Greater Cleveland Regional Transit Authority

RTA

Comprehensive Annual Financial Report For The Year Ended December 31, 2007 Cuyahoga County, Ohio

Mary Taylor, CPA
Auditor of State

Board of Trustees
Greater Cleveland Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113

We have reviewed the *Independent Auditors' Report* of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 1, 2008

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2007
INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Comprehensive Annual Financial Report

For the Year Ended December 31, 2007

Greater Cleveland
Regional Transit Authority
Cuyahoga County, Ohio

George F. Dixon, III President Board of Trustees	Joseph A. Calabrese CEO, General Manager/ Secretary- Treasurer

Prepared By:
Division of Finance and Administration
General Accounting

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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, 2006

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

President

Executive Director

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, 2006. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Greater Cleveland
Regional Transit Authority
Main Office
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100
website: www.rideRTA.com

June 16, 2008

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, 2007. This is the twentieth 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.

This report enables the Authority to comply with State law that requires entities reporting on a GAAP (Generally Accepted Accounting Principles) basis to file unaudited basic financial statements with the Auditor of State within 150 days of fiscal year end. This report is submitted to satisfy that requirement for the fiscal year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ciuni and Panichi, Inc, independent auditors, have issued an unqualified ("clean") opinion on the GCRTA's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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 to earn this important recognition and has consistently done so since 1988.

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.

PROFILE OF GOVERNMENT AND 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. The GCRTA provides virtually all-mass transportation within the County. The North Olmsted and Maple Heights transit systems merged with GCRTA in March 2005 to form a single transit system that will meet the needs of the public in Cuyahoga 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 General Accounting Standards Board ("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 five Deputy General Managers who head the Operations, Legal Affairs, Finance & Administration, Engineering & Project Management and the Human Resources divisions. Additionally, the Office of Management and Budget and the Office of External Affairs 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.

The GCRTA had 2,653 employees as of December 31, 2007. The system delivered 22.6 million revenue miles of bus service and 2.9 million revenue miles on its heavy and light rail systems. The service fleet was composed of 620 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 77 demand responsive vehicles.

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.

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 fifty-six 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 approximately 1.3 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 1998, manufacturing employment has dropped significantly from 17.0% of the total workforce to 10.9%, while wholesale and retail trade has significantly decreased from 24.4% since 1998 to 14.4% in 2007. The professional and related services sector work force has steadily grown from 31.6% of the total workforce since 1998 to the present rate of 44.7%, of the workforce. Our local economy started to rebound during 2004, resulting in more of our workforce being employed. The County's 2007 unemployment was 6.1%, compared to the national rate of 5.0%.

During 2005, the County Auditor completed the required reappraisal 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 $32.5 billion.

CURRENT YEAR REVIEW

In 2007, the American Public Transportation Association (APTA) recognized GCRTA as the best transit system in North America. In addition, GCRTA was a recipient of the 2007 Metro Lexus World-Class Customer Service Award. This recognition, which we sought for a number of years, was a result of hard work, dedication, and a single focus to provide outstanding, cost-effective public transportation to the residents of Northeast Ohio.

This outstanding service resulted in a steady ridership growth over the past several years. This winning streak continued in 2007, with more than 57.3 million rides provided for a fifth year of gains. The ridership increases were not simply the result of higher gas prices. GCRTA campaigned hard for the public to switch to public transportation. GCRTA campaigned with advertising messages on billboard signs directed at the public about the hassles of driving. A “No Drive Day Rally” with a free trial ride offer to try public transportation was advertised along with these advertising messages.

Another reason GCRTA was recognized as the best transit in the country is a strong understanding of transit needs at home. The downtown Trolleys have proven to be the right ingredient in revitalizing downtown, connecting workers, residents and visitors to restaurants, hotels and entertainment venues. In addition to changing the way people travel the city streets, the Trolleys have altered mindsets about Cleveland that stepping out for lunch with friends is okay and bowling at a downtown location after work can be a lot of fun. This kind of thinking has grown, and today, the Trolleys carry more than 3,500 passengers per day.

It's not just our downtown that's getting a second look. Residents are discovering their neighborhoods onboard GCRTA's Community Circulators. The 12 routes make frequent stops at libraries, drug stores and local shops. Unlike some of the large family vehicles, these buses are an economical choice for completing daily errands. In 2007, a local supermarket chain made the Circulator even more attractive with free 2-Trip Farecards on grocery purchases of $15 or more.

Area residents are also boarding the Community Circulators as a result of GCRTA's introduction of "One Pass Trips". This travel guide captures the flavor of some of Cleveland's culturally distinctive neighborhoods. They provide would be tourists a recommended itinerary, complete with route maps and best kept secrets on where to dine.

Our paratransit vehicles, a vital link for thousands with disabilities, are probably the finest example of GCRTA's understanding of the community it serves. In 2007, functional testing was initiated in an effort to maintain the highest quality of service to those most in need. This policy change follows a $1.4 million investment in advanced scheduling software and other upgrades that have given Paratransit users greater comfort and confidence.

Commuters who made the switch discovered it really is greener on buses and trains. The combination of fewer cars on the road and the transformation of GCRTA buses to clean diesel has contributed to a lowering of CO2 emissions in Northeast Ohio. In addition, more and more Clevelanders decided to combine cycling with riding on public transportation, as the number of bikes on trains and buses grew.

For the second year in a row, customer satisfaction was up by double digits, increasing by more than 10 percent. Through the TEAM incentive program, getting riders to their destinations safely and on time was a high priority.

GCRTA's goal of improving public transportation service along one of Cleveland's busiest corridors is also nearing reality. In 2007, much progress was made on the Euclid Corridor Transportation Project (ECTP). ECTP will be known as the Health Line and will move more than 30,000 riders each day along Euclid Avenue. The year kicked off with the 63 foot long hybrid Rapid Transit Vehicle (RTV) successfully completing the FTA testing for safety and performance. The public viewed this vehicle as it made several test trips along the corridor.

Investments to improve travel occurred in other areas of the transit system as well. The new $4.7 million W. 117th St./Madison Avenue Highland Square Station opened to riders of the Red Line. The lot expansion was completed on the North Olmsted Park-N-Ride, and 45 clean air buses were added to the GCRTA fleet.

Safety remained a top priority, and smart technology was used to enhance GCRTA's protection of riders. This includes cameras installed at stations and aboard buses, and computers retrofitted into Transit Police vehicles. Transit facilities were patrolled by K-9 for potential threats. Students became knowledgeable about safety through a new GCRTA safety video displayed during visits to area schools.

GCRTA continues its efforts to advance the goal of redefining transit service as we move into the 21st century. While costs are kept in check, customer satisfaction continues to improve through dedicated service by GCRTA operators and staff.

FUTURE PLANS

The Authority has 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 69 Community Circulators were operational in 2007. These small buses provide neighborhood services throughout the City and the suburbs, including transfers to mainline bus and rail services over ten routes.

Transit Centers - Transit centers are strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. GCRTA has five existing Transit Centers at Fairview Park, Euclid, North Olmsted, Maple Heights and Parma Mall. A sixth Transit Center is planned for 2007 located on the east side of town with many more planned over the next five years.

Park-N-Ride Lots - Parking lots are strategically located at freeway or other major intersections. Commuters leave their cars and ride express service to and from their destinations. GCRTA provides more than 8,855 parking spaces at 21 of the rapid transit stations. In addition, the Authority operates bus Park-N-Rides at Strongsville (600 spaces) and Westlake (550 spaces). The objective of the GCRTA Park-N-Ride Development Plan is to provide rail and/or bus Park-N-Ride services for all major commuter corridors in Cuyahoga County.

Euclid Corridor Transportation Project - This project, to be completed in 2008, will establish dedicated bus lanes along Euclid Avenue from Public Square to University Circle and beyond and include improved passenger shelters, signals, street lighting and landscaping.

CAPITAL IMPROVEMENT PLAN

The development of the 2008 budget included preparation of a five year Capital Improvement Plan ("CIP"). This document is an outline for rebuilding and expanding service by the Authority. Totaling $433.7 million, the CIP constitutes a significant public works effort aimed at remaking the transit network and positioning the Authority, not just for the short-term, but also for the long-term future.

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

Rail Projects - $134.6 million

This commitment of funds includes the upgrade of the Catenary system, rail extension, station rehabilitation, tracks, bridges, train control systems, and signage. Rail projects include the rehabilitation of the rail stations totaling $48.9 million, overhaul of the heavy rail vehicles of $18.6 million, rehabilitation of the rail tracks of $28.3 million, upgrade of Catenary electrical system of $24.8 million, upgrade of our train control and signal systems of $14.0 million.

Local Capital Projects - $ 19.2 million

Classified as Routine Capital Projects ($9.4 million) and Asset Maintenance Projects ($9.8 million), 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 Authority's Capital Fund and are supported with annual allocations of sales tax receipts.

Bridge Rehabilitation and Other Improvements - $10.6 million

Funding has been provided for the rehabilitation of six track bridges and three street bridges.

Bus Purchases, Paratransit Vehicles and Circulator Buses- $54.1 million

The useful life of a bus, as defined by the Federal Transit Administration ("FTA") is twelve years, or five hundred thousand miles. The Authority is aggressively reducing its fleet's average age by replacing its oldest vehicles.

Transit Centers and Shelters- $45.8 million

The Authority will be making a significant investment in the construction of Transit Centers over the next five 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.

Euclid Corridor Transportation Project- $7.2 million

The final phase of this project continues to be the Authority's top priority. Once completed, this project 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.

Equipment and Non Revenue Vehicles- $3.1 million

This project calls for the upgrade of our security equipment of $1.8 million and the replacement of the operator dispatch system of $1.0 million. Equipment will be replaced at a cost of $300,000.

Operating Expenses and Other Expenses - $159.1 million

Certain operating costs are budgeted as capital items as designated by the Federal Transportation Administration (FTA) to be incurred over the next several years and are reimbursable by the Federal and State governments totaling $147.0 million. These costs are recorded as operating costs in the enclosed financial statements. Included in this category is $12.1 for fare collection equipment lease.

OTHER INFORMATION

Certificate of Achievement for Financial Reporting

It is 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.

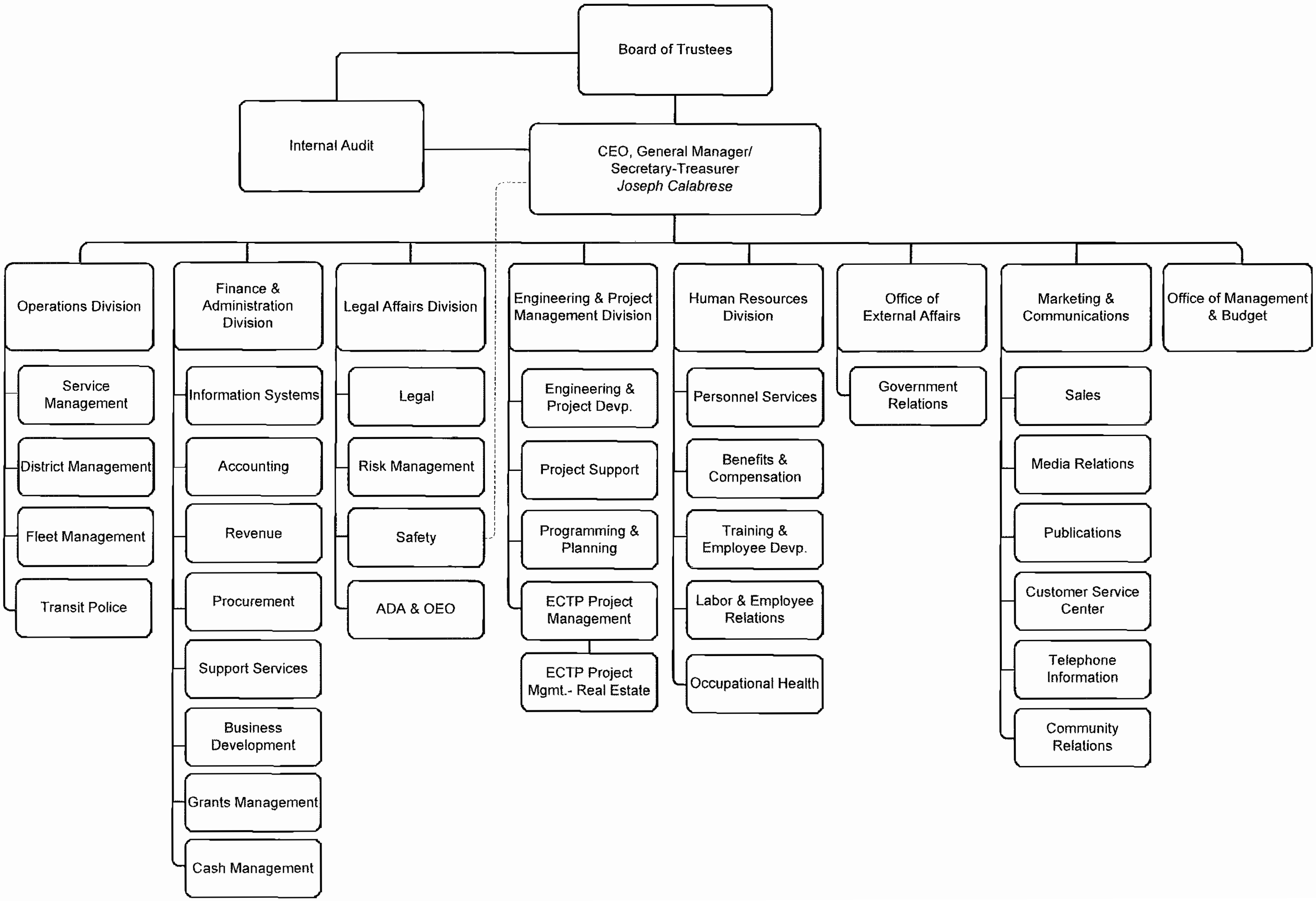
Acknowledgments

The GCRTA expresses thanks to the staff of the Accounting Department directed by Glenn Hendrix and assisted by Angela Coats, for their work in preparing this report. Pamela Blackwell, Debra Benjamin, Louis Catalusci, Larry Ferrell and Joseph Ivan organized the project. Frances Barnett 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 Kirk
Deputy General Manager
Finance & Administration

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
DECEMBER 31, 2007



Board of Trustees and Executive Management Team

BOARD OF TRUSTEES

EXECUTIVE MANAGEMENT TEAM

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

Bruce Hampton
Deputy General Manager,
Human Resources

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General Counsel,
Deputy General Manager, Legal Affairs

Stephen J. Bitto
Director,
Marketing & Communications

Gale Fisk
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Office of Management and Budget

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Executive Director,
Internal Audit

Loretta Kirk
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Finance & Administration

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Deputy General Manager,
Engineering & Project Management

Taras G. Szmagala
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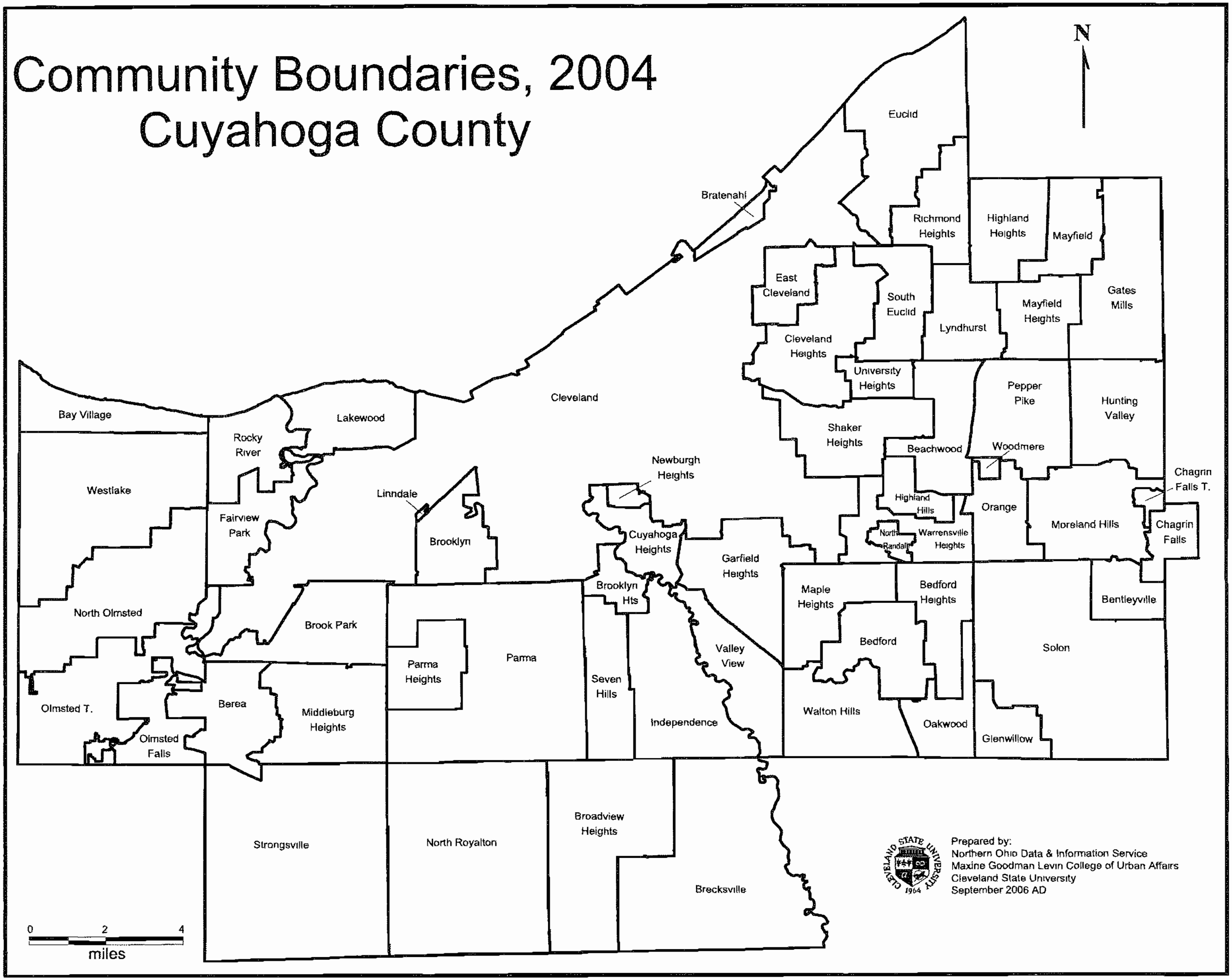
External Affairs

Michael York
Deputy General Manager,
Operations


Community Boundaries, 2004
Cuyahoga County
N
Euclid
Bratenahl
Richmond Heights
Highland Heights
Mayfield
Gates Mills
East Cleveland
South Euclid
Lyndhurst
Mayfield Heights
Cleveland Heights
University Heights
Pepper Pike
Hunting Valley
Bay Village
Lakewood
Cleveland
Rocky River
Shaker Heights
Beachwood
Woodmere
Newburgh Heights
Westlake
Linndale
Chagrin Falls T.
Highland Hills
Orange
Fairview Park
Brooklyn
Cuyahoga Heights
North Randall
Warrensville Heights
Moreland Hills
Chagrin Falls
Garfield Heights
Maple Heights
Bedford Heights
Brooklyn Hts
North Olmsted
Bentleyville
Brook Park
Bedford
Valley View
Solon
Parma
Parma Heights
Seven Hills
Berea
Olmsted T.
Walton Hills
Middleburg Heights
Independence
Oakwood
Olmsted Falls
Glenwillow
Broadview Heights
Strongsville
North Royalton
Prepared by:
Northern Ohio Data & Information Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
September 2006 AD
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2007
FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Ciuni &
Panichi
CPAs and Business Advisors

Independent Auditors' Report

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the accompanying basic financial statements of the Greater Cleveland Regional Transit Authority ("Authority"), as of and for the year then ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the Greater Cleveland Regional Transit Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Greater Cleveland Regional Transit Authority as of December 31, 2006, were audited by other auditors whose report dated June 19, 2007 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2007, the Authority implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2008 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
C&P Wealth Management, LLC

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Board of Trustees
Greater Cleveland Regional Transit Authority
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Management's Discussion and Analysis on pages 19 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 16, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Greater Cleveland Regional Transit Authority (GCRTA or Authority), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2007 and 2006. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights

- The Authority's net assets increased in each of the past two years with a $24.3 million, or 4.2%, increase in 2007 compared to 2006 and a $23.2 million, or 4.1%, increase in 2006 compared to 2005.

- Current assets increased by $15.3 million or 14.9% in 2007 compared to 2006. Current assets increased by $11.7 million or 12.9% in 2006 compared to 2005.

- Current liabilities increased by $14.9 million, or 25.0%, for 2007 compared to 2006. Current liabilities decreased by $1.3 million, or 2.1%, for 2006 compared to 2005.

- The Authority's non-current liabilities increased by $14.9 million or 8.4% in 2007 compared to 2006. Non-current liabilities increased by $15.2 million or 9.4% in 2006 compared to 2005.

Basic Financial Statements and Presentation

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

The Balance Sheets present information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net assets, which indicates improved financial position.

The Statements of Revenues, Expenses and Changes in Net Assets present information on how the Authority's net assets changed during the year. These statements summarize operating revenues and expenses, along with non-operating revenues and expenses. In addition, these statements list capital grant revenues received from federal, state, and local governments.

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

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The basic financial statements can be found beginning on page 32 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Summary of Assets, Liabilities, and Net Assets (amounts in millions)

	December 31, 2007	December 31, 2006	December 31, 2005
Assets:			
Current assets	$ 118.0	$ 102.7	$ 91.0
Other noncurrent assets	11.4	14.7	16.1
Capital assets (net of accumulated depreciation)	744.6	702.5	675.7
Total assets	$ 874.0	$ 819.9	$ 782.8
Liabilities:			
Current liabilities	$ 74.4	$ 59.5	$ 60.8
Noncurrent liabilities	191.5	176.6	161.4
Total liabilities	265.9	236.1	222.2
Net assets:			
Invested in capital assets, net of related debt	565.4	539.3	538.2
Restricted	6.6	8.9	1.5
Unrestricted	36.1	35.6	20.9
Total net assets	608.1	583.8	560.6
Total liabilities and net assets	$ 874.0	$ 819.9	$ 782.8

Net assets may serve as a useful indicator of financial position. The Authority's assets exceeded liabilities by $608.1 million as of December 31, 2007, a $24.3 million increase over 2006. At December 31, 2006, assets exceeded liabilities by $583.8 million, an increase of $23.2 million over 2005.

The largest portion of the Authority's net assets reflect investment in capital assets consisting of buses, rail cars, right-of-ways, and operating facilities, less any related debt used to acquire those assets still outstanding. The Authority uses these capital assets to provide public transportation services for Cuyahoga County.

During 2007, major construction projects aggregating $25.6 million were completed and transferred to the appropriate property and facilities account. Major projects include: Kingsbury Tunnels ($11.9 million), West 117th Street Station ($6.7 million), LRV Overhaul ($2.1 million), East 121st Bridge Reconstruction ($1.5 million), and several smaller projects with a combined total of $3.4 million.

Included in the December 31, 2007 construction in progress balance are costs associated with the Euclid Corridor Project, the New Flyer Buses for the Euclid Corridor Project (not in service), Farebox Collection System, Brookpark to Airport Cab Signal Upgrade, East 55th Street Station Rehabilitation, a portion of the LRV Overhaul, along with various other projects.

During 2006, major construction projects aggregating $16.8 million were completed and transferred to the appropriate property and facilities account. Major projects include the Light Rail Overhaul of $8.4 million, the Eagle Avenue Substation and Building addition of $2.7 million, Parma Town Transit Center of $1.4 million, the Transit Police Headquarters of $1.0 million, the Puritas Platform Replacement project of $0.8 million and several smaller projects with a combined total of $2.5 million.

Included in the December 31, 2006 construction in progress balance are costs associated with the Kingsbury Tunnels Project, LRV Overhaul Project, costs associated with the Euclid Corridor Project, West 117th Street Station Project, the Shaker Heights Traffic Signal Integration Project, and the Shaker Square Station Rehabilitation Project, along with various other projects.

Readers desiring more detailed information on capital asset activity should read Note 4 - Capital Assets on page 43 included in the notes to the basic financial statements.

Condensed Summary of Revenues, Expenses and Changes in Net Assets
(amounts in millions)

Description

	December 31, 2007	2006	2005
Operating revenues:			
Passenger fares	$ 43.2	$ 40.9	$ 38.6
Advertising and concessions	1.3	1.5	1.6
Total operating revenues	44.5	42.4	40.2
Operating expenses, excluding depreciation			
Labor and fringe benefits	(171.7)	(166.0)	(161.1)
Materials and supplies	(30.9)	(29.2)	(29.7)
Services	(10.7)	(9.3)	(10.6)
Utilities	(9.3)	(10.9)	(9.6)
Casualty and liability	(8.3)	(6.3)	(7.3)
Purchased transportation	(3.2)	(2.9)	(6.3)
Leases and rentals	(0.4)	(0.3)	(0.5)
Taxes	(2.0)	(1.9)	(2.0)
Miscellaneous	(2.7)	(2.0)	(4.4)
Total operating expenses before depreciation	(239.2)	(228.8)	(231.5)
Depreciation expense	(43.4)	(43.2)	(40.7)
Total operating expenses	(282.6)	(272.0)	(272.2)
Operating loss	(238.1)	(229.6)	(232.0)
Nonoperating revenues (expenses):			
Sales and use tax revenue	175.1	170.4	167.2
Federal operating grants and reimbursements	22.6	20.1	20.8
State/local operating grants and reimbursements	4.4	5.2	4.6
Investment income	2.6	2.8	1.5
Interest expense	(7.0)	(7.9)	(6.7)
Other income	1.6	3.4	4.0
Total nonoperating revenues	199.3	194.0	191.4
Net loss before capital grant revenue	(38.8)	(35.6)	(40.6)
Capital grant revenue	63.1	58.8	48.6
Increase in net assets during the year	24.3	23.2	8.0
Net assets, beginning of year	583.8	560.6	552.6
Net assets, end of year	$ 608.1	$ 583.8	$ 560.6

FINANCIAL OPERATING RESULTS

Revenues

Ridership and Passenger Fares – Farebox receipts and special transit fares are included within this caption. Passenger fare revenue for 2007 increased by $2.3 million or 5.6% compared with 2006, attributable to an increase in total ridership from 54.8 million in 2006 to 60.1 million in 2007. Passenger fare revenue for 2006 increased by $2.3 million or 6.0% compared with 2005 attributable to an increase in fares and increase in ridership from 54.4 million in 2005 to 54.8 million in 2006.

Sales and Use Tax – This dedicated 1% tax is levied in Cuyahoga County as part of the 7.75% overall tax on retail sales that changed from 7% effective July 2003. Sales and use tax revenue accounted for 69.8% of the Authority's revenue for 2007 and 2006 and 70.2% for 2005. Revenue received from sales and use tax for 2007 increased $4.7 million, or 2.8%, compared to a $3.2 million or 1.9% increase in 2006 over 2005. The increase is due to the collection of delinquent taxes for 2007.

Federal Operating Grants and Reimbursements – The Authority received approximately $22.6 million for 2007, $20.1 million in 2006, and $20.8 million in 2005 in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

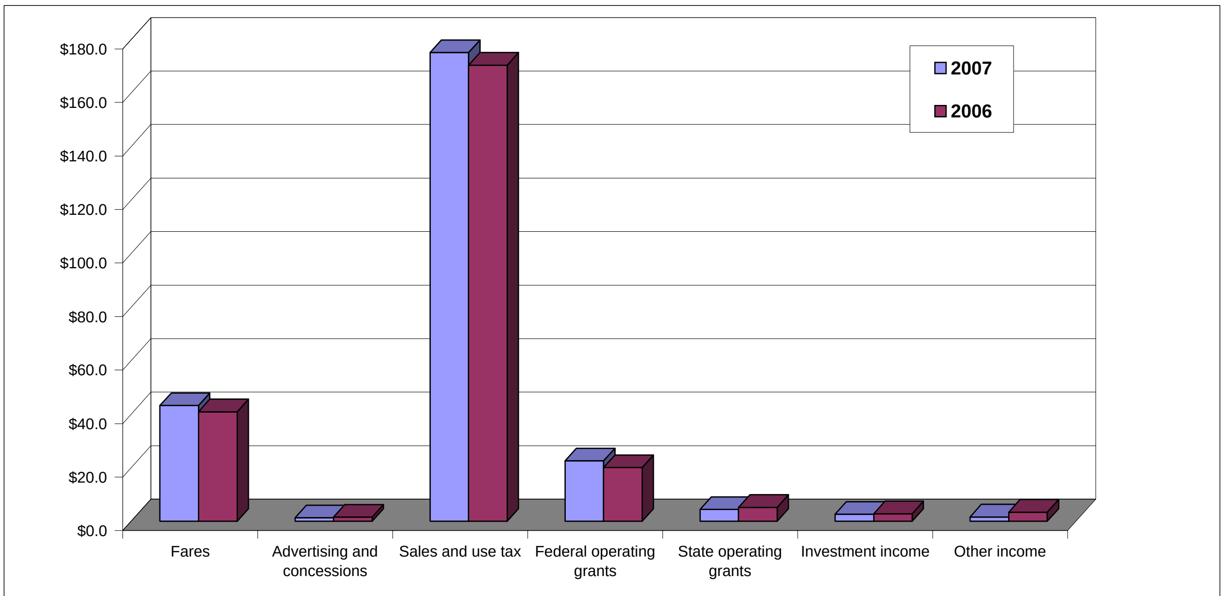
State/Local Operating Grants and Reimbursements – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. The Authority received $0.8 million or 15.4% less in this category for 2007 compared to an increase of $0.6 million or 13.0% in 2006. The decrease is due to the Authority receiving less funding at the State level.

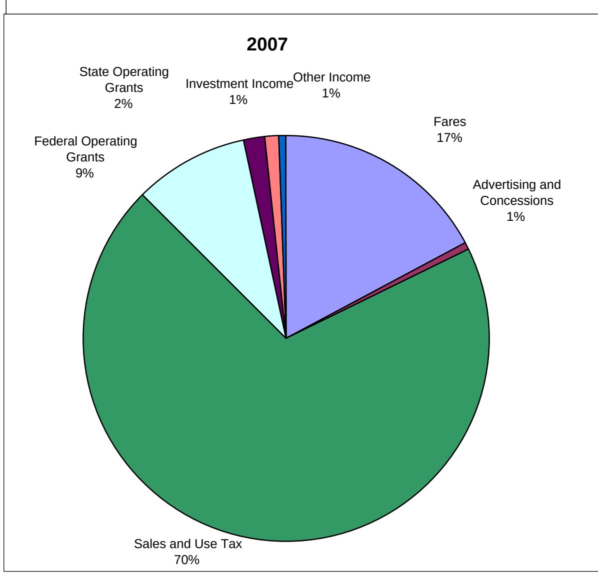
Investment Income – Investment income decreased by $0.2 million or 7.1% in 2007 compared to 2006, which was a direct result of a lower average investment balance. Investment income increased by $1.3 million or 86.7% in 2006 compared to 2005 due to an increase in the average interest rate and a higher average investment balance.

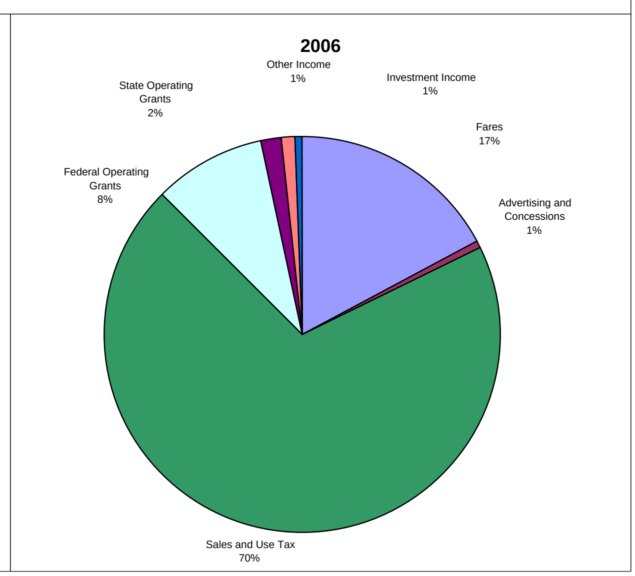
REVENUE

Millions of Dollars

	2007	2006	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Fares	$43.2	$40.9	$2.3	5.6 %
Advertising and concessions	1.3	1.5	(0.2)	(13.3)
Sales and use tax	175.1	170.4	4.7	2.8
Federal operating grants	22.6	20.1	2.5	12.4
State operating grants	4.4	5.2	(0.8)	(15.4)
Investment income	2.6	2.8	(0.2)	(7.1)
Other income	1.6	3.4	(1.8)	(52.9)
Total	**$250.8**	**$244.3**	**$6.5**	**2.7 %**







Expenses

Labor and Fringe Benefits: These personnel related costs increased by $5.7 million, or 3.4%, in 2007 compared to 2006 due to an increase in the overall wage rate and the cost of providing health care benefits. Costs increased by $4.9 million, or 3.0%, in 2006 compared to 2005 due to an increase in the overall wage rate and the cost of providing health care benefits.

Materials and Supplies: These costs have increased $1.7 million or 5.7% in 2007 compared to 2006 due to the increased use of parts relating to the repair of the buses. These costs decreased $0.5 million or 1.7% in 2006 compared to 2005 due to a lower consumption of materials and supplies in 2006.

Services: These costs increased by $1.4 million or 15.1% in 2007 over 2006 as a result of additional costs for medical and functional testing services, as well as preventative maintenance and radio equipment services. Costs in this category decreased by $1.3 million or 13.5% in 2006 over 2005 as a result of using less computer consulting services for the perpetual inventory system in 2006 as compared with 2005.

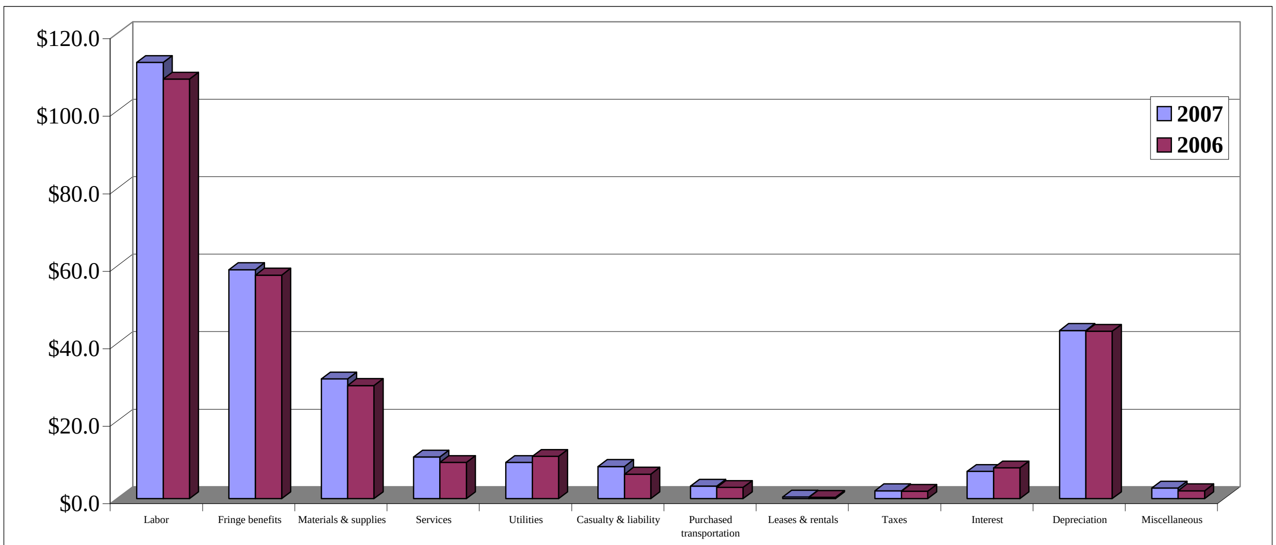
Casualty and Liability: The $2.0 million increase in these costs is due to higher than expected claims for 2007 as compared to 2006. The $1.0 million decrease in these costs is due to lower than expected claims for 2006 as compared to 2005. Casualty and liability claims are recorded based on actuarial studies performed in both 2007 and 2006.

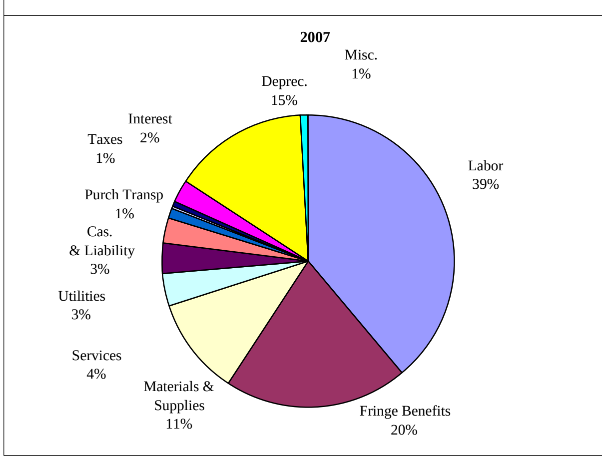
Purchased Transportation: Costs in this category increased for 2007 compared to 2006 by $0.3 million or 10.3% due to rising fuel costs. Costs decreased from 2006 compared to 2005 by $3.4 million or 54.0% mainly due to the merging of North Olmsted and Maple Heights transit system into GCRTA in March 2005. GCRTA had operating agreements these two transit systems prior to March 2005 to provide transit services within Cuyahoga County.

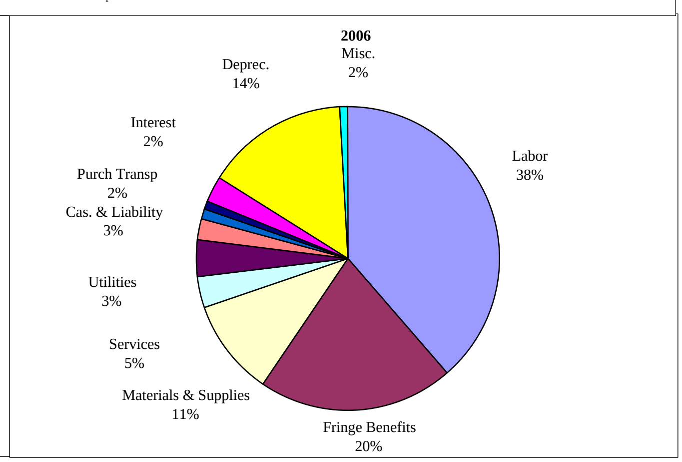
Expenses by Object Class

Millions of Dollars

	2007	2006	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Labor	$112.6	$108.3	$4.3	4.0 %
Fringe benefits	59.1	57.7	1.4	2.4
Materials & supplies	30.9	29.2	1.7	5.8
Services	10.7	9.3	1.4	15.1
Utilities	9.3	10.9	(1.6)	(14.7)
Casualty & liability	8.3	6.3	2.0	31.7
Purchased transportation	3.2	2.9	0.3	10.3
Leases & rentals	0.4	0.3	0.1	33.3
Taxes	2.0	1.9	0.1	5.3
Interest	7.0	7.9	(0.9)	(11.4)
Depreciation	43.4	43.2	0.2	0.5
Miscellaneous	2.7	2.0	0.7	35.0
Total	**$289.6**	**$279.9**	**$9.7**	**3.5 %**



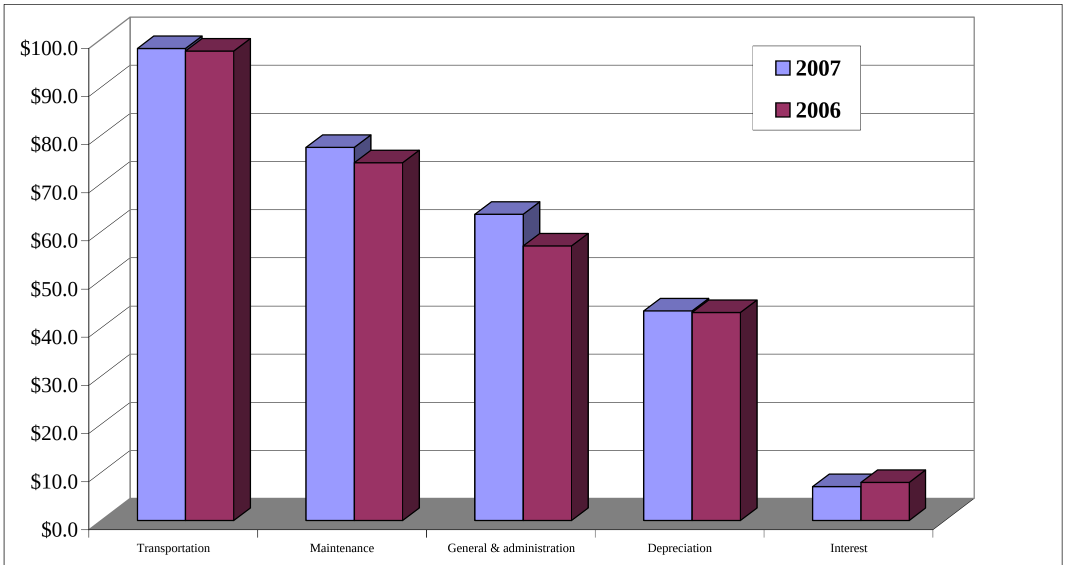


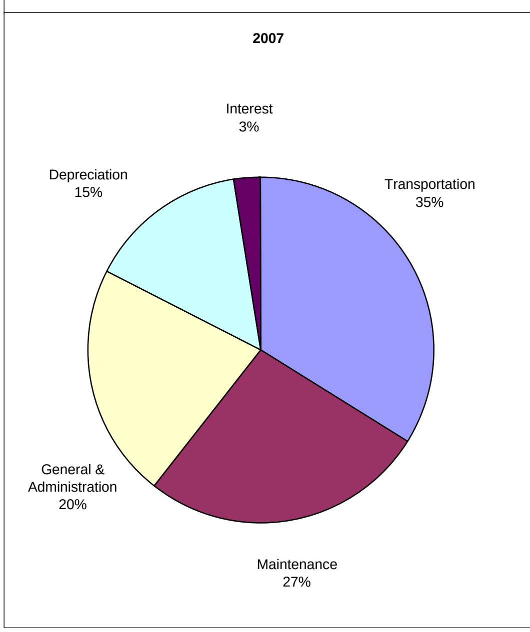


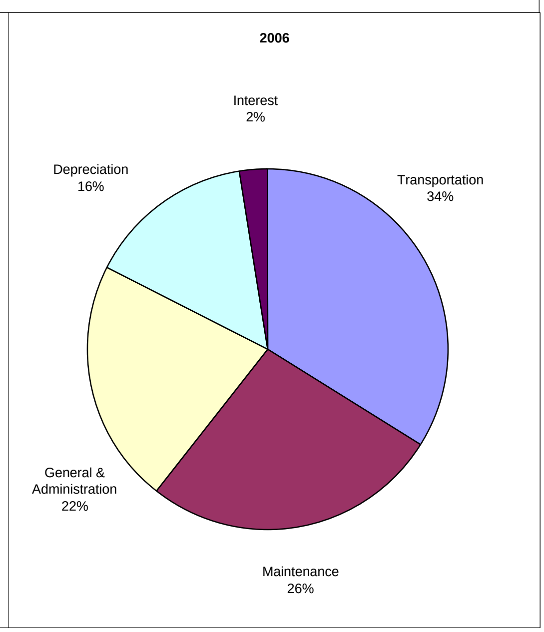
Expenses by Function

Millions of Dollars

	2007	2006	Increase/(Decrease) Amount	Percent
Transportation	$98.0	$97.5	$0.5	0.5 %
Maintenance	77.5	74.3	3.2	4.3
General & administration	63.6	57.0	6.6	11.6
Depreciation	43.5	43.2	0.3	0.7
Interest	7.0	7.9	(0.9)	(11.4)
Total	**$289.6**	**$279.9**	**$9.7**	**3.5 %**







Debt Administration

The Authority 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 Authority is secured by a pledge of all revenues of the Authority, 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 Authority might execute. In practice, debt service has been paid from the receipts of the Authority'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 Authority of ad valorem taxes within the ten-mill limitation provided by Ohio law. The Authority 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 the Authority of ad valorem taxes that are outside that ten-mill limitation.

On March 7, 2006 The Authority issued $38,490,000 of general obligation capital improvement and refunding bonds. Of the $38,490,000, $25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 3.94% to 5.00% per annum, and mature in various installments through December 1, 2025. Proceeds of $14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2006, The Authority advance refunded the Series 1998 and 2001 bonds to reduce its total debt service payments over the next 15 years by approximately $412,215, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $413,877.

On November 16, 2004 the Authority issued $67,235,000 of general obligation capital improvement and refunding bonds. Of the $67,235,000, 38,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 2.0% to 5.0% per annum, and mature in various installments through December 1, 2024. Proceeds of $32,178,171 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2004, the Authority advance refunded the Series 1996, 1998 and 2001 bonds to reduce its total debt service payments over the next 13 years by approximately $1,052,747 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,057,912.

The Authority had $147.4 million of outstanding capital improvement bonds as of December 31, 2007 of which $16.8 million is non-callable and $130.6 million callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

For more information, see Note 5 on page 45 of this report.

Total outstanding bonds and loans as of December 31, 2007 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2007 Balance	Average Interest Rate
General Obligation Improvement Bonds					
1998	03/01/98	12/01/2018	$ 32,955,000	$ 1,525,000	4.61%
2001	12/11/01	12/01/2021	29,890,000	5,120,000	4.73%
2004	11/16/04	12/01/2024	67,235,000	59,005,000	2.96%
2006	3/7/2006	12/01/2025.	38,490,000	37,225,000	4.25%
General Improvement Refunding Bonds					
1998R (11/15/98 annually thru 2016)				27,730,000	4.17%
Series 2002R (12/2002 annually thru 2011)				16,780,000	3.75%
Total General Obligation Bonds				147,385,000	
Other- State Infrastructure Bank Loan (annually thru 2014)				4,088,320	4.25%
Total Bonds and Loan				$151,473,320	
Deferred Refunding				(1,876,125)	
Premium				4,609,856	
Long-term Bonds and Loan				$154,207,051	

At December 31, 2007, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $15.9 million.

During 2007, the Authority entered into a $25,000,000 tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The lease has a maturity date of October 2021. For more information on the lease, please see note 6 on page 47 of this report.

The Authority had $147.4 million outstanding capital improvement bonds as of December 31, 2007 of which $16.8 million is non-callable and $130.6 million callable. The Authority general obligation debt is rated ‘A3’ by Moody’s Investors Service, Inc. and ‘A’ by Fitch IBCA, Inc.

Total outstanding bonds and loans as of December 31, 2006 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2006 Balance	Average Interest Rate
General Obligation Improvement Bonds					
1998	03/01/98	12/01/2018	32,955,000	$ 2,990,000	4.61%
2001	12/11/01	12/01/2021	29,890,000	6,275,000	4.73%
2004	11/16/04	12/01/2024	67,235,000	64,320,000	2.96%
2006	3/7/2006	12/01/2025.	38,490,000	38,090,000	4.25%
General Improvement Refunding Bonds					
1998R (11/15/98 annually thru 2016)				27,895,000	4.17%
Series 2002R (12/2002 annually thru 2011)				16,930,000	3.75%
Total General Obligation Bonds				156,500,000	
Other- State Infrastructure Bank Loans (annually thru 2014)				4,580,196	4.25%
Total Debt				$161,080,196	
Deferred Refunding				(2,804,495)	
Premium				4,882,554	
Long-term Debt				$163,158,255	

At December 31, 2006, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $16.5 million.

Request for Information

This financial report is designed to provide a general overview of the Authority’s finances for those with an interest in its finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Deputy General Manager of Finance & Administration, Greater Cleveland Regional Transit Authority, 1240 W. 6th Street, Cleveland, Ohio 44113.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Balance Sheets

December 31, 2007 and 2006

Assets	**2007**	**2006**
Current assets:		
Cash and cash equivalents	$ 17,102,754	$ 19,770,844
Short term Investments	0	285,783
Restricted for capital assets:		
Cash and cash equivalents	22,608,252	6,670,689
Short term Investments	10,036,000	12,419,879
Restricted for debt service:		
Cash and cash equivalents	1,720,108	2,087,559
Receivables:		
Sales and use tax	47,937,436	44,547,537
Accrued interest and other	1,022,884	1,169,635
State capital assistance	3,570,687	1,850,401
Federal capital assistance	5,285,804	4,811,841
Material and supplies inventory	8,757,017	9,074,602
Total current assets	118,040,942	102,688,770
Noncurrent assets:		
Investments	10,189,767	13,538,719
Other assets	1,179,090	1,212,790
Capital assets:		
Land	32,903,464	32,364,571
Infrastructure	55,882,877	54,339,324
Right of ways	266,911,504	251,668,113
Building, furniture and fixtures	439,884,246	429,802,541
Transportation and other equipment	398,110,990	389,576,768
Construction-in-process	141,257,858	92,090,412
Total capital assets	1,334,950,939	1,249,841,729
Less accumulated depreciation	(590,391,316)	(547,373,270)
Capital assets – net	744,559,623	702,468,459
Total noncurrent assets and capital assets	755,928,480	717,219,968
Total assets	$ 873,969,422	$ 819,908,738
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 9,723,246	$ 9,333,490
Contracts and other payables	22,420,504	13,077,142
Contract retainers	4,082,847	1,851,104
Accrued compensation	20,320,392	19,876,446
Interest payable – bonds	798,664	584,338
Current portion of long-term debt	11,183,997	9,606,876
Current portion – self-insurance liabilities	5,841,379	5,190,779
Total current liabilities	74,371,029	59,520,175
Noncurrent liabilities:		
Long-term debt	168,023,054	153,551,379
Self-insurance liabilities	10,848,276	9,640,019
Deferred revenue	11,632,811	12,433,241
Other long-term liabilities	1,004,957	1,004,957
Total noncurrent liabilities	191,509,098	176,629,596
Total liabilities	265,880,127	236,149,771
Net assets:		
Invested in capital assets, net of related debt	565,352,572	539,310,204
Restricted for Capital Projects	5,754,980	7,311,711
Restricted for Debt Service	921,444	1,512,629
Unrestricted	36,060,299	35,624,423
Total net assets	608,089,295	583,758,967
Total liabilities and net assets	$ 873,969,422	$ 819,908,738

See accompanying notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2007 and 2006

	2007	2006
Operating revenues:		
Passenger fares	$ 43,229,788	$ 40,924,290
Advertising and concessions	1,317,058	1,525,462
Total operating revenues	44,546,846	42,449,752
Operating expenses:		
Labor and fringe benefits	171,731,054	165,975,690
Materials and supplies	30,868,838	29,263,998
Services	10,703,031	9,284,994
Utilities	9,330,787	10,886,037
Casualty and liability	8,342,071	6,263,268
Purchased transportation	3,158,441	2,886,623
Leases and rentals	382,369	269,624
Taxes	1,955,502	1,937,271
Miscellaneous	2,694,352	2,077,748
Total operating expenses before depreciation	239,166,445	228,845,253
Depreciation expense	43,458,154	43,199,303
Total operating expenses	282,624,599	272,044,556
Operating loss	(238,077,753)	(229,594,804)
Nonoperating revenue (expenses):		
Sales and use tax revenue	175,051,407	170,476,647
Federal operating grants and reimbursements	22,625,412	20,081,322
State/local operating grants and reimbursements	4,363,464	5,180,464
Investment income	2,594,771	2,782,204
Interest expense	(6,960,411)	(7,883,257)
Other income	1,634,966	3,353,368
Total nonoperating income	199,309,609	193,990,748
Net loss before capital grant revenue	(38,768,144)	(35,604,056)
Capital grant revenue:		
Federal	52,704,796	53,470,621
State	10,393,676	4,750,941
Local	0	540,734
Total capital grant revenue	63,098,472	58,762,296
Increase in net assets	24,330,328	23,158,240
Net assets, beginning of year	583,758,967	560,600,727
Net assets, end of year	$ 608,089,295	$ 583,758,967

See accompanying notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from customers	$ 44,693,597	$ 41,937,725
Cash payments to suppliers for goods and services	(54,828,915)	(55,328,263)
Cash payments to employees for services	(112,114,659)	(109,912,065)
Cash payments for employee benefits	(59,172,449)	(57,601,483)
Cash payments for casualty and liability	(6,483,214)	(7,025,016)
Other receipts	831,110	2,549,512
Net cash used in operating activities	(187,074,530)	(185,379,590)
Cash flows from noncapital financing activities:		
Sales and use taxes received	171,661,508	168,615,372
Grants, reimbursements, and special fare assistance:		
Federal	22,625,412	20,081,322
State and local	4,363,464	5,180,464
Net cash provided by noncapital financing activities	198,650,384	193,877,158
Cash flows from capital and related financing activities:		
Federal capital grant revenue	52,230,833	55,144,216
State capital grant revenue	8,676,817	6,269,094
Local capital grant revenue	0	540,734
Acquisition and construction of capital assets	(76,459,477)	(74,337,546)
Proceeds from new debt	25,000,000	25,003,289
Principal paid on bond maturities and other debt	(9,606,876)	(8,801,619)
Interest paid on bonds and other debt	(7,128,514)	(6,981,365)
Net cash used in capital and related financing activities	(7,287,217)	(3,163,197)
Cash flows from investing activities:		
Proceeds from maturities of investments	34,627,124	26,078,061
Purchases of investments	(28,608,510)	(26,007,796)
Interest received from investments	2,594,771	2,782,204
Net cash provided by investing activities	8,613,385	2,852,469
Net increase in cash and cash equivalents	12,902,022	8,186,840
Cash and cash equivalents, beginning of year	28,529,092	20,342,252
Cash and cash equivalents, end of year	$ 41,431,114	$ 28,529,092
Noncash investing and capital and related financing activities:		
Increase (decrease) in fair value of investments	$ 53,066	$ (156,336)
Amortization of deferred refunding of bonds classified as Interest Expense	$ (928,370)	$ (1,367,635)
Amortization of premium on bonds classified as Interest Expense	$ 272,698	$ 347,419

(Continued)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

(Continued)

Years ended December 31, 2007 and 2006

	2007	2006
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (238,077,753)	$ (229,594,804)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	43,458,154	43,199,303
Amortization-other assets	66,200	44,900
Other revenue	831,110	2,549,512
Change in assets and liabilities:		
(Increase) decrease in other receivables	146,751	(512,027)
(Increase) decrease in materials and supplies inventory	317,585	(2,212,626)
Increase in accounts payable, accrued compensation, self-insurance liabilities and other	6,183,423	1,146,152
Net cash used in operating activities	$ (187,074,530)	$ (185,379,590)

See accompanying notes to financial statements.

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 2007.

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 the City 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 significant financial transactions with the Authority during 2007.

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 United States of America's generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources.

Basis of Accounting – The accounts of the Authority, which are organized as an enterprise fund, are used to account for the Authority's activities that are financed and operated in a manner similar to a private business enterprise. Accordingly, the Authority maintains its records on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include sales tax revenue and grants. Revenue from sales taxes is recognized on an accrual basis in the period when the underlying exchange transaction occurs. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed to the extent that those standards do not conflict with or contradict guidance of the GASB. The Authority also has the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance as it relates to its operations.

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.

Investments – Investments are reported at fair value based on quoted market prices.

Materials and Supplies Inventory – Materials and supplies inventory are stated at the lower of average cost or fair value. Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment. In accordance with industry practice, all inventories are classified as current assets even though a portion of the inventories are not expected to be utilized within one year.

Capital Assets – Effective January 2004 the Authority defines capital assets as assets with an initial cost of at least $5,000 and an estimated useful life in excess of one year. In previous years, the initial cost was defined as $1,000. Capital assets, which include property, facilities infrastructure, 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
Infrastructure	45
Buildings and improvements	20-60
Transportation and other equipment	5-15
Furniture and fixtures	3-15
Rolling stock	7-25

Restricted Assets – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction.

Net Assets – Equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted Assets – This consists of constraints placed on net assets use through external constraints imposed by grantors, contributors, or laws. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

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

Recognition of Revenue and Receivables – The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes 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 non-operating revenues when the related capital expenditures are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

The Sales and Use Tax receivable is recorded in the month the vendor submits the tax to the State of Ohio. There is a three-month delay between the collection of the Sales Tax to the State of Ohio and the remittance to the Authority.

When assets acquired with capital grants funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property and equipment may be used to acquire like-kind replacement vehicles or remitted to the granting federal agency.

Federal and State Operating and Preventive Maintenance Assistance Funds – Federal and state operating and preventive maintenance assistance funds to be received by the Authority under the Urban Mass Transportation Act of 1964, as amended, and under the Ohio Public Mass Transportation Grant Program are recorded and reflected as income in the period to which they are applicable.

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 50 days.

Self-Insurance Liabilities and Expense – The Authority has a self-insurance program for third-party public compensation liability, property damage claims, and the 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.

These 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, legal counsel of the Authority, and actuaries. Also provided for are estimates of claims incurred during the year but not yet reported.

Claims expense is accrued in the period the incidents of loss occur, based upon estimates of liability made by management with the assistance of third-party administrators, legal counsel, and actuaries. Claims liability is the best estimate based on known information.

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

Estimates – The preparation of financial statements in conformity with the United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Changes in Accounting Policy – Effective for periods beginning after December 2006, the Authority implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* This Statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and Local governmental employers. This Statement did not have an impact on the Authority's financial statements.

Effective for the periods beginning after December 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivable and Intra-entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. This statement did not have an impact on the Authority's financial statements.

New Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) issued two new accounting pronouncements. Statement No. 49 *Financial Reporting for Pollution Remediation Obligations* is effective for periods beginning after December 2007. Statement No. 50 *Pension Disclosures* is effective for periods beginning after June 15, 2007. The Authority is currently evaluating the impact of adopting these statements.

Reclassifications – Certain prior year amounts have been reclassified to conform with the 2007 presentation.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following is a complete listing of deposits and investments held by the Authority at December 31, 2007:

	2007	2006
Demand deposits	$ 41,248,314	$ 28,346,292
Cash on hand	182,800	182,800
Investments	20,225,767	26,244,381
Total	$ 61,656,881	$ 54,773,473
Demand deposits – bank balance	$ 27,878,907	$ 36,515,897

The deposits and investments of the Authority at December 31, 2007 are reflected in the financial statements as follows:

	2007	2006
Current Assets:		
Cash and cash equivalents	$ 17,102,754	$ 19,770,844
Short term investments	0	285,783
Restricted Assets:		
Cash and cash equivalents	24,328,360	8,758,248
Investments	10,036,000	12,419,879
Noncurrent Assets:		
Investments	10,189,767	13,538,719
Total	$ 61,656,881	$ 54,773,473

The deposits and investments of the Authority are 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 savings 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 30 days.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned by the bank. 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 105% of the total value of public monies on deposit at the institution. At December 31, 2007 $27,578,907 of the Authority's bank balance of $27,878,907 was uninsured and uncollateralized as defined by the GASB. At December 31, 2006 $36,215,897 of the Authority's bank balance of $36,515,897 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio Law.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority 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. 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. As of December 31, 2007 and 2006, the Authority had no investments subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of investments will decrease as a result of a rise in interest rates. The Authority's policy minimizes interest rate risk by requiring that the Fund attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the Authority is generally not permitted to directly invest in securities maturing more than 3 years from original date of purchase according to the Authority's investment policy although the Ohio Revised Code allows up to 5 years.

As of December 31, 2007, the Authority's investment maturities were as follows:

		Investment maturities in in years	
Investment	**Fair value**	**Less than one year**	**One to three years**
U.S. Government Agency Securities	$ 20,225,767	$ 12,155,728	$ 8,070,039

As of December 31, 2006, the Authority's investment maturities were as follows:

		Investment maturities in in years	
Investment	**Fair value**	**Less than one year**	**One to three years**
U.S. Government Agency Securities	$ 26,007,797	$ 14,190,818	$ 11,816,979
STAR Ohio	236,584	236,584	—
Total investments	$ 26,244,381	$ 14,427,402	$ 11,816,979

Credit Risk

The Authority's investment policy complies with state law. The classifications of the investments are limited to U.S. government or agency securities, interim deposits and the Ohio Subdivisions Fund (STAR Ohio). Investments in commercial paper must be rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.

As of December 31, 2007, the credit quality ratings of the Authority's investments were as follows:

Investment	Fair value	Rating	Rating organization
U.S. government agency securities	$ 20,225,767	AAA	S&P/Moody

As of December 31, 2006, the credit quality ratings of the Authority's investments were as follows:

Investment	Fair value	Rating	Rating organization
U.S. government agency securities	$ 26,007,797	AAA	S&P/Moody
STAR Ohio	236,584	Not rated	N/A
Total investments	$ 26,244,381		

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's policy specifies a number of limitations to minimize concentration of credit risk, including prohibiting investing more than 5% of the portfolio in securities (other than U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer.

More than 5% of the Fund's investments are in Federal Home Loan Mortgage Company, Federal National Mortgage Association and Federal Home Loan Bank. At December 31, 2007 these investments were 69%, 13% and 18%, respectively, and at December 31, 2006 these investments were 9%, 37% and 52%, respectively, of the Fund's total investments.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2007
Capital Assets Not Being Depreciated:				
Land	$ 32,364,571	$ 538,893	$ 0	$ 32,903,464
Construction in Progress	92,090,412	74,784,611	25,617,165	141,257,858
Total Capital Assets Not Being Depreciated	124,454,983	75,323,504	25,617,165	174,161,322
Capital Assets Being Depreciated:				
Infrastructure	54,339,324	1,543,553	0	55,882,877
Right of Ways	251,668,113	15,243,391	0	266,911,504
Building, Furniture & Fixtures	429,802,541	10,081,705	0	439,884,246
Transportation and Other Equipment	389,576,768	8,974,329	440,107	398,110,990
Total Capital Assets Being Depreciated	1,125,386,746	35,842,978	440,107	1,160,789,617
Less Accumulated Depreciation:				
Infrastructure	9,127,258	1,170,343	0	10,297,601
Right of Ways	123,436,539	6,424,953	0	129,861,492
Building, Furniture & Fixtures	172,463,828	13,450,244	0	185,914,072
Transportation and Other Equipment	242,345,645	22,412,613	440,107	264,318,151
Total Accumulated Depreciation	547,373,270	43,458,153	440,107	590,391,316
Total Capital Assets Being Depreciated, Net	578,013,476	(7,615,175)	0	570,398,301
Total Capital Assets, Net	$ 702,468,459	$ 67,708,329	$ 25,617,165	$ 744,559,623

Remaining costs to complete construction projects, as of December 31, 2007, which will extend over a period of several years, total $94.5 million. Approximately $92.2 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 sales tax revenue or long-term debt.

For the year ended December 31, 2007, capitalized interest was $1,005,607.

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2006
Capital Assets Not Being Depreciated:				
Land	$ 27,453,678	$ 4,910,893	$ 0	$ 32,364,571
Construction in Progress	63,169,265	45,679,776	16,758,629	92,090,412
Total Capital Assets Not Being Depreciated	90,622,943	50,590,669	16,758,629	124,454,983
Capital Assets Being Depreciated:				
Infrastructure	54,315,824	23,500	0	54,339,324
Right of Ways	251,539,935	128,178	0	251,668,113
Building, Furniture & Fixtures	421,230,219	8,572,322	0	429,802,541
Transportation and Other Equipment	373,103,437	27,605,440	11,132,109	389,576,768
Total Capital Assets Being Depreciated	1,100,189,415	36,329,440	11,132,109	1,125,386,746
Less Accumulated Depreciation:				
Infrastructure	7,991,067	1,136,191		9,127,258
Right of Ways	117,220,191	6,216,348		123,436,539
Building, Furniture & Fixtures	159,164,513	13,299,315	0	172,463,828
Transportation and Other Equipment	230,720,827	22,547,450	10,922,632	242,345,645
Total Accumulated Depreciation	515,096,598	43,199,304	10,922,632	547,373,270
Total Capital Assets Being Depreciated, Net	585,092,817	(6,869,864)	209,477	578,013,476
Total Capital Assets, Net	$ 675,715,760	$ 43,720,805	$ 16,968,106	$ 702,468,459

For the year ended December 31, 2006, capitalized interest was $190,726.

5. LONG-TERM DEBT

Long-term bonds, loan and capital lease payable at December 31, 2007 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Series 1998	4.61	$ 2,990,000	$ 0	$ 1,465,000	$ 1,525,000	$ 1,525,000
Series 1998R	4.17	27,895,000	0	165,000	27,730,000	175,000
Series 2001	4.73	6,275,000	0	1,155,000	5,120,000	1,200,000
Series 2002R	3.75	16,930,000	0	150,000	16,780,000	3,930,000
Series 2004	4.25	64,320,000	0	5,315,000	59,005,000	1,625,000
Series 2006	4.39	38,090,000	0	865,000	37,225,000	900,000
Deferred Refunding		(2,804,495)	0	(928,370)	(1,876,125)	0
Premium		4,882,554	0	272,698	4,609,856	0
SIB Loan		4,580,196	0	491,876	4,088,320	513,002
Total Bonds and Loan		163,158,255	0	8,951,204	154,207,051	9,868,002
Capital Lease Payable		0	25,000,000	0	25,000,000	1,315,995
Total Long-Term Debt		$ 163,158,255	$ 25,000,000	$ 8,951,204	$ 179,207,051	$ 11,183,997

Long-term bonds and loan payable at December 31, 2006 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Series 1996	5.24	$ 3,435,000	$ 0	$ 3,435,000	$ 0	$ 0
Series 1998	4.61	9,285,000	0	6,295,000	2,990,000	1,465,000
Series 1998R	4.17	28,055,000	0	160,000	27,895,000	165,000
Series 2001	4.73	15,950,000	0	9,675,000	6,275,000	1,155,000
Series 2002R	3.75	17,075,000	0	145,000	16,930,000	150,000
Series 2004	4.25	65,990,000	0	1,670,000	64,320,000	5,315,000
Series 2006	4.39	0	38,490,000	400,000	38,090,000	865,000
SIB Loan		5,051,815	0	471,619	4,580,196	491,876
Total Bonds and Loan		144,841,815	38,490,000	22,251,619	161,080,196	$ 9,606,876
Deferred Refunding		(3,475,804)	(696,326)	(1,367,635)	(2,804,495)	
Premium		4,030,841	1,199,132	347,419	4,882,554	
Total Long-Term Debt		$ 145,396,852	$ 38,992,806	$ 21,231,403	$ 163,158,255	

Certain bonds maturing after December 31, 2007 are subject to optional redemption by the Authority prior to maturity.

During 1996, the Authority issued general obligation capital improvement bonds, Series 1996. The principal of the bonds was used to redeem the Authority's $70 million short-term Capital Improvement Bond Anticipation Notes. In 2002, $16,470,000 of the 2002 bond issue was used for the refunding of these bonds.

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 principal balance of the general obligation capital improvement refunding bonds at December 31, 2006 was $27,730,000.

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.

In 1998, the Authority entered into a loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank (SIB) loan in an amount not to exceed $6,945,000 to be repaid over a fifteen-year period at an annual rate of 4.25%. Through December 31, 2006, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation for the Cuyahoga River Viaduct Project.

On December 1, 2001, the Authority issued $29,890,000 of general obligation capital improvement bonds. The bonds bear interest at rates ranging from 2.50% to 5.63%, per annum, and mature in various installments through December 1, 2021. The principal balance of the capital improvement bonds at December 31, 2006 was $5,120,000.

On June 6, 2002, the Authority issued $17,540,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 3.75% and payable through 2011. A portion of the proceeds of the bonds was used for the advance refunding of $16,470,000 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 2002 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 $1,070,000. 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.

In 2002, the Authority advance refunded the Series 1996 bonds to reduce its total debt service payments over the next nine years by approximately $462,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $396,000.

On November 16, 2004 the Authority issued $67,235,000 of general obligation capital improvement and refunding bonds. Of the $67,235,000, $38,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous of previous issues. The bonds bear interest at rates ranging from 2.0% to 5.0% per annum, and mature in various installments through December 1, 2024. Proceeds of $32,178,171 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2004, the Authority advance refunded the Series 1996, 1998 and 2001 bonds to reduce its total debt service payments over the next 13 years by approximately $1,052,747, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,057,912.

On March 7, 2006 The Authority issued $38,490,000 of general obligation capital improvement and refunding bonds. Of the $38,490,000, $25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 4.0% to 5.0% per annum, and mature in various installments through December 1, 2025. Proceeds of $14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In 2006, The Authority advance refunded the Series 1998 and 2001 bonds to reduce its total debt service payments over the next 15 years by approximately $412,215, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $413,877.

In prior years, the Authority defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the Authority's financial statements. As of December 31, 2007, a total of $40,705,000 of defeased debt remained outstanding from advance refundings entered into by the Authority.

The annual requirements to pay principal and interest on the bonds and loan outstanding at December 31, 2007 are as follows:

	Bonds and Loans	
Year	**Principal**	**Interest**
2008	$ 9,868,002	$ 6,718,020
2009	10,255,037	6,332,529
2010	10,648,017	5,948,195
2011	11,086,985	5,505,038
2012	11,571,982	5,073,900
2013-2017	57,688,297	17,325,604
2018-2022	29,730,000	6,293,525
2023-2027	10,625,000	857,912
Total	**$ 151,473,320**	**$ 54,054,723**

6. CAPITAL LEASE OBLIGATION

During 2007, the Authority entered into a tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The Authority's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases". Capital assets acquired by the lease amounted to $2,375,677 as of December 31, 2007. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2007.

Year	**Amounts**
2008	$ 2,426,108
2009	2,426,108
2010	2,426,108
2011	2,426,108
2012	2,426,108
2013-2017	12,130,540
2018-2022	9,704,427
Total Minimum Lease Payments	33,965,507
Less: Amount Representing Interest	(8,965,507)
Present Value of Minimum Lease Payments	**$ 25,000,000**

7. PURCHASED TRANSPORTATION SERVICES

In March 2005, The Greater Cleveland Regional Transit Authority entered into separate Mass Transit System Transfer Agreements with The City of Maple Heights and The City of North Olmsted. The Authority determined that it was in the best interest of the Authority and the residents of Cuyahoga County to merge the transit systems. The terms of the merger require payments of $504,000 to The City of Maple Heights and $750,000 to The City of North Olmsted in three yearly installment ending in 2007.

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 $3,158,441 and $2,886,623 in 2007 and 2006, respectively.

8. GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE

Grants, reimbursements, and special fare assistance are included in the non-operating revenues (expenses) and the capital grant revenue categories on the Statement of Revenues, Expenses and Changes in Net Assets for the years ended, December 31, 2007 and 2006 as follows:

		2007		2006
FEDERAL:				
FTA Capital Grants	$	52,704,796	$	53,470,621
FTA Maintenance Assistance		22,400,000		20,000,001
FTA Operating Grants		225,412		81,321
Total	$	75,330,208	$	73,551,943
STATE:				
ODOT Capital Grants	$	10,393,676	$	4,750,941
ODOT Fuel Tax Reimbursement		1,550,949		1,482,458
ODOT Elderly and Handicapped Grants		2,242,883		1,879,767
ODOT Operating Grants		379,391		916,413
Total	$	14,566,899	$	9,029,579
LOCAL:				
Capital Grants	$	0	$	540,734
Operating Grants		190,241		901,826
Total	$	190,241	$	1,442,560

9. 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, 2007, there were no 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.

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.

10. RETIREMENT BENEFITS

Public Employees Retirement System of Ohio

Plan Description – All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.OPERS administers three separate plans as decribed below:

Traditional Pension Plan - A cost-sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan - A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

Combined Plan - A cost sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

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

	Contribution Rate as a % of Covered Salaries	Contributions 2007	2006	2005
By statutory authority	13.70-17.17%	$ 18,469,472	$ 17,725,876	$ 17,770,474
Less healthcare portion	4.50-6.00%	(7,271,222)	(5,773,210)	(5,204,668)
Required employer contribution		11,198,250	11,952,666	12,565,806
By employees	9.0-10.1%	12,582,653	11,597,387	11,130,858
Total pension contributions		$ 23,780,903	$ 23,550,053	$ 23,696,664

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

Healthcare – OPERS maintains a cost sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment healthcare coverage, age and service retirants under either the traditional and combined plans must have 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 meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement healthcare coverage. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and post-retirement healthcare through their contributions to OPERS. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement). The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. Active members do not make contributions to the OPEB plan.

OPERS' post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h).

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2007, the portion of employer contributions, for all employers, allocated to healthcare, was 5% from January 1 through June 30, 2007; and 6% from July 1 through December 31. For 2006, the portion of employer contributions to OPERS allocated to healthcare was 4.5% of covered payroll.

The OPERS Retirement Board is also authorized to established rules for the payment of a portion of the healthcare coverage provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The statutory healthcare contribution requirement from the GCRTA for the years ended December 31, 2007 and 2006 (which is included in the GCRTA's total OPERS contribution) was $7,271,222 and $5,773,210, respectively. At December 31, 2007, the GCRTA was not responsible for paying premiums, contributions, or claims for OPEB under OPERS for any retirees, terminated employees, or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2006 actuarial computations (latest available) were as follows:

Funding Method – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond), health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

At December 31, 2007 and 2006, there were 374,979 and 362,130 active participants contributing to the plan. The GCRTA's actuarially required OPEB contribution for 2007 and 2006 equaled the actual amount contributed to OPERS by the GCRTA. In addition, at December 31, 2006 (the latest information available), the actual value of the plan's net assets available for OPEB approximated $12.0 billion and the actuarial accrued liability, based on the actuarial method used, was $30.7 billion and $18.7 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

On September 9, 2004 the OPERS Board of Trustees adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allows additional funds to be allocated to the health care plan.

Supplemental Retirement Benefit Plan – GCRTA pays supplemental retirement benefits to various classifications of individuals under several different arrangements. This plan is not governed under ERISA (Employee Retirement Income Security Act of 1974). In 2007 there were 1,167 participants in pay status and 2,211active employees and benefit payments of $91,586. In 2006 there were 1,222 participants in pay status and 2,210 active employees and benefit payments of $98,389.

As of December 31, 2007 and 2006, the Supplemental Pension Fund liability was determined to be $1,004,944 based on the 2006 actuarial study. The market value of associated assets totaled $883,709 as of December 31, 2007 and 2006.

11. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to third-party liability claims; 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 all-risk 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 $500,000,000 and the deductible is $250,000. The Authority is self-insured for third-party bodily injury and property damage liability claims, but has protection for the catastrophic loss exposure. Settled claims have not exceeded the self insured retention in any of the last three years. The Authority purchases excess liability insurance to provide catastrophic protection of its assets against severe third party liability losses. This umbrella liability coverage is in the amount of $75,000,000 per accident in excess of a $5,000,000 self-insured retention.

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 agreements.

The Authority is also an authorized self-insured employer in the State of Ohio and administers its own workers' compensation claims. Excess workers' compensation insurance coverage protects the Authority in excess of a self-insured retention of $300,000 in year one and declining thereafter.

The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2007 and 2006 was $5.3 and $5.2 million, respectively, and is recorded in the accompanying balance sheets.

Changes in the Authority's self insurance liabilities for third-party public liability, property damage, worker's compensation and medical claims are reflected in the table below.

	2007	2006	2005
Balance, Beginning of Year	$ 14,830,798	$ 15,592,546	$ 15,682,299
Incurred Claims	16,961,924	15,606,889	18,852,118
Payments	(15,103,067)	(16,368,637)	(18,941,871)
Balance, End of Year	$ 16,689,655	$ 14,830,798	$ 15,592,546

12. SUBSEQUENT EVENT

On February 20, 2008, the Authority issued $35,000,000 of general obligation capital improvement bonds for the purpose of financing current and future capital improvement projects. The bonds bear interest at rates ranging from 3.0% to 4.68% per annum, and mature in various installments through December 1, 2027.

2007
STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Authority implemented GASB Statement No. 34 in 2002.

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

NET ASSETS BY COMPONENTS

LAST TEN YEARS (IN THOUSANDS)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Invested in Capital Assets, Net of Related Debt	$482,273	$484,660	$484,603	$465,181	$500,149	$529,740	$501,672	$530,319	$539,310	$565,353
Restricted	41,373	26,331	21,990	41,629	22,500	2,000	30,679	9,411	8,825	6,676
Unrestricted	12,679	30,640	27,140	14,673	22,004	17,866	20,220	20,871	35,624	36,060
Total Net Assets	$536,325	$541,631	$533,733	$521,483	$544,653	$549,606	$552,571	$560,601	$583,759	$608,089

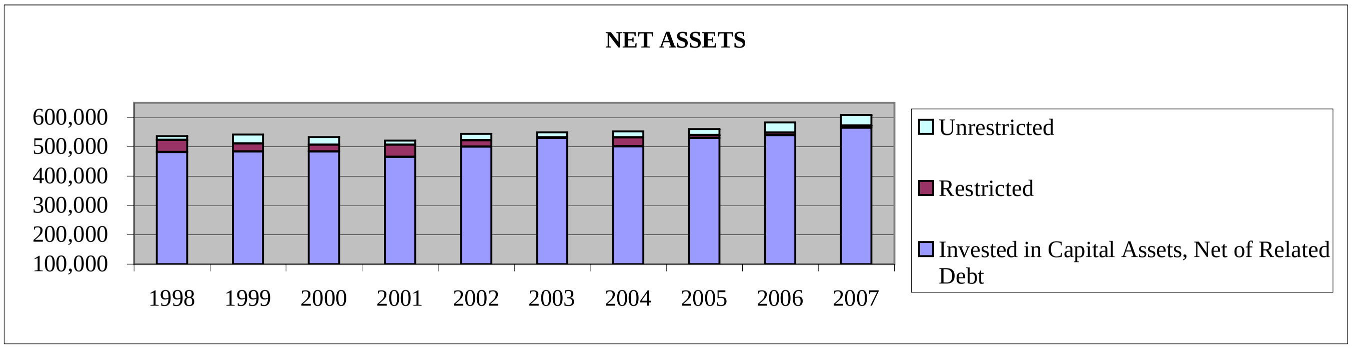


TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

CHANGES IN NET ASSETS
LAST TEN YEARS (IN THOUSANDS)
(UNAUDITED)

YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Operating Revenues:										
Passenger Fares	$ 43,230	$ 41,773	$ 41,584	$ 41,042	$ 38,185	$ 38,412	$ 37,578	$ 38,569	$ 40,924	$ 43,230
Advertising and Concessions	2,206	2,258	3,005	2,234	1,737	1,450	1,539	1,658	1,525	1,317
Total Operating Revenues	45,436	44,031	44,589	43,276	39,922	39,862	39,117	40,227	42,449	44,547
Operating Expenses	197,133	206,681	220,270	231,137	211,564	228,854	220,068	231,566	228,845	239,167
Depreciation Expense	34,417	36,389	37,093	36,251	36,086	39,360	41,610	40,670	43,199	43,458
Operating Loss	(186,114)	(199,039)	(212,774)	(224,112)	(207,728)	(228,352)	(222,561)	(232,009)	(229,595)	(238,078)
Nonoperating Revenues (Expenses)										
Sales and use tax revenue	146,703	151,406	161,273	157,297	157,212	159,050	168,659	167,127	170,477	175,051
Federal Funds	552	2,936	5,540	11,818	12,309	21,149	20,406	20,801	20,081	22,625
Other State and Local Funds	6,069	6,501	6,178	4,076	1,605	2,231	3,398	4,623	5,181	4,364
Investment Income	3,756	2,654	2,743	1,713	1,535	622	413	1,538	2,782	2,595
Interest Expense	(5,617)	(5,891)	(5,672)	(5,637)	(6,064)	(5,816)	(4,465)	(6,698)	(7,883)	(6,960)
Other Income	602	(890)	2,923	1,014	2,154	1,629	1,894	4,014	3,353	1,635
Total Nonoperating Revenues (Expenses)	152,065	156,716	172,985	170,281	168,751	178,865	190,305	191,405	193,991	199,310
Net Loss	(34,049)	(42,323)	(39,789)	(53,831)	(38,977)	(49,487)	(32,256)	(40,604)	(35,604)	(38,768)
Capital Contributions	33,823	31,580	31,891	41,581	62,147	54,440	35,221	48,633	58,762	63,098
Change in Net Assets	$ (226)	$ (10,743)	$ (7,898)	$ (12,250)	$ 23,170	$ 4,953	$ 2,965	$ 8,029	$ 23,158	$ 24,330

TABLE 3

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES BY SOURCE
LAST TEN YEARS (IN THOUSANDS)
(UNAUDITED)

YEAR	OPERATING	SALES AND USE TAXES	FEDERAL OPERATING GRANTS AND REIMBURSEMENTS	STATE/LOCAL OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE	INVESTMENT INCOME	OTHER	CAPITAL GRANT INCOME*	TOTAL
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
2000	44,589	161,992	5,540	6,178	2,743	2,923	—	223,965
2001	43,276	157,297	11,818	4,076	1,713	1,014	—	219,194
2002	39,922	157,212	12,309	1,605	1,535	2,154	62,147	276,884
2003	39,862	159,051	21,149	2,231	622	1,628	54,439	278,982
2004	39,117	168,659	20,406	3,398	413	1,894	35,221	269,108
2005	40,228	167,127	20,802	4,623	1,538	4,014	48,633	286,965
2006	42,449	170,477	20,081	5,181	2,782	3,353	58,762	303,085
2007	44,547	175,051	22,625	4,364	2,595	1,635	63,098	313,915

*Beginning in 2002 Capital Income has been reported as revenue. Prior to 2002 these amounts were reported as a direct addition to net assets.

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES AND OPERATING ASSISTANCE - COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS
(UNAUDITED)

TRANSPORTATION INDUSTRY (1):

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER**	**TOTAL**	**STATE & LOCAL**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
1998	40.8%	15.2%	56.0%	40.1%	3.9%	44.0%	100.0%
1999	37.3	16.4	53.7	42.4	3.9	46.3	100.0
2000	36.1	17.4	53.5	42.4	4.1	46.5	100.0
2001	35.2	14.1	49.3	46.2	4.5	50.7	100.0
2002	32.5	17.3	49.8	45.3	4.9	50.2	100.0
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.2	48.4	43.9	7.7	51.6	100.0
2007	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER(2)**	**TOTAL**	**STATE & LOCAL(3)**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
1998	21.3%	3.2%	24.5%	75.2%	0.3%	75.5%	100.0%
1999	20.1	2.5	22.6	76.0	1.4	77.4	100.0
2000	18.6	3.8	22.4	75.1	2.5	77.6	100.0
2001	18.7	2.3	21.0	73.6	5.4	79.0	100.0
2002	17.8	2.5	20.3	74.0	5.7	79.7	100.0
2003	17.1	1.6	18.7	71.9	9.4	81.3	100.0
2004	16.1	1.6	17.7	73.6	8.7	82.3	100.0
2005	16.2	3.0	19.2	72.1	8.7	80.8	100.0
2006	16.7	3.2	19.9	71.9	8.2	80.1	100.0
2007	17.2	2.2	19.4	71.6	9.0	80.6	100.0

* Not Available

P Preliminary

(1) Source: The American Public Transit Association, APTA 2008 Public Transportation Fact Book, Table 47.

(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 5

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	TRANSPORTATION	MAINTENANCE	GENERAL AND ADMINISTRATIVE	DEPRECIATION	TOTAL OPERATING EXPENSES	INTEREST	OTHER	TOTAL EXPENSES
1998	$ 76,200	$ 61,757	$ 59,176	$ 34,417	$ 231,550	$ 5,617	$ —	$ 237,167
1999	81,033	63,726	61,924	36,389	243,072	5,891	1,267	250,230
2000	85,647	67,727	66,896	37,093	257,363	5,672	—	263,035
2001	92,371	71,877	66,889	36,251	267,388	5,638	—	273,026
2002	88,306	70,073	53,185	36,085	247,649	6,064	—	253,713
2003	91,442	69,817	67,595	39,360	268,214	5,816	—	274,030
2004	93,738	68,675	57,655	41,610	261,678	4,465	—	266,143
2005	96,065	73,387	62,114	40,670	272,236	6,698		278,934
2006	97,454	74,345	57,047	43,199	272,045	7,883	—	279,928
2007	98,065	77,489	63,613	43,458	282,625	6,960	—	289,585

TABLE 6

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING EXPENSES - COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS
(UNAUDITED)

TRANSPORTATION INDUSTRY (1):

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1998	71.7%	9.4%	6.0%	3.5%	2.4%	10.1%	(3.1)%	100.0%
1999	70.9	9.2	5.9	3.3	2.2	11.5	(3.0)	100.0
2000	69.8	10.0	5.7	3.2	2.2	12.2	(3.1)	100.0
2001	69.5	10.0	5.9	3.3	2.1	12.6	(3.4)	100.0
2002	70.2	9.2	6.2	3.1	2.5	12.0	(3.2)	100.0
2003	69.1	9.0	6.0	3.0	2.6	13.4	(3.1)	100.0
2004	68.7	9.1	5.8	3.0	2.6	13.4	(2.6)	100.0
2005	66.9	10.1	5.8	3.2	2.5	13.8	(2.3)	100.0
2006	66.1	11.3	5.9	3.2	2.5	13.4	(2.4)	100.0
2007	*	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1998	72.8%	9.5%	4.6%	4.1%	1.9%	4.2%	2.9%	100.0%
1998	72.8	9.5	4.6	4.1	1.9	4.2	2.9	100.0
1999	73.9	8.6	4.8	3.6	1.4	4.4	3.3	100.0
2000	70.2	10.5	6.1	3.5	2.5	4.5	2.7	100.0
2001	69.7	9.7	4.2	4.1	5.1	4.9	2.3	100.0
2002	72.8	10.9	3.5	3.8	1.3	5.0	2.7	100.0
2003	69.3	8.7	6.9	3.5	3.8	5.0	2.8	100.0
2004	70.6	10.5	4.4	3.9	2.8	5.0	2.8	100.0
2005	69.6	12.8	4.6	4.2	3.1	2.7	3.0	100.0
2006	72.5	12.8	4.0	4.8	2.7	1.3	1.9	100.0
2007	71.8	12.9	4.5	3.9	3.5	1.3	2.1	100.0

* Not Available
** Excludes Depreciation and Interest

Source:

(1) The American Public Transit Association, APTA 2008 Public Transportation Fact Book , Table 45.

TABLE 7

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY

2007 and 2006

2007

Industry	Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$ 22,536,961	13.13 %
Miscellaneous Store Retailers	20,682,069	12.05
General Merchandise Stores	15,790,475	9.20
Information (Including Telecommunications)	15,212,335	8.86
Accommodation and Food Services	12,897,068	7.51
Building Material and Garden Equipment and Supplies	11,553,663	6.73
Administrative and Support Services; Waste Management and Remediation Services	6,855,816	3.99
Clothing and Clothing Accessories Stores	6,754,834	3.93
Real Estate, and Rental and Leasing of Property	6,609,430	3.85
Health and Personal Care Stores	6,386,949	3.72
Total	$ 125,279,600	72.97 %
Total Sales Tax Collection	$ 171,661,508	

2006*

Industry	Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$ 22,187,422	13.16 %
Miscellaneous Store Retailers	21,327,990	12.65
General Merchandise Stores	16,832,367	9.98
Information (Including Telecommunications)	14,788,748	8.77
Accommodation and Food Services	12,817,129	7.60
Building Material and Garden Equipment and Supplies	11,872,208	7.04
Administrative and Support Services; Waste Management and Remediation Services	6,864,163	4.07
Health and Personal Care Stores	6,645,638	3.94
Clothing and Clothing Accessories Stores	6,545,480	3.88
Real Estate, and Rental and Leasing of Property	6,172,503	3.66
Total	$ 126,053,648	74.75 %
Total Sales Tax Collection	$ 168,615,372	

Source: Ohio Department of Taxation

*Information prior to 2006 is not available

TABLE 8

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

LEGAL DEBT MARGIN
LAST TEN YEARS (IN THOUSANDS)

(UNAUDITED)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
OVERALL DEBT LIMITATION:										
Total Of All GCRTA Debt Outstanding	$ 103,242	$ 99,920	$ 101,238	$ 129,782	$ 124,857	$ 120,262	$ 152,529	$ 144,841	$ 161,080	$ 151,473
Exempt Debt	103,242	99,920	101,238	129,782	124,857	120,262	152,529	144,841	161,080	151,473
Net Indebtedness (Voted and Unvoted)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Assessed Valuation Of County - (Collection Year)	$ 25,355,787	$ 25,633,181	$ 28,572,250	$ 28,699,372	$ 28,545,714	$ 30,305,032	$ 30,647,572	$ 30,646,005	$ 33,158,047	$ 32,460,486
Overall Debt Limitation (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation)	$ 1,267,789	$ 1,281,659	$ 1,428,613	$ 1,434,969	$ 1,427,286	$ 1,515,252	$ 1,532,379	$ 1,532,300	$ 1,657,902	$ 1,623,024
Net Indebtedness (Voted and Unvoted)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Overall Debt Margin	$ 1,267,789	$ 1,281,659	$ 1,428,613	$ 1,434,969	$ 1,427,286	$ 1,515,252	$ 1,532,379	$ 1,532,300	$ 1,657,902	$ 1,623,024
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
UNVOTED DEBT LIMITATION:										
Unvoted Debt Limitation - 0.1% of County Assessed Valuation	$ 25,356	$ 25,633	$ 28,572	$ 28,699	$ 28,546	$ 30,305	$ 30,648	$ 30,646	$ 33,158	$ 32,460
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(8,987)	(8,957)	(9,421)	(12,311)	(12,005)	(11,998)	(14,506)	(14,755)	(16,618)	(16,586)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	$ (8,987)	$ (8,957)	$ (9,421)	$ (12,311)	$ (12,005)	$ (11,998)	$ (14,506)	$ (14,755)	$ (16,618)	$ (16,586)

TABLE 9

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)
(UNAUDITED)

YEAR	POPULATION (1)	ASSESSED VALUE (2)	GENERAL BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
1998	1,381	$ 25,355,787	$ 103,242	0.41%	$ 74.76
1999	1,372	25,633,181	99,920	0.39	72.83
2000	1,394	28,572,250	96,370	0.34	69.13
2001	1,380	28,699,372	123,030	0.43	89.15
2002	1,379	28,545,714	126,193	0.44	91.51
2003	1,364	30,306,032	120,262	0.40	88.17
2004	1,351	30,647,672	152,529	0.50	112.90
2005	1,336	30,646,005	144,841	0.48	108.42
2006	1,314	33,158,047	161,080	0.48	122.58
2007	1,296	32,460,486	151,473	0.47	116.88

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

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2007
(UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	$ 151,473,320	$ —	$ 151,473,320	100%	$ 151,473,320
County of Cuyahoga (1)	194,594,000	12,001,000	182,593,000	100	182,593,000
Cuyahoga County Cities, Villages, Townships (1)	1,062,382,000	33,583,000	1,028,799,000	100	1,028,799,000
Cuyahoga County School Districts (2)	804,456,000	85,408,000	719,048,000	100	719,048,000
Total Net Direct and Overlapping Debt					$ 2,081,913,320

(1) 2007 Tax Budgets filed in July, 2007 and certified unencumbered 2007 balances filed in January, 2008 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2007. Budgetary basis.

(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 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

(UNAUDITED)

YEAR	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
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
2000	223,965	220,270	3,695	3,835	5,672	9,507	.39
2001	219,194	231,137	(11,943)	4,198	5,637	9,835	(1.21)
2002	214,737	211,564	3,173	5,544	6,064	11,608	.27
2003	222,401	228,854	(6,453)	5,931	5,816	11,747	(0.55)
2004	233,887	220,068	13,819	6,173	4,465	10,638	1.30
2005	238,331	231,566	6,765	7,687	6,698	14,385	.47
2006	244,324	228,845	15,479	8,802	6,981	15,783	.98
2007	250,816	239,166	11,650	9,607	7,012	16,619	.70

(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 12

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
(UNAUDITED)

YEAR	COUNTY POPULATION (1)	MSA	PERSONAL INCOME (IN THOUSANDS)	PER CAPITA PERSONAL INCOME
1980	1,498,400	1,898,825		
1990	1,412,140	1,831,122		
2000	1,393,978	1,863,479		
2002	1,379,049	1,859,472		
2003	1,363,888	1,848,348	$ 30,686,116	$ 22,499
2004	1,351,009	1,842,749	31,750,063	23,501
2005	1,335,317	1,830,011	31,936,777	23,917
2006	1,314,241	1,812,162	32,421,011	24,669
2007	1,295,958	1,794,211	33,344,999	25,730

AGE DISTRIBUTION (2)

	NUMBER	PERCENTAGE
Under 5 years	90,996	6.5%
5 – 9 yrs	101,372	7.3
10 – 14 yrs	99,235	7.1
15 – 19 yrs	89,960	6.5
20 – 24 yrs	77,515	5.6
25 – 34 yrs	188,873	13.5
35 – 44 yrs	219,449	15.7
45 – 54 yrs	187,601	13.5
55 – 59 yrs	65,599	4.7
60 – 64 yrs	56,217	4.0
65 – 74 yrs	107,327	7.7
75 – 84 yrs	82,469	5.9
85 yrs and over	27,365	2.0
TOTAL	1,393,978	100.0%
Median age		37
Males		658,481
Females		735,497

DISTRIBUTION OF FAMILIES BY INCOME BRACKET (Average 3.06 persons) (3)

INCOME (2)	NUMBER	PERCENTAGE
$0 – 14,999	$ 40,279	11.3%
$15,000 – 24,999	38,075	10.7
$25,000 – 49,999	101,299	28.4
$50,000 – 99,999	123,948	34.8
$100,000 -199,999	41,701	11.7
OVER $200,000	10,919	3.1
TOTAL	$ 356,221	100.0%
MEDIAN FAMILY INCOME	$49,559	

Source:

(1) Ohio Department of Development – The Metropolitan Statistical Area (MSA), as defined by the Department o Development, includes Lake, Geauga, Medina, and Cuyahoga Counties. Population totals for 2003 are estimates provided by the U. S. Census Bureau.

(2) U. S. Census Bureau, Census 2000

(3) U. S. Census Bureau. Census 2000

(continued)

TABLE 12

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
LAST TEN YEARS (Continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Civilian Labor Force	699,200	681,200	691,000	692,600	669,700	675,400	664,600	669,600	663,400	657,800
Total Employed*	668,500	649,900	659,900	661,700	624,900	629,600	623,700	629,000	626,700	617,900
Total Unemployed	30,700	31,300	311,000	31,000	44,000	45,800	40,900	40,600	36,700	39,900
Unemployment Rate	4.4%	4.6%	4.5%	4.5%	6.7%	6.8%	6.2%	6.1%	5.5%	6.1%

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

	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		FEDERAL, STATE AND LOCAL GOVERNMENT **		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
YEAR	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
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*	100.0
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*	100.0
2000	128.8	16.0	189.3	23.6	264.4	32.9	83.9	10.4	68.4	8.5	34.8	4.3	34.7	4.3	804.3*	100.0
2001	121.4	15.3	182.4	23.0	262.3	33.0	88.4	11.1	70.3	8.9	35.8	4.5	33.1	4.2	793.7*	100.0
2002	96.5	12.4	118.5	15.3	320.5	41.2	102.7	13.2	68.3	8.8	23.4	3.0	47.6	6.1	777.5*	100.0
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1	69.4	9.1	23.6	3.1	45.3	5.9	766.1*	100.0
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1	69.4	9.1	23.7	3.1	45.0	5.9	760.7*	100.0
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1	68.2	9.0	23.4	3.1	43.1	5.7	757.2*	100.0
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1	65.9	8.7	23.6	3.1	42.5	5.6	757.7*	100.0
2007	81.4	10.9	107.9	14.4	335.3	44.7	98.4	13.1	61.1	8.1	24.1	3.2	41.8	5.6	750.0*	100.0

Sources:

(1) Ohio Bureau of Employment Services

* Difference due to non-County residents employed in County.
** Federal employment was included beginning in 2003

(Concluded)

TABLE 13

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PRINCIPAL EMPLOYERS

2006* AND 1997

2006

Employer	Naure of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	28,461	4.5%
University Hospitals Health System	Health Care	15,904	2.5
Cuyahoga County	County Government	9,295	1.5
U.S. Office of Personnel Management	Federal Government	9,172	1.5
Progressive Corporation	Insurance	8,796	1.4
City of Cleveland	Municipal Government	8,327	1.3
Cleveland Municipal School District	Public School District	7,442	1.2
KeyCorp	Financial Services	6,615	1.1
National City Corporation	Financial Services	6,563	1.0
The MetroHealth System	Health Care	5,627	0.9
	Total	106,202	16.9%
	Total County Employment	626,700	

1997

Employer	Naure of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	19,327	3.03%
U.S. Office of Personnel Management	Federal Government	10,776	1.69
University Hospitals Health System	Health Care	9,687	1.52
Cuyahoga County	County Government	9,443	1.48
City of Cleveland	Municipal Government	8,645	1.36
Cleveland Municipal School District	Public School District	8,477	1.33
KeyCorp	Financial Services	6,980	1.10
U.S. Postal Service	U.S. Mail	6,545	1.03
Ford Motor Company	Automotive	6,540	1.03
LTV Corporation	Steel Production	5,700	0.89
	Total	92,120	14.46%
	Total County Employment	637,400	

*Information for 2007 not available.

Sources: Crain's Cleveland Business - March 12, 2007 and March 9, 1998
Ohio Bureau of Employment Services

TABLE 14

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS
(UNAUDITED)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SYSTEM RIDERSHIP:										
Motor Bus	50,682,872	49,140,405	51,591,534	47,100,582	45,157,626	48,768,342	44,969,751	44,533,491	44,577,504	46,335,972
Heavy Rail	5,455,860	5,658,763	7,340,705	8,232,176	7,186,189	7,372,472	7,282,845	7,472,908	7,029,344	7,306,663
Light Rail	4,091,176	4,164,389	4,318,399	4,444,545	3,057,728	3,160,523	2,560,710	3,089,707	2,844,207	3,198,883
Demand Responsive	327,870	340,190	310,894	281,191	323,976	248,427	297,087	335,970	343,443	481,112
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus	174,798	169,338	170,191	165,203	152,444	157,764	162,303	166,238	166,754	164,548
Heavy Rail	18,817	19,500	18,736	19,132	17,052	15,824	17,331	18,733	18,892	20,397
Light Rail	14,110	14,351	13,654	13,093	10,699	9,300	9,395	9,506	10,030	11,044
Demand Responsive	1,130	1,173	1,209	1,140	1,103	1,080	1,343	1,530	1,550	1,661
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus	89,012	91,394	91,626	89,600	85,427	85,585	81,972	86,751	80,134	79,029
Heavy Rail	6,176	6,309	3,854	3,823	3,582	3,529	5,002	3,566	3,593	3,584
Light Rail	3,848	3,831	2,749	2,656	2,628	2,647	3,150	2,661	2,459	2,446
Demand Responsive	6,479	5,502	7,092	6,765	6,768	6,576	6,129	7,941	8,200	9,259
REVENUE MILES:										
Motor Bus	22,532,413	23,325,952	23,523,043	23,000,048	21,898,961	21,353,812	20,471,913	21,698,089	20,377,376	20,204,755
Heavy Rail	2,030,450	2,066,821	2,064,918	1,989,332	1,773,310	2,191,748	2,397,243	2,373,093	1,960,534	2,112,786
Light Rail	1,182,715	1,254,164	1,202,173	1,144,240	860,336	954,081	1,011,795	1,005,741	869,868	805,600
Demand Responsive	1,130,418	1,232,838	1,785,104	1,757,197	1,577,180	1,610,609	1,688,026	2,023,190	2,081,941	2,368,174
PASSENGER MILES:										
Motor Bus	206,200,170	206,546,438	198,957,849	179,985,792	171,543,310	189,098,115	293,338,619	210,122,020	215,657,817	178,890,562
Heavy Rail	54,247,521	51,419,115	54,008,892	61,606,818	53,955,185	50,159,652	47,439,898	49,849,158	29,481,680	53,399,727
Light Rail	29,029,628	25,986,194	24,851,765	25,525,892	18,063,245	18,678,884	15,198,796	18,302,619	16,548,377	19,212,211
Demand Responsive	1,412,694	1,457,392	1,926,818	1,308,376	1,398,185	1,359,841	1,864,993	2,264,463	2,356,610	2,576,273

(Continued)

TABLE 14

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS (Continued)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
ENERGY CONSUMPTION:										
Motor Bus										
(gallons of fuel)	4,866,308	4,522,858	4,993,462	4,426,598	3,985,709	4,110,242	4,449,490	4,793,246	5,266,709	5,393,502
(lbs. of natural gas)	1,725,192	2,098,956	1,940,307	2,114,755	1,470,492	1,834,515	1,593,424	1,390,926	1,064,151	434,773
Heavy Rail										
(kilowatt hours)	27,399,187	28,739,870	28,337,880	27,400,794	27,558,604	28,820,459	30,572,901	29,381,337	28,047,493	29,758,170
Light Rail										
(kilowatt hours)	15,699,132	17,106,108	17,427,148	14,446,957	12,339,510	11,537,966	11,340,326	10,383,138	11,964,612	12,542,075
Demand Responsive										
(gallons of fuel)	282,229	223,947	230,579	243,577	994,962	222,370	247,010	271,723	283,029	318,960
FLEET REQUIREMENT DURING PEAK HOURS:										
Motor Bus	594	604	619	614	544	548	544	518	514	522
Heavy Rail	30	28	28	28	22	22	22	22	22	22
Light Rail	26	26	25	25	15	17	17	17	17	17
Demand Responsive	58	59	81	77	66	75	62	75	68	74
TOTAL ACTIVE VEHICLES DURING PERIOD:										
Motor Bus	750	747	753	731	738	701	686	654	663	620
Heavy Rail	59	60	60	60	60	60	60	60	60	60
Light Rail	47	47	47	48	48	48	48	48	48	48
Demand Responsive	58	83	81	77	82	76	74	75	77	77
NUMBER OF EMPLOYEES:	2,859	2,968	3,052	2,830	2,753	2,644	2,597	2,643	2,644	2,653

Source:
(1) National Transit Database Report, Urban Mass Transportation Act of 1964

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING INFORMATION-CAPITAL ASSETS
FISCAL YEAR 1998 THROUGH FISCAL YEAR 2007 (IN THOUSANDS)
(UNAUDITED)

YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Capital Assets Not Being Depreciated										
Land	$ 13,999	$ 16,870	$ 18,388	$ 18,394	$ 18,842	$ 20,901	$ 21,352	$ 27,454	$ 32,365	$ 32,903
Construction in Progress	42,554	34,039	40,850	56,348	83,416	46,474	67,548	63,169	92,090	141,258
Total Capital Assets Not Being Depreciated	56,553	50,909	59,238	74,742	102,258	67,375	88,900	90,623	124,455	174,161
Capital Assets Being Depreciated:										
Infrastructure	41,055	38,302	38,526	40,604	41,985	46,670	52,702	54,316	54,339	55,883
Right of Ways	202,647	217,046	217,740	230,090	238,765	240,718	248,327	251,540	251,668	266,911
Building, Furniture & Fixtures	331,528	351,204	364,669	366,379	370,381	386,376	387,749	421,230	429,803	439,884
Transportation and Other Equipment	301,874	290,605	298,017	308,136	322,119	376,079	367,305	373,103	389,577	398,111
Total Capital Assets Being Depreciated	877,104	897,157	918,952	945,209	973,250	1,049,843	1,056,083	1,100,189	1,125,387	1,160,789
Less Accumulated Depreciation:										
Infrastructure	3,931	4,124	4,480	4,863	5,363	6,095	6,933	7,991	9,127	10,298
Right of Ways	74,683	78,360	85,130	92,415	98,557	104,822	111,026	117,220	123,437	129,861
Building, Furniture & Fixtures	88,869	93,243	101,298	112,126	124,037	136,235	148,662	159,165	172,464	185,914
Transportation and Other Equipment	174,319	182,899	198,700	214,089	222,545	221,089	224,555	230,721	242,346	264,318
Total Accumulated Depreciation:	341,802	358,626	389,608	423,493	450,502	468,241	491,176	515,097	547,374	590,391
Net Capital Assets Being Depreciated	535,302	538,531	529,344	521,716	522,748	581,602	564,907	585,092	578,013	570,398
Net Capital Assets, End of Year	$ 591,855	$ 589,440	$ 588,582	$ 596,458	$ 625,006	$ 648,977	$ 653,807	$ 675,715	$ 702,468	$ 744,559

Note: Prior to 2002, Infrastructure was combined with Right of Ways under Capital Assets Being Depreciated. Also, Accumulated Depreciation was shown as a total and not allocated to individual asset types. Years 1998-2001 were updated to report these items on a proportionate basis

TABLE 16

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

FAREBOX RECOVERY PERCENTAGE
LAST TEN YEARS
(UNAUDITED)

YEAR	PERCENTAGE
1998	23.0%
1999	21.3
2000	20.2
2001	18.7
2002	18.9
2003	17.4
2004	17.6
2005	17.4
2006	18.5
2007	18.7

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

FARE STRUCTURE
DECEMBER 31, 2007

Cash Fares (Effective 7/1/06)	
Bus	1.50
Rapid	1.75
Park-N-Ride Bus	1.75
Trolley/Loop/Circulator	0.75
Senior/Disabled	0.60
Paratransit	1.50
Out-of-County	2.75

Farecards - 5 Ride (Effective 7/1/06)	
Bus/Rapid	$7.50
Park-N-Ride Bus	$8.75
Trolley/Loop/Circulator	$3.75
Senior/Disabled	$3.00

Monthly Passes (Effective 7/1/06)	
Bus/Rapid	$58.00
Park-N-Ride Bus	$63.00
Senior/Disabled	$24.00

7 Day Passes (Effective 7/1/06)	
Bus/Rapid	$15.00
Park-N-Ride Bus	$17.50
Senior/Disabled	$6.00

All Day Passes (Effective 7/1/06)	
Individual	$3.50
Senior/Disabled/Child	$1.25

Student ticket $1.25 *

* Available only through local schools

Children under 6 yrs. of age with adult-up to three children - Ride Free

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rideRTA.com

Greater Cleveland Regional Transit Authority
1240 West Sixth Street
Cleveland, Ohio 44113-1331

The Greater Cleveland Regional Transit Authority

Single Audit Reports
December 31, 2007

The Greater Cleveland Regional Transit Authority

For the Year Ended December 31, 2007

Table of Contents

Ciuni &
Panichi
CPAs and Business Advisors

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the financial statements of the Greater Cleveland Regional Transit Authority ("the Authority") as of and for the year ended December 31, 2007, and have issued our report thereon dated June 16, 2008, wherein we noted that the Authority adopted *Governmental Accounting Standards Board Statement No. 45 and 48*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
C&P Wealth Management, LLC

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Board of Trustees
Greater Cleveland Regional Transit Authority

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Trustees, Management, the Auditor of State's office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 16, 2008

Ciuni & Panichi
CPAs and Business Advisors

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Greater Cleveland Regional Transit Authority

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 program for the year ended December 31, 2007. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
Joel Strom Associates LLC
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A control deficiency in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2007, and have issued our report thereon dated June 16, 2008, wherein we noted that the Authority adopted *Governmental Accounting Standards Board Statement No 45 and 48*. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, Management, the Auditor of State's office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 16, 2008

Greater Cleveland Regional Transit Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	N/A	$ 34,453,365
Federal Transit Administration Capital Improvement Grants	20.500	N/A	40,651,431
Total Federal Transit Cluster			75,104,796
U.S. Department of Homeland Security:			
Passed Through Ohio Emergency Management:			
Agency Urban Areas Security Initiative	97.075	2005-GB-T5-0016	149,687
Total expenditures of federal awards			$ 75,254,483

The accompanying notes are an integral part of this schedule.

Greater Cleveland Regional Transit Authority

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (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, 2007. 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 accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Authority and agencies and departments of the federal government. Expenditures for federal award programs are recognized on the accrual basis of accounting.

Greater Cleveland Regional Transit Authority

Schedule of Findings
OMB Circular A-133 Section .505

December 31, 2007

1. Summary of Auditors' Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I) (iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Program	Federal Transit Authority Cluster/Direct Programs – Capital Improvement 20.500 and Federal Transit Authority Cluster/ Direct Programs – Capital & Operating Assistance Formula Grants 20.507
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>$ 2,257,634 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

2. Findings Related To the Financial Statements Required To Be Reported in Accordance With GAGAS

None

3. Findings and Questioned Costs for Federal Awards

None

Greater Cleveland Regional Transit Authority

Corrective Action Plan
OMB Circular A-133 Section .315(c)

December 31, 2007

The December 31, 2007 audit reported no audit findings as defined in OMB Circular A-133, Section .510. Therefore, preparation of a corrective action plan is not applicable.

Greater Cleveland Regional Transit Authority

Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)

December 31, 2007

The December 31, 2006 audit reported that the Greater Cleveland Regional Transit Authority failed to include a draw-down of $140, 067 in the second quarter of 2006 in their close-out report on one of their twenty-five Federal Transportation Administration grants.

During 2007 we noted no such understatements in the total cumulative expenses reported on the Financial Status Reports and therefore, the Greater Cleveland Regional Transit Authority is in compliance with this requirement for the year ended December 31, 2007.

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.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 14, 2008

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