366 | 3,540,734 | 117,632 |
| Power | 11,018,687 | 10,957,438 | 61,249 |
| Facilities Maintenance | 10,231,158 | 10,212,445 | 18,713 |
| Bus Equipment | 21,753,584 | 21,751,690 | 1,894 |
| Rail Equipment | 6,057,876 | 5,967,062 | 90,814 |
| Technical Services | 642,629 | 553,359 | 89,270 |
| Sattellites and Subgrantees | 7,745,836 | 7,745,836 | 0 |
| Paratransit Equipment | 1,909,233 | 1,906,345 | 2,888 |
| Hayden Station | 16,706,240 | 16,702,651 | 3,589 |
| Harvard Station | 16,692,481 | 16,690,820 | 1,661 |
| Brooklyn Station | 12,239,983 | 12,199,612 | 40,371 |
| Triskett Station | 13,358,368 | 13,357,823 | 545 |
| Customer Relations | 881,831 | 809,880 | 71,951 |
| Community Relations | 463,812 | 373,684 | 90,128 |
| Marketing | 1,534,534 | 1,524,324 | 10,210 |
| Operations Planning | 2,066,518 | 1,964,274 | 102,244 |
| Strategic Planning & Research | 744,593 | 620,459 | 124,134 |
| Media Relations | 239,801 | 234,827 | 4,974 |
| Accounting | 1,469,803 | 1,417,513 | 52,290 |
| Information Systems | 3,194,671 | 3,033,163 | 161,508 |
| Support Services | 2,197,416 | 1,909,381 | 288,035 |
| Procurement and Contract Administration | 2,047,585 | 1,771,235 | 276,350 |
| Revenue | 3,172,170 | 2,991,985 | 180,185 |
| Inventory | 14,732,219 | 14,692,036 | 40,183 |
| Finance | 686,468 | 623,902 | 62,566 |
| Organizational Planning & Development | 1,546,333 | 1,511,219 | 35,114 |
| Total | 202,407,017 | 199,362,619 | 3,044,398 |
| Fund Transfers | 15,135,000 | 15,135,000 | 0 |
| Grand Total | $217,542,017 | $214,497,619 | $3,044,398 |

# 1999

# Statistical Section

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES BY SOURCE
LAST TEN YEARS (IN THOUSANDS)

| YEAR | OPERATING | SALES AND USE TAXES | FEDERAL OPERATING GRANTS AND REIMBURSEMENTS | STATE OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE | INVESTMENT INCOME | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|
| 1990 | $39,284 | $99,008 | $9,439 | $ 8,769 | $7,055 | $1,064 | $164,619 |
| 1991 | 41,169 | 98,744 | 9,910 | 8,610 | 5,282 | 2,294 | 166,009 |
| 1992 | 39,729 | 102,684 | 10,069 | 8,080 | 3,013 | 1,877 | 165,452 |
| 1993 | 43,116 | 108,700 | 11,978 | 8,464 | 2,230 | 612 | 175,100 |
| 1994 | 44,200 | 118,087 | 8,986 | 8,417 | 2,618 | 784 | 183,092 |
| 1995 | 44,062 | 127,771 | 7,954 | 7,505 | 3,357 | 644 | 191,293 |
| 1996 | 44,504 | 131,773 | 4,007 | 6,751 | 4,807 | 396 | 192,238 |
| 1997 | 44,975 | 138,654 | 4,000 | 6,835 | 3,204 | 1,232 | 198,900 |
| 1998 | 45,437 | 146,703 | 552 | 6,069 | 3,756 | 602 | 203,119 |
| 1999 | 44,031 | 151,406 | 2,936 | 6,502 | 2,654 | 377 | 207,906 |

TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES AND OPERATING ASSISTANCE – COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS

TRANSPORTATION INDUSTRY (1):

| | OPERATING AND OTHER MISCELLANEOUS REVENUE | | | OPERATING ASSISTANCE | | | |
|---|---|---|---|---|---|---|---|
| YEAR | FARES | OTHER | TOTAL | STATE & LOCAL | FEDERAL | TOTAL | TOTAL REVENUES |
| 1990 | 36.7% | 5.6% | 42.3% | 51.7% | 6.0% | 57.7% | 100% |
| 1991 | 36.5 | 4.6 | 41.1 | 53.1 | 5.8 | 58.9 | 100 |
| 1992 | 36.4 | 3.8 | 40.2 | 54.1 | 5.7 | 59.8 | 100 |
| 1993 | 36.8 | 4.4 | 41.2 | 53.2 | 5.6 | 58.8 | 100 |
| 1994 | 37.6 | 12.6 | 50.2 | 44.7 | 5.1 | 49.8 | 100 |
| 1995 | 37.3 | 15.4 | 52.7 | 42.8 | 4.5 | 47.3 | 100 |
| 1996 | 37.6 | 15.5 | 53.1 | 44.0 | 2.9 | 46.9 | 100 |
| 1997 | 40.1 | 15.6 | 55.7 | 41.3 | 3.0 | 44.3 | 100 |
| P1998 | 40.8 | 15.2 | 56.0 | 40.1 | 3.9 | 44.0 | 100 |
| 1999 | * | * | * | * | * | * | * |

GREATER CLEVLEAND REGIONAL TRANSIT AUTHORITY:

| | OPERATING AND OTHER MISCELLANEOUS REVENUE | | | OPERATING ASSISTANCE | | | |
|---|---|---|---|---|---|---|---|
| YEAR | FARES | OTHER(2) | TOTAL | STATE & LOCAL(3) | FEDERAL | TOTAL | TOTAL REVENUES |
| 1990 | 23.9% | 4.9% | 28.8% | 65.5% | 5.7% | 71.2% | 100% |
| 1991 | 24.8 | 4.5 | 29.3 | 64.7 | 6.0 | 70.7 | 100 |
| 1992 | 23.3 | 3.6 | 26.9 | 67.0 | 6.1 | 73.1 | 100 |
| 1993 | 23.8 | 2.5 | 26.3 | 66.9 | 6.8 | 73.7 | 100 |
| 1994 | 23.5 | 2.5 | 26.0 | 69.1 | 4.9 | 74.0 | 100 |
| 1995 | 22.3 | 2.8 | 25.1 | 70.7 | 4.2 | 74.9 | 100 |
| 1996 | 22.3 | 3.5 | 25.8 | 72.1 | 2.1 | 74.2 | 100 |
| 1997 | 21.9 | 3.0 | 24.9 | 73.1 | 2.0 | 75.1 | 100 |
| 1998 | 21.3 | 3.2 | 24.5 | 75.2 | 0.3 | 75.5 | 100 |
| 1999 | 20.1 | 2.5 | 22.6 | 76.0 | 1.4 | 77.4 | 100 |

* Not Available
P Preliminary

(1) Source: The American Public Transit Association, APTA 2000 Transit Fact Book , Table 17.
(2) Other miscellaneous revenue includes advertising and concessions, interest income and other non-operating income.
(3) State & local operating assistance include sales and use tax revenues and state operating grants, reimbursements and special fare assistance.

## TABLE 3

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### EXPENSES BY FUNCTION
### LAST TEN YEARS (IN THOUSANDS)

| YEAR | TRANSPORTATION | MAINTENANCE | GENERAL AND ADMINISTRATIVE | DEPRECIATION | TOTAL OPERATING EXPENSES | INTEREST | OTHER | TOTAL EXPENSES |
|---|---|---|---|---|---|---|---|---|
| 1990 | $57,045 | $38,891 | $56,491 | $18,814 | $171,241 | $3,104 | $247 | $174,592 |
| 1991 | 58,585 | 43,181 | 53,603 | 18,832 | 174,201 | 2,549 | 118 | 176,868 |
| 1992 | 57,195 | 41,784 | 60,415 | 26,245 | 185,639 | 2,195 | 2,814 | 190,648 |
| 1993 | 56,381 | 42,716 | 58,443 | 25,012 | 182,552 | 2,137 | -0- | 184,689 |
| 1994 | 60,522 | 43,286 | 61,292 | 28,185 | 193,285 | 1,561 | 85 | 194,931 |
| 1995 | 64,756 | 52,050 | 54,806 | 46,347 | 217,959 | 1,070 | 4 | 219,033 |
| 1996 | 71,565 | 54,146 | 56,977 | 31,621 | 214,309 | 4,492 | -0- | 218,801 |
| 1997 | 71,854 | 56,805 | 58,729 | 29,476 | 216,864 | 4,888 | -0- | 221,752 |
| 1998 | 76,200 | 61,757 | 59,176 | 34,417 | 231,550 | 5,617 | -0- | 237,167 |
| 1999 | 81,033 | 63,726 | 61,924 | 36,389 | 243,072 | 5,891 | 1,267 | 250,230 |

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING EXPENSES – COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS

TRANSPORTATION INDUSTRY (1):

| YEAR | LABOR AND FRINGES | MATERIALS AND SUPPLIES | SERVICES | UTILITIES | SELF-INSURANCE CLAIMS | PURCHASED TRANSPORTATION | OTHER | TOTAL OPERATING EXPENSES** |
|---|---|---|---|---|---|---|---|---|
| 1990 | 71.2% | 10.2% | 5.0% | 3.5% | 4.1% | 6.4% | (0.4)% | 100% |
| 1991 | 68.9 | 9.4 | 4.9 | 3.5 | 3.8 | 9.9 | (0.4) | 100 |
| 1992 | 71.4 | 9.1 | 5.4 | 3.6 | 3.3 | 9.6 | (2.4) | 100 |
| 1993 | 71.0 | 8.9 | 5.3 | 3.6 | 3.4 | 10.4 | (2.6) | 100 |
| 1994 | 70.8 | 8.9 | 4.7 | 3.6 | 3.4 | 10.9 | (2.3) | 100 |
| 1995 | 71.1 | 9.0 | 4.8 | 3.5 | 2.9 | 10.8 | (2.1) | 100 |
| 1996 | 71.6 | 9.3 | 5.1 | 3.6 | 2.8 | 9.9 | (2.3) | 100 |
| 1997 | 72.2 | 9.4 | 5.6 | 3.7 | 2.7 | 9.1 | (2.7) | 100 |
| P1998 | 71.7 | 9.4 | 6.0 | 3.5 | 2.4 | 10.1 | (3.1) | 100 |
| 1999 | * | * | * | * | * | * | * | * |

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

| YEAR | LABOR AND FRINGES | MATERIALS AND SUPPLIES | SERVICES | UTILITIES | SELF-INSURANCE CLAIMS | PURCHASED TRANSPORTATION | OTHER | TOTAL OPERATING EXPENSES** |
|---|---|---|---|---|---|---|---|---|
| 1990 | 72.8% | 12.2% | 3.9% | 4.1% | 0.8% | 4.3% | 1.9% | 100% |
| 1991 | 72.0 | 11.2 | 4.4 | 4.8 | 0.9 | 4.8 | 1.9 | 100 |
| 1992 | 72.6 | 8.5 | 5.5 | 4.7 | 2.0 | 4.6 | 2.1 | 100 |
| 1993 | 73.0 | 9.6 | 4.6 | 4.5 | 0.6 | 4.7 | 3.0 | 100 |
| 1994 | 73.1 | 9.2 | 4.8 | 4.0 | 2.2 | 4.4 | 2.3 | 100 |
| 1995 | 73.6 | 8.3 | 4.3 | 3.8 | 3.4 | 3.9 | 2.7 | 100 |
| 1996 | 71.8 | 10.4 | 4.7 | 3.5 | 2.9 | 4.3 | 2.4 | 100 |
| 1997 | 71.3 | 10.0 | 4.8 | 3.9 | 2.9 | 4.7 | 2.4 | 100 |
| 1998 | 72.8 | 9.5 | 4.6 | 4.1 | 1.9 | 4.2 | 2.9 | 100 |
| 1999 | 73.9 | 8.6 | 4.8 | 3.6 | 1.4 | 4.4 | 3.3 | 100 |

P Preliminary
* Not Available
** Excludes Depreciation and Interest

Source:
(1) The American Public Transit Association, APTA 2000 Transit Fact Book, Table 4.

TABLE 5

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS (IN THOUSANDS EXCEPT PER CAPITA AMOUNTS)

| YEAR | POPULATION (1) | ASSESSED VALUE (2) | GENERAL BONDED DEBT | RATIO OF BONDED DEBT TO ASSESSED VALUE | BONDED DEBT PER CAPITA |
|---|---|---|---|---|---|
| 1990 | 1,412 | $17,555,833 | $23,600 | .13% | $16.71 |
| 1991 | 1,412 | 20,653,129 | 18,500 | .09 | 13.10 |
| 1992 | 1,414 | 20,740,124 | 23,400 | .11 | 16.55 |
| 1993 | 1,411 | 20,899,290 | 20,700 | .10 | 14.67 |
| 1994 | 1,403 | 22,780,189 | 17,000 | .07 | 12.12 |
| 1995 | 1,396 | 22,942,030 | 13,250 | .06 | 9.49 |
| 1996 | 1,402 | 23,358,249 | 78,500 | .34 | 56.00 |
| 1997 | 1,387 | 24,953,150 | 73,645 | .31 | 53.10 |
| 1998 | 1,381 | 25,355,787 | 103,242 | .41 | 74.76 |
| 1999 | 1,372 | 25,633,181 | 99,920 | .39 | 72.83 |

Sources:
(1) Estimates – Various Sources.
(2) Cuyahoga County Auditor's Office, Budget Commission – Collection Year Data

**TABLE 6**

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### LEGAL DEBT MARGIN
### DECEMBER 31, 1999 (IN THOUSANDS)

| | |
|---|---|
| **OVERALL DEBT LIMITATION:** | |
| Total Of All GCRTA Debt Outstanding | $ 99,920 |
| Exempt Debt | 99,920 |
| Net Indebtedness (Voted and Unvoted) | $ 0 |
| Assessed Valuation Of County (1998 for 1999 Collection) | $25,633,181 |
| Overall Debt Limitation (%) | 5.0% |
| 5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation) | $ 1,281,659 |
| Net Indebtedness (Voted and Unvoted) | $ 0 |
| Overall Debt Margin | $ 1,281,659 |
| **UNVOTED DEBT LIMITATION:** | |
| Unvoted Debt Limitation (0.1% of County Assessed Valuation) | $ 25,633 |
| Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year | (8,957) |
| Maximum Annual Debt Service Charges Permitted For New Debt Issuances | $ 16,676 |

TABLE 7

## GREATER REGIONAL TRANSIT AUTHORITY

### COMPUTATION OF DIRECT AND OVERLAPPING DEBT
### DECEMBER 31, 1999

| | GROSS DEBT | DEBT SERVICE FUND | NET DEBT | PERCENT APPLICABLE (3) | AUTHORITY SHARE |
|---|---|---|---|---|---|
| Greater Cleveland Regional Transit Authority.................. | $ 99,920,154 | — | $ 99,920,154 | 100% | $ 99,920,154 |
| County of Cuyahoga (1)............. | 141,004,636 | $ 968,193 | 140,036,443 | 100 | 140,036,443 |
| Cuyahoga County Cities, Villages, Townships (1) ........... | 864,979,698 | 28,354,938 | 836,624,760 | 100 | 836,624,760 |
| Cuyahoga County School Districts (2) ... | 482,054,765 | 72,034,868 | 410,019,897 | 100 | 410,019,897 |
| Total Net Direct and Overlapping Debt...... | | | | | $1,486,601,254 |

(1) 2000 Tax Budgets filed in July 1999 and certified unencumbered 2000 balances filed in January 2000 with Cuyahoga County Budget Commission.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 1999.

(3) Percent applicable to the Authority calculated using assessed valuation of the portion within the County divided by the assessed valuation of the taxing district. Assessed valuation of taxing districts furnished by Cuyahoga County Budget Commission.

TABLE 8

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### LONG TERM DEBT COVERAGE
### LAST TEN YEARS (IN THOUSANDS)

| YEAR | GROSS REVENUES (1) | EXPENSES (2) | NET REVENUE AVAILABLE FOR DEBT SERVICE | PRINCIPAL | INTEREST | TOTAL | COVERAGE |
|---|---|---|---|---|---|---|---|
| 1990 | $164,619 | $152,674 | $11,945 | $4,917 | $3,103 | $8,020 | 1.49 |
| 1991 | 166,009 | 155,487 | 10,522 | 5,107 | 2,549 | 7,656 | 1.37 |
| 1992 | 165,452 | 162,208 | 3,244 | 5,100 | 2,195 | 7,295 | 0.45 |
| 1993 | 175,100 | 157,540 | 17,560 | 2,700 | 2,137 | 4,837 | 3.63 |
| 1994 | 183,092 | 165,185 | 17,907 | 3,700 | 1,561 | 5,261 | 3.40 |
| 1995 | 191,293 | 171,616 | 19,677 | 3,750 | 1,070 | 4,820 | 4.08 |
| 1996 | 192,238 | 182,688 | 9,550 | 4,750 | 4,492 | 9,242 | 1.03 |
| 1997 | 198,900 | 187,387 | 11,513 | 4,855 | 4,888 | 9,743 | 1.18 |
| 1998 | 203,119 | 197,133 | 5,986 | 3,655 | 5,617 | 9,272 | .65 |
| 1999 | 207,906 | 206,683 | 1,223 | 3,620 | 5,891 | 9,511 | .13 |

(1) Total revenues include interest and other non-operating revenues.
(2) Total expenses exclusive of depreciation, loss on disposal of assets and interest expense.

TABLE 9

## GREATER REGIONAL TRANSIT AUTHORITY

### FAREBOX RECOVERY PERCENTAGE
### LAST TEN YEARS

| YEAR | PERCENTAGE |
|---|---|
| 1990 | 25.8 |
| 1991 | 26.5 |
| 1992 | 24.9 |
| 1993 | 27.4 |
| 1994 | 26.7 |
| 1995 | 25.7 |
| 1996 | 24.4 |
| 1997 | 24.0 |
| 1998 | 23.0 |
| 1999 | 21.3 |

NOTE – Represents operating revenues divided by operating expenses before depreciation.

### FARE STRUCTURE
### DECEMBER 31, 1999

| | LOCAL | EXPRESS AND RAPID TRANSIT |
|---|---|---|
| Cash Fare | $ 1.25 | $ 1.50 |
| Senior Citizens | .50 | .50 |
| Handicapped | .50 | .50 |
| Students | 1.00 | 1.00 |
| Children (under 6 yrs. of age with adult) | Free | Free |
| Downtown Loop | .50 | * |
| Tickets (5) | 5.95 | 7.15 |
| Passes: | | |
| All Day Pass | 4.00 | 4.00 |
| Weekly | 11.25 | 13.50 |
| Monthly | 45.00 | 54.00 |
| Transfer: | | |
| Local | No Charge | .25 |
| Express | No Charge | No Charge |
| Family Fares: | | |
| Adult with up to three (3) children | 1.25 | 1.50 |
| Children (6 yrs. to 15 yrs.) | 1.00 | 1.00 |
| All Day Family Pass | 6.00 | 6.00 |
| Special: | | |
| Through rides between Downtown Cleveland and: | | |
| Avon Lake (Lorain County) | * | 2.50 |
| Willowick/Wickliffe (Lake County) | * | 2.50 |
| Brunswick (Medina County) | * | 2.50 |
| Richfield Township (Summit County) | * | 2.50 |

* Not applicable

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| SYSTEM RIDERSHIP: | | | | | | | | | | |
| Motor Bus | 63,577,353 | 59,556,535 | 55,932,275 | 52,906,861 | 52,547,441 | 50,235,364 | 49,433,107 | 51,523,280 | 50,682,872 | 49,140,405 |
| Heavy Rail | 5,186,978 | 4,738,175 | 4,657,616 | 4,072,575 | 4,520,799 | 4,663,656 | 5,139,718 | 5,241,176 | 5,455,860 | 5,658,763 |
| Light Rail | 3,704,291 | 3,200,384 | 3,319,588 | 2,747,968 | 2,888,243 | 3,052,571 | 3,846,521 | 4,082,873 | 4,091,176 | 4,164,389 |
| Demand Responsive | 392,709 | 411,594 | 411,120 | 357,832 | 333,461 | 314,655 | 316,927 | 324,008 | 327,870 | 340,190 |
| AVERAGE WEEKDAY SYSTEM RIDERSHIP: | | | | | | | | | | |
| Motor Bus | 217,895 | 204,817 | 192,671 | 184,110 | 181,345 | 172,782 | 170,541 | 177,280 | 174,798 | 169,338 |
| Heavy Rail | 17,777 | 16,295 | 16,013 | 14,170 | 15,639 | 17,063 | 17,732 | 18,129 | 18,817 | 19,500 |
| Light Rail | 12,696 | 11,006 | 11,413 | 9,561 | 9,992 | 10,847 | 13,270 | 14,122 | 14,110 | 14,351 |
| Demand Responsive | 1,483 | 1,526 | 1,518 | 1,404 | 1,265 | 1,065 | 1,086 | 1,121 | 1,130 | 1,173 |
| AVERAGE WEEKDAY MILES OPERATED: | | | | | | | | | | |
| Motor Bus | 81,368 | 89,886 | 81,432 | 78,308 | 79,313 | 82,391 | 84,750 | 85,135 | 89,012 | 91,394 |
| Heavy Rail | 6,825 | 7,441 | 7,251 | 6,351 | 6,467 | 6,351 | 6,525 | 6,243 | 6,176 | 6,309 |
| Light Rail | 3,712 | 4,193 | 3,975 | 3,471 | 3,562 | 3,472 | 3,953 | 3,984 | 3,848 | 3,831 |
| Demand Responsive | 3,675 | 3,708 | 3,909 | 3,595 | 3,422 | 3,422 | 3,347 | 5,960 | 6,479 | 5,502 |
| REVENUE MILES: | | | | | | | | | | |
| Motor Bus | 22,679,654 | 22,569,334 | 20,737,117 | 19,864,055 | 20,366,927 | 20,481,259 | 21,008,961 | 21,306,672 | 22,532,413 | 23,325,952 |
| Heavy Rail | 1,973,947 | 2,009,989 | 2,133,698 | 1,907,502 | 1,909,905 | 1,988,626 | 2,014,972 | 2,046,418 | 2,030,450 | 2,066,821 |
| Light Rail | 1,036,887 | 1,139,401 | 1,170,330 | 970,694 | 953,453 | 1,015,575 | 1,118,618 | 1,180,827 | 1,182,715 | 1,254,164 |
| Demand Responsive | 1,048,826 | 1,050,761 | 1,179,785 | 699,729 | 667,870 | 679,667 | 1,042,942 | 1,395,656 | 1,130,418 | 1,232,838 |
| PASSENGER MILES: | | | | | | | | | | |
| Motor Bus | 196,817,880 | 197,073,076 | 169,052,451 | 156,752,810 | 188,199,597 | 175,161,932 | 183,451,305 | 195,815,042 | 206,200,170 | 206,546,438 |
| Heavy Rail | 57,513,363 | 48,889,688 | 41,279,454 | 50,181,515 | 52,986,065 | 51,333,253 | 61,466,197 | 56,561,092 | 54,247,521 | 51,419,115 |
| Light Rail | 34,063,000 | 32,940,864 | 31,185,127 | 26,511,608 | 27,179,362 | 27,675,419 | 30,034,676 | 30,685,785 | 29,029,628 | 25,986,194 |
| Demand Responsive | 1,781,597 | 1,652,801 | 1,708,995 | 1,264,932 | 1,442,864 | 1,510,661 | 1,673,429 | 1,397,001 | 1,412,694 | 1,457,392 |

(Continued)

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS (Continued)

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| ENERGY CONSUMPTION: | | | | | | | | | | |
| Motor Bus | | | | | | | | | | |
| (gallons of fuel) | 6,005,562 | 6,655,373 | 6,203,078 | 5,373,272 | 5,821,016 | 5,362,831 | 5,726,202 | 5,575,969 | 4,866,308 | 4,522,858 |
| (lbs. of natural gas) | N/A | 78,626 | 815,608 | 813,815 | 870,301 | 1,058,628 | 1,446,431 | 1,505,091 | 1,725,192 | 2,098,956 |
| Heavy Rail | | | | | | | | | | |
| (kilowatt hours) | 27,149,992 | 29,642,113 | 32,798,462 | 30,821,033 | 29,615,264 | 28,075,195 | 28,266,317 | 28,556,916 | 27,399,187 | 28,739,870 |
| Light Rail | | | | | | | | | | |
| (kilowatt hours) | 13,217,284 | 13,503,415 | 14,933,592 | 13,897,779 | 14,715,134 | 16,479,056 | 17,117,212 | 16,906,883 | 15,699,132 | 17,106,108 |
| Demand Responsive | | | | | | | | | | |
| (gallons of fuel) | 133,199 | 161,804 | 173,120 | 161,455 | 160,238 | 164,346 | 206,311 | 229,331 | 282,229 | 223,947 |
| FLEET REQUIREMENT DURING PEAK HOURS: | | | | | | | | | | |
| Motor Bus | 589 | 630 | 617 | 586 | 636 | 591 | 601 | 595 | 594 | 604 |
| Heavy Rail | 38 | 3.8 | 30 | 35 | 35 | 35 | 30 | 30 | 28 | 28 |
| Light Rail | 30 | 28 | 26 | 24 | 26 | 26 | 25 | 26 | 26 | 26 |
| Demand Responsive | 51 | 46 | 52 | 49 | 49 | 49 | 51 | 60 | 58 | 59 |
| TOTAL ACTIVE VEHICLES DURING PERIOD: | | | | | | | | | | |
| Motor Bus | 704 | 756 | 649 | 702 | 723 | 782 | 709 | 754 | 750 | 747 |
| Heavy Rail | 60 | 60 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 60 |
| Light Rail | 48 | 48 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Demand Responsive | 64 | 83 | 52 | 49 | 59 | 58 | 52 | 60 | 58 | 83 |
| NUMBER OF EMPLOYEES: | 2,889 | 2,835 | 2,670 | 2,550 | 2,604 | 2,738 | 2,807 | 2,821 | 2,859 | 2,968 |

Source:
(1) National Transit Database Report, Urban Mass Transportation Act of 1964
N/A – Not applicable in the year indicated

(Concluded)

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS

| YEAR | COUNTY POPULATION (1) | MSA |
|---|---|---|
| 1940 | 1,217,250 | 1,319,734 |
| 1950 | 1,389,532 | 1,532,574 |
| 1960 | 1,647,895 | 1,909,483 |
| 1970 | 1,721,300 | 2,063,729 |
| 1980 | 1,498,400 | 1,898,825 |
| 1990 | 1,412,140 | 1,831,122 |
| 1999 Est. | 1,371,717 | 1,835.737 |

| AGE DISTRIBUTION (1) | 1990 | |
|---|---|---|
| | NUMBER | PERCENTAGE |
| Under 5 years | 100,144 | 7.09% |
| 5 – 17 | 239,055 | 16.93 |
| 18 – 20 | 54,765 | 3.88 |
| 21 – 24 | 74,252 | 5.26 |
| 25 – 44 | 442,523 | 31.34 |
| 45 – 54 | 142,708 | 10.10 |
| 55 – 59 | 65,345 | 4.63 |
| 60 – 64 | 72,689 | 5.15 |
| 65 – 74 | 131,297 | 9.29 |
| 75 – 84 | 69,054 | 4.89 |
| 85 and over | 20,308 | 1.44 |
| Total | 1,412,140 | 100.00% |
| Median age | 34.9 | |
| Males | 662,771 | |
| Females | 749,369 | |

DISTRIBUTION OF FAMILIES BY IN COME BRACKET (Average 2.5 persons) (3)

| | 1980 | | 1990 | |
|---|---|---|---|---|
| INCOME (2) | NUMBER | PERCENTAGE | NUMBER | PERCENTAGE |
| $0-4,999 | 23,425 | 4.78% | 30,144 | 7.61% |
| $5,000-14,999 | 50,386 | 10.29 | 87,435 | 22.08 |
| $15,000-24,999 | 71,961 | 14.70 | 112,047 | 28.30 |
| $25,000-49,999 | 188,143 | 38.42 | 138,831 | 35.07 |
| OVER $50,000 | 155,791 | 31.81 | 27,475 | 6.94 |
| Total | 489,706 | 100.00% | 395,932 | 100.00% |
| Median Family Income | $37,140 | | $22,071 | |
| Per Capita Income | $15,092 | | $ 8,099 | |

Source:

(1) Ohio Department of Development – The Metropolitan Statistical Area (MSA), as defined by the Department of Development, includes Lake, Geauga, Medina, and Cuyahoga Counties.

(2) Ohio Bureau of Employment Services.

(3) U.S. Department of Commerce, Bureau of Census.

(Continued)

TABLE 11

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

### DEMOGRAPHIC STATISTICS
### LAST TEN YEARS (Continued)

**EMPLOYMENT-ANNUAL AVERAGE (1):**

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Civilian Labor Force | 680,900 | 675,100 | 678,000 | 673,900 | 675,600 | 676,600 | 678,800 | 676,800 | 699,200 | 681,200 |
| Total Employed* | 646,900 | 635,700 | 629,200 | 627,900 | 636,300 | 644,200 | 643,800 | 637,400 | 668,500 | 649,900 |
| Total Unemployed | 34,000 | 39,400 | 48,800 | 46,000 | 39,300 | 32,400 | 35,000 | 39,400 | 30,700 | 31,300 |
| Unemployment Rate | 5.0% | 5.8% | 7.2% | 6.8% | 5.8% | 4.8% | 5.2% | 5.8% | 4.4% | 4.6% |

**EMPLOYMENT BY SECTOR (1):**
**(Amounts in 000's)**

| | MANUFACTURING | | WHOLESALE RETAIL TRADE | | PROFESSIONAL AND RELATED SERVICES | | STATE AND LOCAL GOVERNMENT | | FINANCE, INSURANCE, REAL ESTATE | | TRANSPORTATION AND PUBLIC UTILITIES | | OTHER | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % | NUMBER | % |
| 1990 | 164.8 | 21.9 | 183.4 | 24.3 | 212.8 | 28.2 | 79.9 | 10.6 | 50.6 | 6.7 | 36.8 | 4.9 | 26.0 | 3.4 | 754.3* | 100 |
| 1991 | 156.0 | 21.2 | 179.9 | 24.4 | 209.9 | 28.5 | 81.2 | 11.0 | 51.0 | 7.0 | 33.7 | 4.6 | 24.1 | 3.3 | 735.8* | 100 |
| 1992 | 147.3 | 20.4 | 176.6 | 24.4 | 210.1 | 29.0 | 82.1 | 11.3 | 53.1 | 7.3 | 32.4 | 4.5 | 22.4 | 3.1 | 724.0* | 100 |
| 1993 | 140.9 | 19.1 | 176.4 | 24.0 | 219.8 | 29.9 | 82.2 | 11.3 | 53.7 | 7.3 | 31.8 | 4.3 | 30.2 | 4.1 | 735.0* | 100 |
| 1994 | 139.5 | 18.6 | 181.0 | 24.1 | 227.3 | 30.2 | 83.6 | 11.1 | 56.7 | 7.5 | 33.1 | 4.4 | 30.5 | 4.1 | 751.7* | 100 |
| 1995 | 140.0 | 18.3 | 187.7 | 24.5 | 236.3 | 30.8 | 80.1 | 10.5 | 57.6 | 7.5 | 33.2 | 4.3 | 31.2 | 4.1 | 766.1* | 100 |
| 1996 | 137.1 | 17.8 | 188.8 | 24.5 | 236.8 | 30.7 | 81.1 | 10.5 | 59.8 | 7.8 | 33.8 | 4.4 | 32.8 | 4.3 | 770.2* | 100 |
| 1997 | 136.3 | 17.3 | 192.9 | 24.5 | 242.8 | 30.9 | 84.1 | 10.7 | 62.2 | 7.9 | 34.4 | 4.4 | 33.4 | 4.3 | 786.1* | 100 |
| 1998 | 136.5 | 17.0 | 195.1 | 24.4 | 252.9 | 31.6 | 84.8 | 10.6 | 63.7 | 7.9 | 34.9 | 4.4 | 32.9 | 4.1 | 800.8* | 100 |
| 1999 | 133.3 | 16.5 | 195.5 | 24.2 | 259.6 | 32.2 | 83.3 | 10.3 | 67.9 | 8.4 | 34.7 | 4.3 | 33.1 | 4.1 | 807.4* | 100 |

Sources:

(1) Ohio Bureau of Employment Services

* Difference due to non-County residents employed in County.

(Concluded)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

MISCELLANEOUS STATISTICS

| | |
|---|---|
| Date of Creation of Authority by Local Legislature | December 30, 1974 |
| Date the Authority Began Operation | September 5, 1975 |
| Form of Government | Board of Trustees with General Manager |
| Number of Trustees | 10 |
| County in which Authority Operates | Cuyahoga County, Ohio |
| Type of Tax Support | Cuyahoga County Sales Tax – 1% |
| Cities and Towns Serviced | 59 |
| Area of Authority in Square Miles | 459 |
| Population of County | 1,371,717 |
| Miles of Route: | |
| Motor Bus | 1,108.0 |
| Rail | 68.0 |
| Number of Routes | 102 |
| Wheelchair Equipped Standard Busses | 622 |
| Number of Rail Stations | 51 |
| Number of Busses | 754 |
| Free Rail Parking Spaces | 8,500 |
| Number of Scheduled Lines: | |
| Motor Bus | 99 |
| Rail | 3 |
| Average Speed in Miles Per Hour: | |
| Motor Bus | 12.6 |
| Rail | 18.6 |
| Demand Responsive | 10.5 |
| Rail Cars Per Train | 1, 2 or 3 |
| Number of Calls Received at the Information Center for the Year | 1.6 Million |

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**CUYAHOGA COUNTY**

## CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: AUG 17 2000