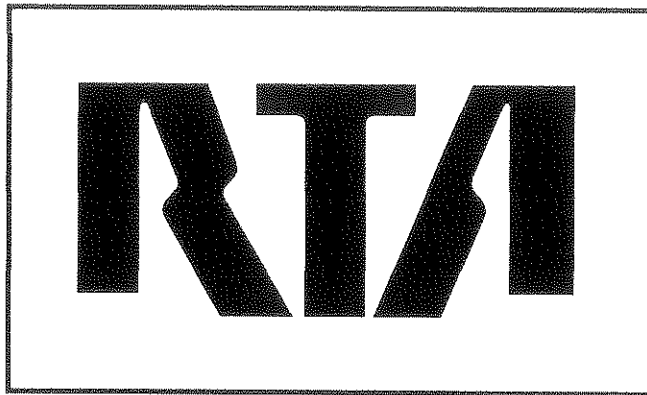


RTA

CREATING VALUE FOR REGIONAL TRANSIT AUTHORITIES  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE YEAR ENDED DECEMBER 31, 2010

AMERICAN PUBLIC TRANSPORTATION SOCIETY

**Comprehensive  
Annual Financial Report  
For the Year Ended December 31, 2013**



**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*

2013

# INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Government Finance Officers Association

Certificate of  
Achievement  
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in Financial  
Reporting

Presented to

**Greater Cleveland  
Regional Transit Authority  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

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, 2012. This was the twenty-fifth 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](http://www.rideRTA.com)

June 27, 2014

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, 2013. This is the twenty-sixth 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.

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.

Dave Yost, Auditor of State of Ohio, has issued an unmodified opinion on the GCRTA's financial statements for the year ended December 31, 2013. 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. It is a multimodal system delivering bus, paratransit, heavy rail, light rail and bus rapid transit 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 2,033 employees as of December 31, 2013. The system delivered 14.4 million revenue miles of bus service and 3.2 million revenue miles on its heavy and light rail systems. The service fleet was composed of 391 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 146 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 2004, manufacturing employment has increased from 11.7% of the total workforce to 12.7%, while wholesale and retail trade has significantly decreased from 14.9% since 2004 to 13.4% in 2013. The professional and related services sector work force has steadily grown from 42.2% of the total workforce since 2003 to the present rate of 44.3%, of the workforce. Our local economy continues to grow, resulting in more of our workforce being employed. The County's 2013 unemployment was between 9.0-12.0%, compared to the national rate of 11%.

Real property, consisting of agricultural, commercial, industrial, and residential real property is reappraised every six years. The current assessed value is estimated to be \$27.7 billion. This process is the foundation for property taxation, and it sets the debt limitation for GCRTA.

## CURRENT YEAR REVIEW

In 2013, RTA continued its pursuit to provide Greater Clevelanders with unparalleled connectivity, along with high quality service design and delivery. This includes a two-fold plan to purchase new buses that will emit 30% fewer greenhouse gases and 85% less nitrous oxide pollution than the current diesel buses while contributing to RTA's sustainability commitment to the community-at-large. RTA launched a new website to more easily help current and potential customers ride RTA. Whether customers are looking to plan a route, check the status of major projects, or get the latest RTA news, the new website offers vast amounts of information. RTA launched an iWatch app that allows riders to text, call, or send emails anonymously to Transit Police in response to any safety concerns on RTA. As a result, 2013 was a great year for RTA, marked by ridership gains, increased service, infrastructure improvements, customer service enhancements, and a strong fiscal position.

RTA experienced a third consecutive year of system-wide ridership growth in 2013 delivering 49.2 million passenger trips, an increase of 1 million rides over 2012. The Red Line rail service finished the year by serving 6.4 million customers, a 3% increase over 2012. Paratransit boasted an 8.9% gain; the Healthline marked its five-year anniversary in October with a 4.9% increase and the first year of the extended Trolley service saw a 101% year-over-year growth.

The Healthline has become the world-class standard of Bus Rapid Transit (BRT). Since opening in October of 2008, the Healthline has far exceeded expectations in ridership, economic development and world recognition. The Healthline has served more than 22 million riders since its inception with a current annual ridership of 5 million – a 60% increase since 2008.

Further growth was also a result of the third consecutive year of increased service, including the first full year of extended Trolley service and the rejuvenation of the Waterfront line.

The Trolley service now boasts five lines serving Downtown Cleveland every day. And the response has been overwhelming, serving more than 1.4 million customers with all five lines experiencing double-digit year-over-year growth. Another addition occurred on the Waterfront Line with the opening of the new \$145 million Ernst & Young complex on the East Bank of The Flats. Rail service, which had previously only been available on weekends and during special events, now operates seven days a week to serve employees and visitors of this growing development.

In 2013 RTA also made a number of investments to ensure public transportation remains an attractive driving alternative well into the future. In June 2013, RTA completed a seven month construction project on the Red Line which included the reconstruction of the Airport Tunnel and rehabilitation of the S-Curve resulting in safety improvements and extended system longevity. In October 2013, RTA broke ground on a new \$17.5 million Little Italy-University Circle Red Line Station. Upon completion in 2015, it will replace the E. 120<sup>th</sup> Station and provide a direct link from Little Italy and University Circle to Tower City and the airport.

GCRTA has established a comprehensive set of financial policies and monitors its performance against those financial policies. For 2013, none of the financial policies had a significant impact on the financial statements.

GCRTA was recognized in 2013 for other reasons as well. A recent study conducted by the Institute for Transportation & Development Policy proves the growth extends beyond ridership-finding the HealthLine delivered more than \$5.8 billion in economic development, which translates to a staggering \$ 114.54 of economic development in the Euclid Corridor for every \$1 invested in the HealthLine project. As a result, it now boasts the best ROI for transit development in North America. These impressive stats have resulted in prestigious accolades, have drawn international attention, and have given RTA the opportunity to host informational tours with official representatives from Disney World, Brazil, France, and Australia, who are interested in replicating the HealthLine's success in their hometowns. The overwhelming growth of the HealthLine, in only five years, is a great sign of encouragement as we look toward the future development of Cleveland.

By all measurements, 2013 was a good year both for the region and GCRTA. The future also looks bright, with the final pieces in place to create a new economy in Northeast Ohio.

## PRESENT AND 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:

**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 existing Transit Centers at Fairview Park, Euclid, North Olmsted, Maple Heights, Parma Mall and the Stephanie Tubbs Jones center in downtown Cleveland.

**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 8,800 parking spaces at 21 of the rapid transit stations. In addition, the Authority operates five Park-N-Rides lots in Berea, Brecksville, Rocky River, Strongsville, and Westlake with more than 1,200 parking spaces combined. An expansion project, added 250 additional parking spaces at the Westlake Park-N-Ride Lot.

**Paratransit Facility** – The Paratransit Facility was completed in 1983 and houses all Paratransit functions including scheduling, dispatching and both revenue and non-revenue repairs. It is undergoing an 18-month rehabilitation scheduled for completion in mid-2013. Additional work scheduled for 2013, funded from an anticipated Federal State of Good Repair grant, includes various facilities improvements and replacement of equipment.

## **CAPITAL IMPROVEMENT PLAN**

The development of the 2013 budget included preparation of a five-year Capital Improvement Plan (“CIP”). This document is an outline for rebuilding and expanding service by the Authority. Totalling \$334.3 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 - \$84.5 million**

This commitment of funds includes the replacement of several substations, stations and track rehabilitation, bridges, train control systems, rail vehicles overhaul, signage and rail expansion. Rail projects include the rehabilitation of the rail stations totaling \$30.9 million, overhaul of the light rail vehicles of \$1.4 million, upgrade of signal system of \$5.9 million, replacement of electrical substations of \$18.6 million, track rehabilitation of \$17.6 million and the extension of the blue line of \$10.1 million.

### **Local Capital Projects - \$18.6 million**

Classified as Routine Capital Projects (\$10.7 million) and Asset Maintenance Projects (\$7.9 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 Facility Improvements - \$8.3 million**

Funding has been provided for the rehabilitation of two track bridges of \$7.2 million and includes replacement of Hayden parking lot repaving and other facility improvements totaling \$1.1 million.

### **Bus Purchases, Paratransit Vehicles and Circulator Bus- \$92.2 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 and Other - \$1.4 million**

The Authority will make an investment in the construction of Transit Centers over the next five years of \$1.4 million. 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.

**Equipment and Other- \$16.7 million**

This project calls for the upgrade to the Management Information System of \$4.1 million, planning studies of \$0.5 million, and Fare Equipment Lease of \$12.1 million.

**Operating Expenses and Other Expenses - \$112.6 million**

Certain operating costs are budgeted as capital items as designated by the Federal Transportation Administration (FTA) or the State government to be incurred over the next several years and are reimbursable by the Federal and State governments totaling \$92.5 million. These costs are recorded as operating costs in the enclosed financial statements. Also, included in this category is \$15.6 million for Paratransit related expenses and \$3.6 million for Job Access Reverse Commute Program (JARC) expenses and \$0.9 million for New Freedom Program expenses.

## 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 Rajan D. Gautam, for their work in preparing this report. Marsha Laney Pettus, Pamela Blackwell, Glenville Manning, Theresa Johnson, David Reynolds, Zardik Haruthunian, John Togher, and Joseph Ivan assisted with this report. In addition, appreciation goes out to the Cuyahoga County Auditors for providing supporting demographics and other statistics.



---

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



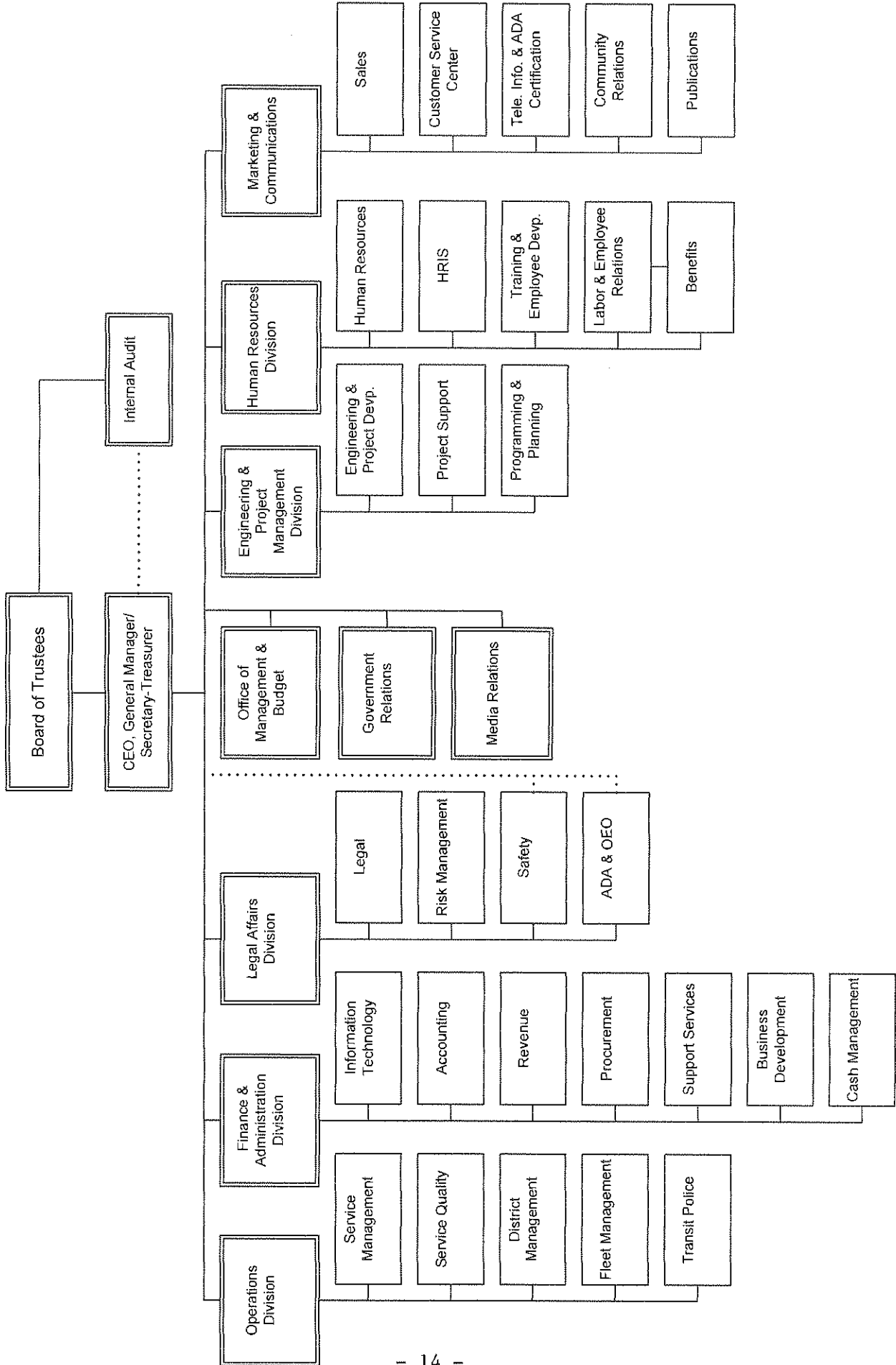
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**Loretta Kirk**  
Deputy General Manager,  
Finance & Administration



# GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## Organization Chart as of December 31, 2013



*\*\*Organizational chart depicting company functions.\*\**

# Board of Trustees and Executive Management Team

## BOARD OF TRUSTEES

President	George F. Dixon, III
Vice President	Dennis M. Clough
Trustees	Jesse O. Anderson Bill Cervenik Mark J. Elliott Valarie J. McCall Karen Gabriel Moss Nick "Sonny" Nardi Gary A. Norton, Jr. Leo Serrano

## EXECUTIVE MANAGEMENT TEAM

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

Bruce Hampton  
Deputy General Manager,  
Human Resources

Loretta Kirk  
Deputy General Manager,  
Finance & Administration

Sheryl King Benford  
General Counsel,  
Deputy General Manager, Legal Affairs

Michael J. Schipper  
Deputy General Manager,  
Engineering & Project Management

Stephen J. Bitto  
Executive Director,  
Marketing & Communications

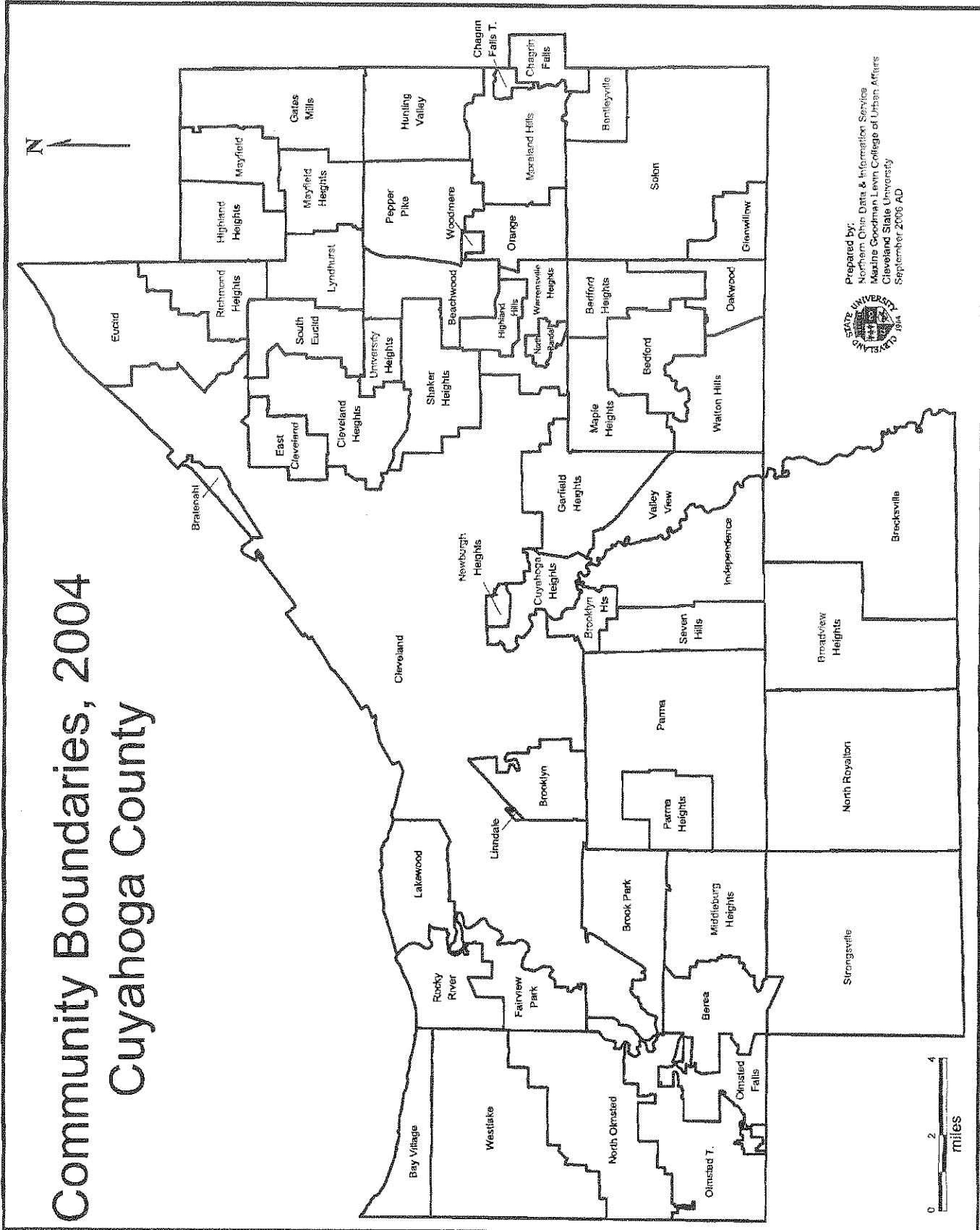
Michael York  
Deputy General Manager,  
Operations

Gale Fisk  
Executive Director,  
Office of Management and Budget


Frank Polivka  
Director,  
Procurement

Anthony Garofoli  
Executive Director,  
Internal Audit

# Community Boundaries, 2004 Cuyahoga County



Prepared by:  
 Northern Ohio Data & Information Service  
 Maibritt Goodman Levin, College of Urban Affairs  
 Cleveland State University  
 September 2006 AD



2013

FINANCIAL SECTION

**BASIC FINANCIAL STATEMENTS AND NOTES**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Greater Cleveland Regional Transit Authority  
Cuyahoga County  
1240 West 6<sup>th</sup> Street  
Cleveland, Ohio 44113

To the Board of Trustees:

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

We have audited the accompanying financial statements of Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio (the Authority), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Cleveland Regional Transit Authority, Cuyahoga County as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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

June 27, 2014

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As the management team for the Greater Cleveland Regional Transit Authority (otherwise known as GCRTA or for the purpose of this report, the Authority), we offer readers of our basic financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2013 and December 31, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, as well as, 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 position increased by \$7.7 million (1.2%) in 2013 compared to 2012. Net position decreased by \$16.5 million (2.5%) in 2012 compared to 2011.
- Current assets increased by \$3.1 million (2.6%) in 2013 compared to 2012. Current assets increased by \$4.9 million (4.2%) in 2012 compared to 2011.
- Current liabilities increased by \$2.2 million (4.3%) in 2013 compared to 2012. Current liabilities increased by \$1.7 million (3.5%) in 2012 compared to 2011.
- The Authority's non-current liabilities decreased by \$16 million (8.2%) in 2013 compared to 2012. Non-current liabilities increased by \$14.4 million (7.97%) in 2012 compared to 2011.

### **Basic Financial Statements and Presentation**

The financial statements presented by the Authority are:

1. the Balance Sheets
2. the Statements of Revenues, Expenses, and the Changes in Net position
3. the 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 they are received. Expenses are recognized when they are incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. Land is capitalized but is not depreciated.

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



The Statements of Revenues, Expenses, and Changes in Net Position present information on how the Authority's net position 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 allow 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
- 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 33 of this report.

**FINANCIAL ANALYSIS OF THE AUTHORITY**

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

	December 31,		
	2013	2012	2011
Assets and Deferred Outflows of Resources:			
Current assets	\$ 124.1	\$ 121.0	\$ 116.1
Other noncurrent assets	40.6	57.0	37.0
Capital assets (net of accumulated depreciation)	708.8	707.8	735.9
Deferred Outflows of Resources	2.3	2.5	0.5
Total Assets and Deferred Outflows of Resources:	\$ 875.8	\$ 888.4	\$ 889.5
Liabilities and Deferred Inflows of Resources:			
Current liabilities	\$ 53.2	\$ 51.0	\$ 49.3
Noncurrent liabilities	179.1	195.1	180.7
Deferred Inflows of Resources	0.0	6.5	7.2
Total Liabilities and Deferred Inflows of Resources:	232.3	252.6	237.2
Net position:			
Net Investment in Capital Assets	546.0	528.7	569.9
Restricted	49.2	43.3	20.7
Unrestricted	48.3	63.8	61.7
Total Net position	643.5	635.8	652.3
Total Liabilities, Deferred Inflows of Resources, and			
Net position	\$ 875.8	\$ 888.4	\$ 889.5

Net position serves as a useful indicator of financial position. The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$643.5 million as of December 31, 2013, which is a \$7.7 million increase from year ended December 31, 2012. Assets exceeded liabilities by \$635.8 million for the year ended December 31, 2012, which was a decrease of \$16.5 million from year ended, December 31, 2011.

The largest portion of the Authority's net position reflect investment in capital assets, (buses, rail cars, right-of-ways, and operating facilities), net of accumulated depreciation and minus any related debt used to acquire those assets. These capital assets are used by the Authority to provide public transportation services for the citizens of Cuyahoga County.

During 2013, major construction projects totaling \$17 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2013 included, the S-Curve restoration and improvement project with a cost of \$7 million and the Airport Tunnel project with a cost of \$10 million.

The construction in progress balance at December 31, 2013, included costs associated with a portion of the following;

- 1.) The Little Italy-University Circle Red Line Station
- 2.) The Clifton Boulevard Transportation Enhancement Project
- 3.) various other projects

During 2012, a major construction project totaling \$4.6 million was completed and transferred to the appropriate property and facilities accounts. Major projects during 2012 included, the Buckeye-Woodhill Rapid Station project with a cost of \$4.6 million.

The construction in progress balance at December 31, 2012, included costs associated with a portion of the following;

- 1.) The Cedar-University Rapid Transit Station
- 2.) Airport Red Line Tunnel project
- 3.) various other projects

Readers desiring more detailed information on the Authority's capital assets activities should read Note 5 - Capital Assets on page 46, which is included in the notes to the basic financial statements.

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

**Description**

	Years Ended December 31,		
	2013	2012	2011
Operating revenues:			
Passenger fares	\$ 50.9	49.9	\$ 49.7
Advertising and concessions	1.5	1.3	0.9
Total operating revenues	<u>52.4</u>	<u>51.2</u>	<u>50.6</u>
Operating expenses, excluding depreciation:			
Labor and fringe benefits	(172.6)	(163.1)	(151.8)
Materials and supplies	(36.5)	(34.9)	(34.9)
Services	(14.4)	(15.2)	(12.8)
Utilities	(7.2)	(6.8)	(7.0)
Casualty and liability	(6.1)	(6.8)	(9.6)
Purchased transportation	(7.7)	(6.6)	(5.1)
Leases and rentals	(0.2)	0.0	(0.4)
Taxes	(1.5)	(1.3)	(1.4)
Miscellaneous	(5.4)	(4.1)	(3.0)
Total operating expenses before depreciation	<u>(251.6)</u>	<u>(238.8)</u>	<u>(226.0)</u>
Depreciation expense	(48.8)	(47.9)	(48.0)
Total operating expenses	<u>(300.4)</u>	<u>(286.7)</u>	<u>(274.0)</u>
Operating loss	<u>(248.0)</u>	<u>(235.5)</u>	<u>(223.4)</u>
Non-operating revenues (expenses):			
Sales and use tax revenue	190.7	182.3	175.9
Federal operating grants and reimbursements	9.2	10.4	20.4
State/local operating grants and reimbursements	3.0	3.0	2.1
Federal pass-through grants revenue	0.2	0.2	0.5
Federal pass-through expenses	(0.2)	(0.2)	(0.5)
Investment income	0.2	0.4	0.4
Gain on commodity swap transactions	0.6	2.1	2.5
Interest expense	(6.4)	(7.0)	(7.2)
Other income	7.7	0.1	2.5
Total non-operating revenues	<u>205.0</u>	<u>191.3</u>	<u>196.6</u>
Net loss before capital grant revenue	<u>(43.0)</u>	<u>(44.2)</u>	<u>(26.8)</u>
Capital grants revenue:			
Federal	49.7	27.2	30.5
State	1.0	0.6	0.3
Total capital grants revenue	<u>50.7</u>	<u>27.8</u>	<u>30.8</u>
Increase in net position	7.7	(16.4)	4.0
Net position, beginning of year	635.8	652.2	648.2
Net position, end of year	<u>\$ 643.5</u>	<u>\$ 635.8</u>	<u>\$ 652.2</u>

## FINANCIAL OPERATING RESULTS

### **Revenues**

**Passenger Fares** – Farebox receipts and special transit fares are included within this caption. Passenger fare revenue for the year ended December 31, 2013 increased by \$1 million (2%) compared with that from year ended December 31, 2012. This increase is a result of the growth in the economy and increased hiring in the area which led to an increase in total ridership from 48.2 million in year ended December 31, 2012 to 49.2 million in year ended December 31, 2013.

Passenger fare revenue for the year ended December 31, 2012 increased by \$.2 million (.4%) compared with that from year ended December 31, 2011. This increase is a result of an increase in employment in the area which led to an increase in total ridership from 46.2 million in year ended December 31, 2011 to 48.2 million in year ended December 31, 2012.

**Sales and Use Tax** – The dedicated 1% tax levied in Cuyahoga County is part of the 8.00% overall tax on retail sales which changed from 7.75% effective September 2013. Sales and use tax revenue accounted for 72.4% of the Authority's revenue for year ended December 31, 2013. Sales and use tax revenue accounted for 73.6% of the Authority's revenue for year ended December 31, 2012, and for 69.7% for year ended December 31, 2011.

Revenue received from sales and use tax for year ended December 31, 2013 increased by \$8.4 million (4.6%) compared to a \$6.4 million (3.6%) increase in year ended December 31, 2012 from year ended December 31, 2011. The increase is attributable to the increased spending in the economy.

**Federal Operating Grants and Reimbursements** – The Authority received approximately \$9.2 million for year ended December 31, 2013. In year ended, December 31, 2012, the Authority received \$10.4 million, and in year ended December 31, 2011, the Authority received \$20.4 million in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

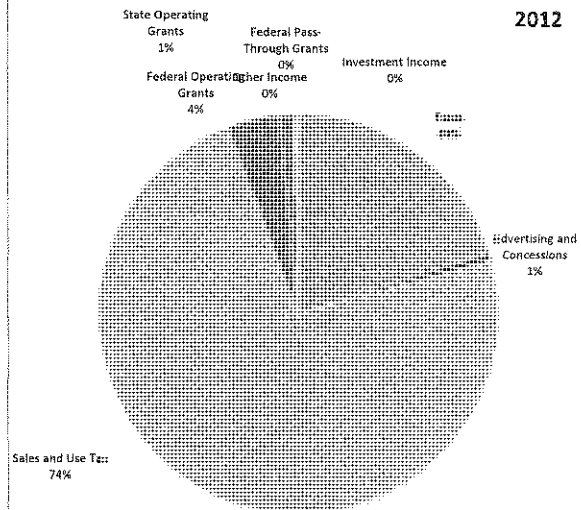
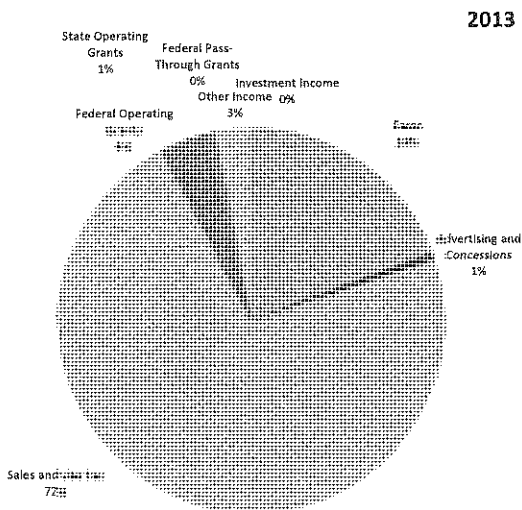
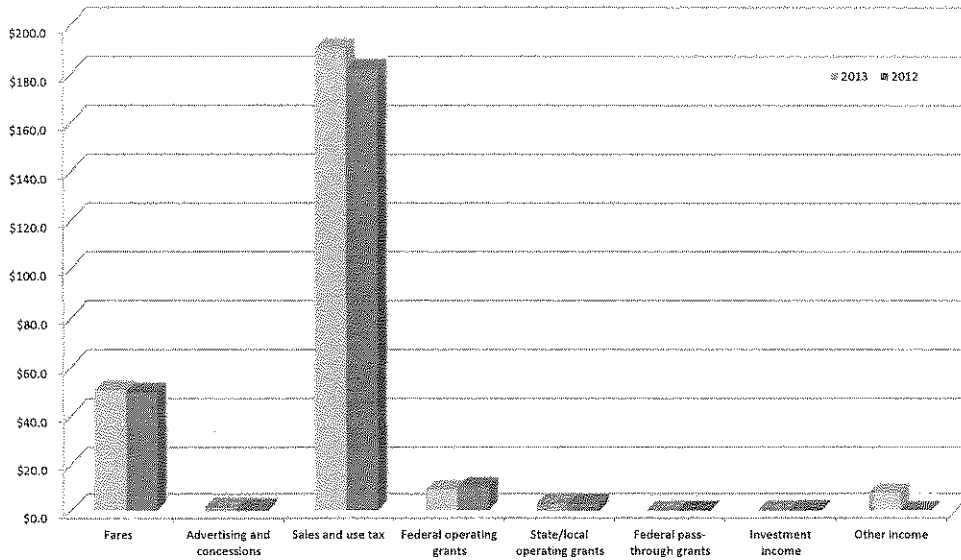
**State/Local Operating Grants and Reimbursements** – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. In year ended December 31, 2013, the Authority received \$3 million in this category, which is the same as the year ended December 31, 2012. The Authority received a \$3 million (42.9%) increase in reimbursement funds in December 31, 2012 as compared to December 2011. During 2011, the Authority received \$2.1 million in additional operating assistance.

**Investment Income** – Investment income decreased by \$222,611 (51.4%) in year ended December 31, 2013, compared to an increase of \$55,550 (14.7%) in year ended December 31, 2012. This decrease was a combined result of lower bank balances attributing to less investments and lower investment rates.

**Other Income** – Other income increased by \$7,693,475 in year ended December 31, 2013, compared to a decrease of \$2,438,261 in the year ended December 31, 2012. This increase was a result of the early termination of two lease agreements which were originally recorded as deferred lease revenue and being amortized over the term of the lease. For more information on the lease, please see Note 12 on page 54 of this report.

## Revenue Millions of Dollars

	2013	2012	Increase/(Decrease)	
			Amount	Percent
Fares	\$50.9	\$49.9	\$1.0	2.0 %
Advertising and concessions	1.5	1.3	0.2	15.4
Sales and use tax	190.7	182.3	8.4	4.6
Federal operating grants	9.2	10.4	(1.2)	(11.5)
State/local operating grants	3.0	3.0	-	-
Federal pass-through grants	0.2	0.2	-	-
Investment income	0.2	0.4	(0.2)	(50.0)
Other income	7.7	0.1	7.6	-
<b>Total</b>	<b>\$263.4</b>	<b>\$247.6</b>	<b>\$15.8</b>	<b>\$6.4 %</b>



## Expenses

**Labor and Fringe Benefits:** The personnel and related costs increased by \$9.5 million (5.8%) in the year ended December 31, 2013, compared to that of the year ended December 31, 2012. During 2013, the number of personnel (fte's) increased to 2,033, compared to 1,982 for the year ended December 31, 2012. The personnel and related costs increased by \$11.3 million (7.5%) in the year ended December 31, 2012, compared to that of the year ended December 31, 2011. During 2012, the number of personnel (fte's) decreased to 1,982, compared to the number of personnel totaling 2,103 in year ended December 31, 2011, which offset the cost of providing health care benefits.

**Materials and Supplies:** The costs in this category increased by \$1.6 million (4.6%) in the year ended December 31, 2013, compared to the year ended December 31, 2012. The increase is attributed to the expansion of route services to the public. Due to the diesel fuel commodities program implemented over the years, cost savings resulted in 2013 despite rising fuel costs. The costs remained relatively the same in the year ended December 31, 2012, compared to the year ended December 31, 2011. The reason is due to the diesel fuel commodities program implemented over the years resulting in significant savings in 2012.

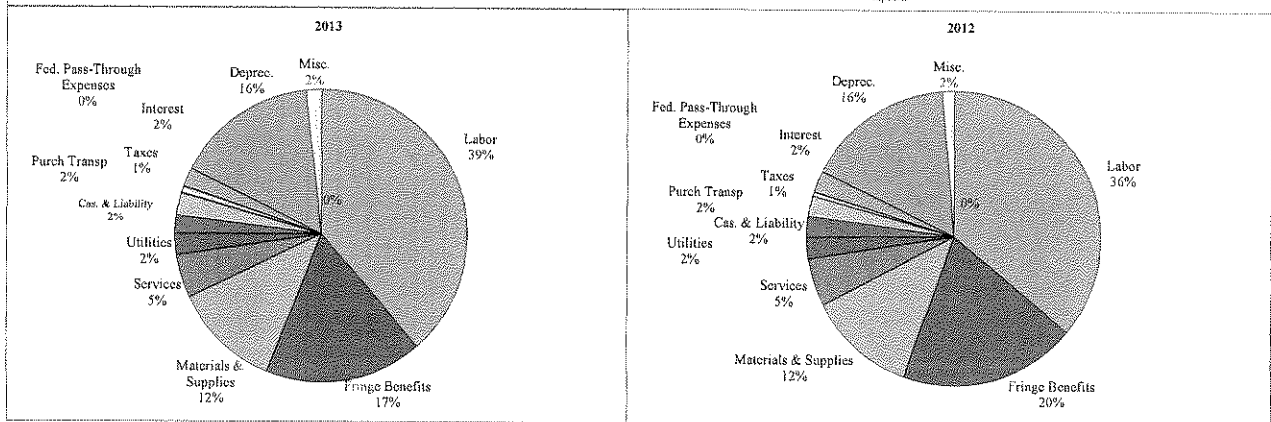
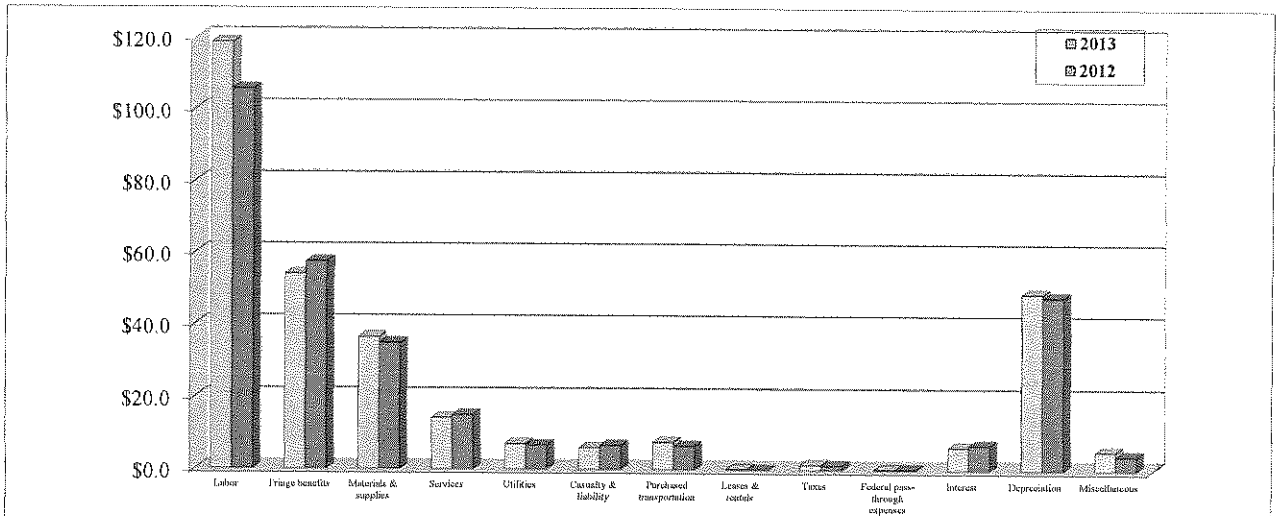
**Services:** The costs in this category decreased by \$.8 million (5.3%) in the year December 31, 2013, compared to the year ended December 31, 2012. The decrease is due to decreased costs for workers' compensation administration and maintenance contracts. The costs in this category increased by \$2.4 million (18.9%) in the year ended December 31, 2012, compared to the year ended December 31, 2011. The increase is due to the increased costs for workers' compensation administration, the Oracle system upgrade, and maintenance contracts.

**Casualty and Liability:** These costs decreased by \$.7 million for year ended December 31, 2013 compared to the year ended December 31, 2012, which was due to lower claims in 2013 versus 2012. These costs decreased by \$2.8 million in 2012 compared to 2011 due to lower claims in 2012. Casualty and liability claims are recorded based on actuarial studies performed for both 2013 and 2012.

## Expenses by Object Class

Millions of Dollars

	2013	2012	Increase/(Decrease)	
			Amount	Percent
Labor	\$118.6	\$105.6	\$13.0	12.3 %
Fringe benefits	54.0	57.5	(3.5)	(6.1)
Materials & supplies	36.5	34.9	1.6	4.6
Services	14.4	15.2	(0.8)	(5.3)
Utilities	7.2	6.8	0.4	5.9
Casualty & liability	6.1	6.8	(0.7)	(10.3)
Purchased transportation	7.7	6.6	1.1	16.7
Leases & rentals	0.2	0.0	0.2	100.0
Taxes	1.5	1.3	0.2	15.4
Federal pass-through expenses	0.2	0.2	-	0.0
Interest	6.4	7.0	(0.6)	(8.6)
Depreciation	48.8	47.9	0.9	1.9
Miscellaneous	5.4	4.1	1.3	31.7
<b>Total</b>	<b>\$307.0</b>	<b>\$293.9</b>	<b>\$13.1</b>	<b>4.5 %</b>

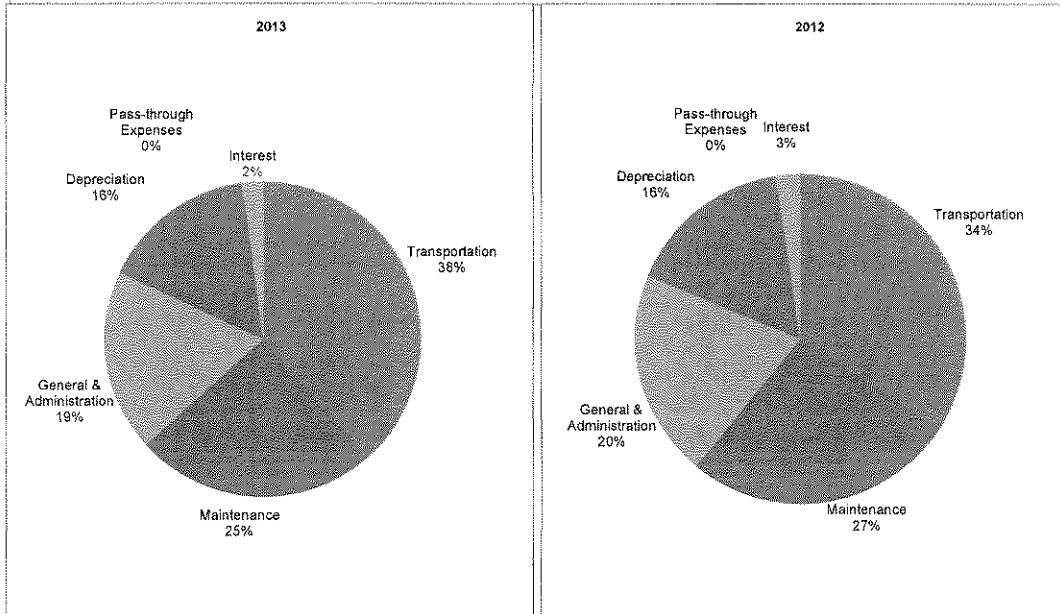
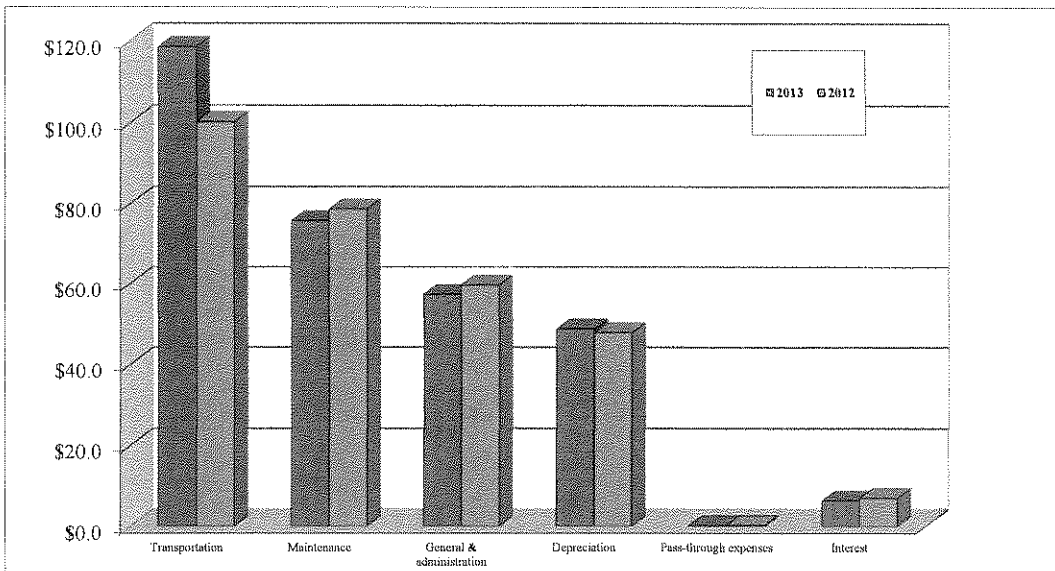




## Expenses by Function

Millions of Dollars

	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Transportation	\$118.5	\$100.3	\$18.2	18.1 %
Maintenance	75.7	78.7	(3.0)	(3.8)
General & administration	57.4	59.7	(2.3)	(3.9)
Depreciation	48.8	47.9	0.9	1.9
Pass-through expenses	0.2	0.3	(0.1)	(33.3)
Interest	6.4	7.0	(0.6)	(8.6)
<b>Total</b>	<b><u>\$307.0</u></b>	<b><u>\$293.9</u></b>	<b><u>\$13.1</u></b>	<b><u>4.4 %</u></b>



## Debt Administration

The Authority has sold unvoted general obligation (capital improvement) bonds to partially finance the purchase and construction of various capital assets. Payment of debt service on the outstanding unvoted general obligation bonds of the 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 September 12, 2008, the Authority issued \$27,390,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through 2016. Proceeds of the bonds were used for the advance refunding of \$27,555,000 of the 1998 capital improvement refunding 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. In addition, a \$175,000 principal payment was made in 2008.

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 a rate ranging from 3.0% to 4.68% per annum, and mature in various installments through December 1, 2027.

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.

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.

The Authority had \$97.9 million of outstanding capital improvement bonds as of December 31, 2013, of which \$16.6 million is non-callable and \$81.3 million is callable. The Authority general obligation debt is rated 'Aa2' by Moody's Investors Service, Inc. and 'AA-' by Fitch IBCA, Inc. The sales tax revenue bonds were rated AAA by S&P and Aa2 by Moody's Investors Service, Inc.

For more information, see Note 6 on page 48 of this report.

Total outstanding bonds as of December 31, 2013 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2013 Balance	Average Interest Rate
<b><u>General Obligation Improvement Bonds</u></b>					
2004	11/16/04	12/01/2024	\$ 67,235,000	\$ 18,610,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	31,270,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	31,385,000	4.57%
<b><u>General Obligation Improvement Refunding Bonds</u></b>					
Series 2008R (12/2008 Annually through 2016)				<u>16,645,000</u>	4.01%
Total General Obligation Bonds				97,910,000	
<b><u>Sales Tax Supported and Refunding Bonds</u></b>					
Series 2012	6/7/12	12/1/2031		40,135,000	5.01%
Premium				<u>10,893,217</u>	
Total Bonds				<u>\$ 148,938,217</u>	

At December 31, 2013, the maximum annual debt service charges permitted under Ohio law for new debt issuance was \$6.9 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 7 on page 50 of this report.

Total outstanding bonds and loan as of December 31, 2012 include:

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Principal</u>	<u>December 31, 2012 Balance</u>	<u>Average Interest Rate</u>
<b><u>General Obligation Improvement Bonds</u></b>					
2004	11/16/04	12/01/2024	\$ 67,235,000	\$ 23,780,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	32,360,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	33,025,000	4.57%
<b><u>General Obligation Improvement Refunding Bonds</u></b>					
Series 2008R (12/2008 Annually through 2016)				<u>21,790,000</u>	4.01%
Total General Obligation Bonds				110,955,000	
<b><u>Sales Tax Supported and Refunding Bonds</u></b>					
Series 2012	6/7/12	12/1/2031		40,985,000	5.01%
Premium				<u>11,967,170</u>	
Total Bonds				<u>\$ 163,907,170</u>	

At December 31, 2012, the maximum annual debt service charges permitted under Ohio law for new debt issuance was \$10.4 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 the finances of the Authority. 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. 6<sup>th</sup> Street, Cleveland, Ohio 44113.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Balance Sheets

December 31, 2013 and 2012

<b>Assets and Deferred Outflows of Resources</b>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 16,303,575	\$ 9,145,749
Investments	100,396	2,997,000
Restricted for capital assets:		
Cash and cash equivalents	30,279,310	24,542,509
Investments	7,998,780	11,996,155
Restricted for debt service:		
Cash and cash equivalents	241,219	2,650,906
Receivables:		
Sales and use tax	49,696,413	48,600,778
Trade and accrued interest	2,020,590	3,439,454
Naming rights - current portion	340,000	280,000
State capital assistance	486,713	575,820
Federal capital assistance	4,977,179	6,041,754
Commodity swap transactions - current portion	477,582	791,611
Material and supplies inventory	10,613,272	9,420,050
Deposits	551,466	489,105
Total current assets	<u>124,086,495</u>	<u>120,970,891</u>
Noncurrent assets:		
Restricted for capital assets:		
Investments	6,997,740	17,024,190
Restricted for debt service:		
Investments	1,500,440	1,506,660
Investments	26,702,378	33,544,898
Naming rights	5,100,000	4,900,000
Commodity Transactions	330,089	79,699
Total noncurrent assets	<u>40,630,647</u>	<u>57,055,447</u>
Capital assets:		
Land	37,818,536	36,924,163
Infrastructure	63,233,488	63,192,222
Right-of-ways	301,659,658	274,724,664
Building, furniture and fixtures	502,685,402	492,407,055
Transportation and other equipment	421,137,763	413,275,412
Bus Rapid Transit	162,343,991	162,343,990
Construction in progress	25,954,738	23,014,713
Total capital assets	<u>1,514,833,576</u>	<u>1,465,882,219</u>
Less accumulated depreciation	<u>(806,013,529)</u>	<u>(758,045,126)</u>
Capital assets - net	<u>708,820,047</u>	<u>707,837,093</u>
Total noncurrent assets and capital assets	<u>749,450,694</u>	<u>764,892,542</u>
Total Assets	<u>\$ 873,537,189</u>	<u>\$ 885,863,431</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - Refunding	<u>2,310,163</u>	<u>2,526,169</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 875,847,352</u>	<u>\$ 888,389,600</u>

The accompanying notes are an integral part of these financial statements

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Balance Sheets

(Continued)

December 31, 2013 and 2012

<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>2013</u>	<u>2012</u>
Current liabilities:		
Accounts payable	\$ 9,815,035	\$ 7,781,950
Contracts and other payables	5,447,057	8,845,847
Contract retainers	1,194,975	485,854
Interest payable - bonds	717,196	767,003
Accrued wages & benefits	8,463,022	5,897,061
Current portion - compensated absences	1,147,340	1,726,730
Current portion - long-term debt	16,193,654	15,538,865
Current portion - self-insurance liabilities	8,100,343	7,923,841
Current portion - unearned revenue	2,134,595	2,003,639
Total current liabilities	<u>53,213,217</u>	<u>50,970,790</u>
Noncurrent liabilities:		
Compensated absences	9,050,557	8,352,836
Long-term debt	148,894,135	166,161,742
Self-insurance liabilities	15,043,495	14,715,705
Unearned revenue	5,100,000	4,900,000
Other long-term liabilities	995,656	995,656
Total noncurrent liabilities	<u>179,083,843</u>	<u>195,125,939</u>
Total liabilities	<u>232,297,060</u>	<u>246,096,729</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - Sales/Leaseback		<u>6,490,376</u>
Total Liabilities and Deferred Inflows of Resources	<u>232,297,060</u>	<u>252,587,105</u>
Net position		
Net Investment in Capital Assets	546,042,422	528,662,655
Restricted for Capital Projects	47,975,909	42,235,036
Restricted for Debt Service	1,220,498	1,074,864
Unrestricted	48,311,463	63,829,940
Total net position	<u>643,550,292</u>	<u>635,802,495</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 875,847,352</u>	<u>\$ 888,389,600</u>

The accompanying notes are an integral part of these financial statements

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Revenues, Expenses, and Changes in Net Position

For the Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Passenger fares	\$ 50,873,012	\$ 49,896,346
Advertising and concessions	1,493,047	1,349,823
Total operating revenues	<u>52,366,059</u>	<u>51,246,169</u>
Operating expenses, excluding depreciation:		
Labor and fringe benefits	172,575,412	163,115,907
Materials and supplies	36,545,909	34,946,170
Services	14,382,219	15,234,648
Utilities	7,234,501	6,768,594
Casualty and liability	6,102,243	6,771,375
Purchased transportation	7,652,753	6,568,163
Leases and rentals	182,430	22,483
Taxes	1,520,858	1,339,153
Miscellaneous	5,441,623	4,117,223
Total operating expenses before depreciation	<u>251,637,948</u>	<u>238,883,716</u>
Depreciation expense	48,764,151	47,961,078
Total operating expenses	<u>300,402,099</u>	<u>286,844,794</u>
Operating loss	(248,036,040)	(235,598,625)
Non-operating revenues (expenses):		
Sales and use tax revenue	190,726,279	182,354,706
Federal operating grants and reimbursements	9,178,179	10,367,772
State/local operating grants and reimbursements	2,974,329	2,957,682
Federal pass-through grants revenue	186,580	261,090
Federal pass-through expenses	(186,580)	(261,090)
Investment income	210,264	432,875
Gain on commodity swap	617,677	2,108,072
Interest expense	(6,431,529)	(6,990,709)
Other income	7,773,180	79,705
Total non-operating income	<u>205,048,379</u>	<u>191,310,102</u>
Net loss before capital grant revenue	(42,987,661)	(44,288,522)
Capital grants revenue:		
Federal	49,745,783	27,162,635
State	989,675	648,360
Total capital grants revenue	<u>50,735,458</u>	<u>27,810,995</u>
Increase (Decrease) in net position	7,747,797	(16,477,527)
Net position, beginning of year	<u>635,802,495</u>	<u>652,280,022</u>
Net position, end of year	\$ <u>643,550,292</u>	\$ <u>635,802,495</u>

The accompanying notes are an integral part of these financial statements

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Cash Flows

Years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from customers	\$ 53,526,517	\$ 50,183,137
Cash payments to suppliers for goods and services	(71,853,429)	(67,394,070)
Cash payments to employees for services	(115,330,258)	(105,347,508)
Cash payments for employee benefits	(54,560,863)	(58,771,576)
Cash payments for casualty and liability	(5,597,951)	(5,718,442)
Other receipts	1,282,804	79,705
Net cash used in operating activities	(192,533,180)	(186,968,754)
Cash flows from noncapital financing activities:		
Sales and use taxes received	189,630,644	181,219,250
Grants, reimbursements, and special fare assistance:		
Federal	10,242,754	10,367,772
State and local	1,499,797	2,957,682
Net cash provided by noncapital financing activities	201,373,195	194,544,704
Cash flows from capital and related financing activities:		
Federal capital grant revenue	49,745,783	23,650,615
State capital grant revenue	989,675	359,710
Acquisition and construction of capital assets	(53,024,076)	(13,751,371)
Proceeds from new debt		42,390,000
Principal paid on bonds payable and other debt	(15,538,865)	(34,102,330)
Gain from capital sales/leaseback termination	6,490,376	
Interest paid on bonds and other debt	(7,438,573)	(7,630,452)
Net cash (used)/provided in capital and related financing activities	(18,775,680)	10,916,172
Cash flows from investing activities:		
Purchases of investments	(35,991,199)	(127,304,280)
Proceeds from maturities of investments	55,647,502	110,587,692
Proceeds from commodity transactions	554,038	2,279,228
Interest received from investments	210,264	432,875
Net cash provided/(used) by investing activities	20,420,605	(14,004,485)
Net increase in cash and cash equivalents	10,484,940	4,487,637
Cash and cash equivalents, beginning of year	36,339,164	31,851,527
Cash and cash equivalents, end of year	\$ 46,824,104	\$ 36,339,164
Noncash investing and capital and related financing activities:		
Increase in fair value of investments	\$ 70,756	\$ 68,375
Decrease in long-term debt due to deferred refunding costs, premium, and amortization.	\$ 1,073,953	\$ 4,812,632

See accompanying notes to financial statements.



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Cash Flows

(Continued)

Years ended December 31, 2013 and 2012

	2013	2012
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (248,036,040)	\$ (235,598,625)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	48,764,151	47,961,078
Other receipts classified as non operating income	1,282,803	79,705
Change in assets and liabilities:		
(Increase) decrease in other assets		1,555,989
(Increase) decrease in other receivables	1,418,864	(975,171)
(Increase) decrease in naming rights receivable	(260,000)	220,000
Increase in deposits	(62,361)	
Increase/(decrease) in unearned revenue	330,956	(307,861)
(Increase) decrease in materials and supplies inventory	(1,193,222)	410,765
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other	5,221,669	(314,634)
Net cash used in operating activities	\$ (192,533,180)	\$ (186,968,754)

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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**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 electorate 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 2012.

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 Cuyahoga County Council; 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 2013 and 2012.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**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 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 expense requirements, in which the resources are provided to the Authority on a reimbursement basis.

**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** – 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. 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
Road Improvements	45
Transportation and other equipment	5-15
Furniture and fixtures	3-15
Rolling stock	7-25

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Restricted Assets** – Restricted assets consist of monies and other resources, the use of which is legally restricted for capital acquisition and construction and any borrowing used for the acquisition, construction or improvement of assets.

**Deferred Outflows of Resources** - The Authority reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its balance sheet. The only deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of certain bonds payable in a previous year. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows at December 31, 2013 and 2012 amounted to \$2,310,163 and \$2,526,169 respectively.

**Deferred Inflows of Resources** - The Authority reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future periods. The Authority will not recognize the related revenues until a future event occurs. Deferred inflows at December 31, 2013 and 2012 amounted to \$ -0- and \$6,490,376 respectively.

**Net Position** – Equity is displayed in three components as follows:

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

**Restricted Assets** – This consists of constraints placed on net position 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 position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

**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 and use tax revenue and most federal, state, and local grants and contracts.

**Classification of Expenses** – The Authority has classified its expenses as either operating or non-operating. Operating expenses include the cost of services, administrative expenses and depreciation expense on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

**Recognition of Revenue and Receivable** – 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 receivable 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 expenses are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grants receivable and credited to non-operating revenues in the period operating expenses are incurred. Capital grants received in advance of project costs being incurred are deferred.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
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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 and Use 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.

**Consignment of Fare Media** – The Authority has sales agreements with local businesses to sell fare media on its behalf for a 2% commission fee. Fare media is on consignment with these businesses. Proceeds for the sale of the fare media and unsold fare media are returned to the Authority within 30 days.

In addition, the Authority has agreements with local companies under its “Commuter Advantage” Program, where the companies’ employees can sign up to purchase monthly passes using pre-tax dollars. In 2013, approximately 13,386 employees from 694 local organizations participated in the program. In 2012, approximately 13,524 employees from 629 local organizations participated in the program.

**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 up to a maximum of 50 days. The sick leave liability includes employees who are currently eligible to receive termination benefits, based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified by in the Authority’s termination policies.

	<b>2013</b>	<b>2012</b>
Beginning Balance	\$ 10,079,566	\$ 10,340,094
Incurred	2,926,400	1,276,550
Payments	<u>(2,808,069)</u>	<u>(1,537,078)</u>
Balance, End of Year	<u>\$ 10,197,897</u>	<u>\$ 10,079,566</u>
Due Within One Year	<u>\$ 1,147,340</u>	<u>\$ 1,726,730</u>

**Self-Insurance Liabilities and Expense** – The Authority has a self-insurance program for third-party public compensation liability, property damage claims, and 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. Permanent total disability claims are discounted at an annual rate of 2%. 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.

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

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**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.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to the 2013 presentation.

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

The following is a listing of deposits and investments held by the Authority at December 31, 2013 and 2012:

	2013	2012
Demand deposits	\$ 46,638,809	\$ 36,153,869
Cash on hand	185,295	185,295
Investments	<u>43,299,734</u>	<u>67,068,903</u>
Total	<u>\$ 90,123,838</u>	<u>\$ 103,408,067</u>
Demand deposits – bank balance	<u>\$ 18,410,131</u>	<u>\$ 30,427,645</u>

The deposits and investments of the Authority at December 31, 2013 and 2012 are reflected in the financial statements as follows:

	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 16,303,575	\$ 9,145,749
Investments	100,396	2,997,000
Restricted Assets:		
Cash and cash equivalents	30,520,529	27,193,415
Investments	7,998,780	11,996,155
Noncurrent Assets:		
Investments	35,200,558	52,075,748
Total	<u>\$ 90,123,838</u>	<u>\$ 103,408,067</u>

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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
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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, 2013, \$18,160,131 of the Authority's bank balance of \$18,410,131 was uninsured and uncollateralized as defined by the GASB. At December 31, 2012, \$29,677,645 of the Authority's bank balance of \$30,427,645 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, 2013 and 2012, the Authority has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the qualified trustee.

***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 all funds 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, 2013, the Authority's investment maturities were as follows:

Investment	Fair value	Investment maturities in years	
		Less than one year	One to three years
U.S. Government Agency Securities	\$ 35,300,954	\$ 100,396	\$ 35,200,558
Commercial Paper	7,998,780	7,998,780	
Total	<u>\$ 43,299,734</u>	<u>\$ 8,099,176</u>	<u>\$ 35,200,558</u>

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
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As of December 31, 2012, the Authority's investment maturities were as follows:

Investment	Fair value	Investment maturities in years	
		Less than one year	One to three years
U.S. Government Agency Securities	\$ 49,083,248	\$ 9,004,311	\$ 40,078,937
Commercial Paper	17,985,655	17,985,655	
Total	\$ <u>67,068,903</u>	\$ <u>26,989,966</u>	\$ <u>40,078,937</u>

***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, 2013, the credit quality ratings of the Authority's investments were as follows:

Investment	Fair value	Rating	Rating organization
U.S. government agency securities	\$ 35,300,954	AAA	Moody
Commercial Paper	7,998,780	A	Fitch
	\$ <u>43,299,734</u>		

As of December 31, 2012, the credit quality ratings of the Authority's investments were as follows:

Investment	Fair value	Rating	Rating organization
U.S. government agency securities	\$ 49,083,248	AAA	Moody
Commercial Paper	17,985,655	A	Fitch
Total investments	\$ <u>67,068,903</u>		

***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.



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More than 5% of the Fund's investments are in Society General North America Corporation Commercial Paper, Federal National Mortgage Association, Federal Home Loan Mortgage Company, and Federal Farm Credit Banks. At December 31, 2013 these investments were 18%, 49%, 31% and 2% respectively. At December 31, 2012, investments for Society General North America Corporation, Federal National Mortgage Association, Federal Home Loan Mortgage Company, Federal Home Loan Bank, and Abbey National Commercial Paper were 18%, 40%, 18%, 15%, and 9% respectively.

**4. NAMING RIGHTS**

In 2008, the Authority entered into a contract with the Cleveland Clinic Foundation and University Hospitals of Cleveland to secure naming rights of the Euclid Corridor bus rapid transit line. The line was named "The Healthline". The contract stated that the hospitals will pay an amount of \$6,250,000 over 25 years. The annual payment for each is \$125,000 per year.

In 2009, the Authority entered into a contract with Medical Mutual of Ohio to secure naming rights for one of the Healthline stations. The contract stated that Medical Mutual will pay \$300,000 over 10 years. The annual payment is \$30,000 per year.

In 2013, the Authority entered into contracts with Bryant and Stratton and Huntington Bank to secure naming rights for one of the Healthline stations. According to the terms of the contracts, each entity will pay \$300,000 over 10 years with annual payments of \$30,000.

A "naming rights receivable" has been recorded, of which there is a current and noncurrent portion. The current portion of \$340,000 represents the amount due in the next year from the contracted parties. The long-term portion of revenue has been deferred on the balance sheet.

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**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2013
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 36,924,163	\$ 894,373	\$	\$ 37,818,536
Construction in Progress	23,014,713	27,546,373	24,606,348	25,954,738
<b>Total Capital Assets Not Being Depreciated</b>	<b>59,938,876</b>	<b>28,440,746</b>	<b>24,606,348</b>	<b>63,773,274</b>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	63,192,222	41,266		63,233,488
Right-of-Ways	274,724,664	26,934,994		301,659,658
Building, Furniture & Fixtures	492,407,055	10,351,998	73,651	502,685,402
Transportation and Other Equipment	413,275,412	8,584,448	722,097	421,137,763
Bus Rapid Transit	162,343,990			162,343,991
<b>Total Capital Assets Being Depreciated</b>	<b>1,405,943,343</b>	<b>45,912,706</b>	<b>795,748</b>	<b>1,451,060,302</b>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	16,711,563	1,339,009		18,050,572
Right-of-Ways	162,951,751	6,719,267		169,671,018
Building, Furniture & Fixtures	256,743,371	15,795,586	73,652	272,465,305
Transportation and Other Equipment	306,696,198	21,302,797	722,097	327,276,898
Bus Rapid Transit	14,942,243	3,607,493		18,549,736
<b>Total Accumulated Depreciation</b>	<b>758,045,126</b>	<b>48,764,151</b>	<b>795,749</b>	<b>806,013,529</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>647,898,217</b>	<b>(2,851,445)</b>		<b>645,046,773</b>
<b>Total Capital Assets, Net</b>	<b>\$ 707,837,093</b>	<b>\$ 25,589,301</b>	<b>\$ 24,606,348</b>	<b>\$ 708,820,047</b>

Remaining costs to complete construction projects, as of December 31, 2013, which will extend over a period of several years, total \$81.5 million. Approximately \$79 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. The major projects that the Authority completed in 2013 include the Red Line Rapid S Curve Reconstruction and Ventilation Improvement. Major projects in progress in 2013 include the University Cedar Rail Station, the University Circle - Little Italy Rail Station, and the Lee/Van Aken Rail Station.

For the year ended December 31, 2013, capitalized interest was \$294,566.

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**NOTES TO FINANCIAL STATEMENTS**  
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Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2012
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 38,509,955	\$ 307,014	\$ 1,892,806	\$ 36,924,163
Construction in Progress	20,849,120	8,077,659	5,912,066	23,014,713
<b>Total Capital Assets Not Being Depreciated</b>	<b>59,359,075</b>	<b>8,384,673</b>	<b>7,804,872</b>	<b>59,938,876</b>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	63,009,145	183,077		63,192,222
Right-of-Ways	274,334,542	390,122		274,724,664
Building, Furniture & Fixtures	481,619,014	10,880,609	92,568	492,407,055
Transportation and Other Equipment	405,617,593	7,885,942	228,123	413,275,412
Bus Rapid Transit	162,353,185	(9,195)		162,343,990
<b>Total Capital Assets Being Depreciated</b>	<b>1,386,933,479</b>	<b>19,330,555</b>	<b>320,691</b>	<b>1,405,943,343</b>
<b>Less Accumulated Depreciation:</b>				
Infrastructure	15,376,049	1,335,514		16,711,563
Right-of-Ways	156,322,648	6,629,103		162,951,751
Building, Furniture & Fixtures	241,529,010	15,268,591	54,230	256,743,371
Transportation and Other Equipment	285,803,925	21,120,396	228,123	306,696,198
Bus Rapid Transit	11,334,768	3,607,475		14,942,243
<b>Total Accumulated Depreciation</b>	<b>710,366,400</b>	<b>47,961,079</b>	<b>282,353</b>	<b>758,045,126</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>676,567,079</b>	<b>(28,630,524)</b>	<b>38,338</b>	<b>647,898,217</b>
<b>Total Capital Assets, Net</b>	<b>\$ 735,926,154</b>	<b>\$ (20,245,851)</b>	<b>\$ 7,843,210</b>	<b>\$ 707,837,093</b>

For the year ended December 31, 2012, capitalized interest was \$154,494.

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NOTES TO FINANCIAL STATEMENTS  
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**6. LONG-TERM DEBT**

Long-term bonds and capital lease payable at December 31, 2013 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Series 2004-GO Bonds	4.23	\$ 23,780,000		\$ 5,170,000	\$ 18,610,000	\$ 5,425,000
Series 2006-GO Bonds	4.51	32,360,000		1,090,000	31,270,000	1,145,000
Series 2008-GO Bonds	4.57	33,025,000		1,640,000	31,385,000	1,705,000
Series 2008B-GO Bonds	4.01	21,790,000		5,145,000	16,645,000	5,335,000
Series 2012-Sales Tax Supported Capital Premium	5.01	40,985,000		850,000	40,135,000	865,000
		11,967,170		1,073,953	10,893,217	
Total Bonds and Loan Payable		163,907,170		14,968,953	148,938,217	14,475,000
Capital Lease Payable		17,793,437		1,643,865	16,149,572	1,718,654
Total Long-Term Debt		\$ 181,700,607	\$	\$ 16,612,818	\$ 165,087,789	\$ 16,193,654

Long-term bonds, loan and capital lease payable at December 31, 2012 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Series 2004-GO Bonds	4.23	\$ 47,315,000	\$	\$ 23,535,000	\$ 23,780,000	\$ 5,170,000
Series 2006-GO Bonds	4.51	33,410,000		1,050,000	32,360,000	1,090,000
Series 2008-GO Bonds	4.57	34,600,000		1,575,000	33,025,000	1,640,000
Series 2008B-GO Bonds	4.01	26,755,000		4,965,000	21,790,000	5,145,000
Series 2012-Sales Tax Supported Capital Premium	5.01		42,390,000	1,405,000	40,985,000	850,000
		5,142,780	7,525,382	700,992	11,967,170	
Total Bonds		147,222,780	49,915,382	33,230,992	163,907,170	13,895,000
Capital Lease Payable		19,365,767		1,572,330	17,793,437	1,643,865
Total Long-Term Debt		\$ 166,588,547	\$ 49,915,382	\$ 34,803,322	\$ 181,700,607	\$ 15,538,865

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. As of December 31, 2013, a total of \$ 20,284,667 of defeased debt remained outstanding from advance refundings entered into by the Authority.

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

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escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt. There was no defeased debt for December 31, 2013 and 2012.

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.

On September 12, 2008, the Authority issued \$27,390,000, of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through December 1, 2016. Proceeds of the bonds were used for the advance refunding of \$27,555,000 of the 1998 capital improvement refunding bonds. In addition, a \$175,000 principal payment was made in 2008. 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 amount of the defeased debt at December 31, 2012 is \$0.

On June 7, 2012, the Authority issued \$42,390,000 of sales tax supported capital improvement and refunding bonds for the purpose of financing current and future capital improvement projects. The bonds bear interest at rates ranging from 4.23% to 5.01% per annum, and mature in various installments through December 1, 2031.

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 2013 are as follows:

Year	Bonds	
	Principal	Interest
2014	\$ 14,475,000	\$ 6,289,608
2015	15,015,000	5,764,895
2016	15,685,000	5,102,633
2017	10,290,000	4,400,958
2018	10,750,000	3,945,133
2019-2023	42,120,000	13,171,155
2024-2028	24,430,000	4,231,013
2029-2030	3,430,000	457,475
2031	1,850,000	92,500
<b>Total</b>	<b>\$ 138,045,000</b>	<b>\$ 43,455,370</b>

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**7. 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." 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, 2013:

Year	Amounts
2014	\$ 2,426,108
2015	2,426,108
2016-2020	12,130,538
2021-2024	2,426,108
Total Minimum Lease Payments	19,408,862
Less: Amount Representing Interest	(3,259,290)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 16,149,572</b>

Capital assets acquired by leases have been capitalized and depreciated as follows:

Capital Assets:	
Transportation and Other Equipment	\$ 15,363,803
Less Accumulated Depreciation:	
Transportation and Other Equipment	(6,110,138)
<b>Capital Assets, Net</b>	<b>\$ 9,253,665</b>

**8. PURCHASED TRANSPORTATION SERVICES**

The Greater Cleveland Regional Transit 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 \$7,652,753 and \$6,568,163 in 2013 and 2012, respectively.

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**9. 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 Position for the years ended December 31, 2013 and 2012 as follows:

	2013	2012
<b>FEDERAL:</b>		
FTA Capital Grants	\$ 49,745,783	\$ 27,162,635
FTA Maintenance Assistance	7,736,655	9,360,004
FTA Operating Grants	1,441,524	1,007,768
Pass-Through Grants	186,580	261,090
<b>Total</b>	<b>\$ 59,110,542</b>	<b>\$ 37,791,497</b>
<b>STATE:</b>		
ODOT Capital Grants	\$ 989,675	\$ 648,360
ODOT Fuel Tax Reimbursement	1,439,796	1,123,973
ODOT Operating Grants	1,534,533	1,833,709
<b>Total</b>	<b>\$ 3,964,004</b>	<b>\$ 3,606,042</b>

**10. CONTINGENCIES**

**Federal and State Grants** – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expense under the terms of the grant. At December 31, 2013 and 2012, 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.

**11. FUEL PRICE RISK MANAGEMENT**

Pursuant to Ohio Revised Code, Section 9.835(A), (B), and (C) and Section 135.14, the Authority utilizes futures contracts and commodity swaps to manage the volatility of fuel costs. These techniques are traditionally used to limit exposure to price fluctuations. Management recognized that fluctuations in fuel prices could have a negative impact on the Authority’s financial affairs. Accordingly, the Authority has utilized both futures contracts and fuel swap agreements to offset against price volatility of diesel fuel in accordance with the Authority’s Energy Price Risk Management Policy established by the Board of Trustees. These transactions are completely separate from the physical fuel purchase transactions. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 64, the futures contracts have been categorized as investment derivative instruments. The Authority uses an advisor to help monitor the markets and advise on opportunities.

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**Futures Contracts** – The Authority’s Board limits contracts in-place to 90% of projected consumption within a fiscal year. Heating oil #2 futures contracts were utilized to manage price volatility through January 2016. The initial value of each contract is zero. Upon entering into these contracts, the broker requires a margin to be deposited into the account. The account is marked-to-market each night, with cash settlements occurring daily. Depending on the daily adjustment to the account, the Authority may be requested to make an incremental cash deposit the following day (to continue to meet the required margin requirements) or may receive a cash withdrawal from the brokerage account (if the cash balance in the brokerage account exceeds the margin requirement). The outstanding contracts are being reported at fair market value of the investments, which resulted in a loss of \$63,677, and the gain on commodity transactions shown on the Statement of Revenues, Expenses, and Changes in Net Position, of \$617,677, for a net gain of \$554,000.

**Fuel Price Swap Agreements** – The Authority has also entered into fuel swap agreements or contracts to manage the price volatility of diesel fuel. These agreements require no initial cash investment and only require settlements on specified dates. The Authority entered into 17 transactions, which represent 65 swap agreements in 2013 and 19 transactions, which represents 52 fuel swap agreements in 2012, which allowed the Authority to plan and manage fuel costs.

The Authority entered into commodity transaction agreements for New York Mercantile Exchange (NYMEX) New York Harbor No. 2 heating oil with various counterparties, as shown below as of December 31, 2013:

NYMEX					
Execution Date	Maturity Date	Gallons	Total Quality (Gallons)	Contract Price Range (Per Gallon)	Fair Market Value As of 12/31/13
6/1/2012	4/30/2014	42,000	126,000	\$ 2.6925-2.7250	\$ 43,365
6/6/2012	12/31/2014	42,000	504,000	\$ 2.7535-2.7840	130,239
6/7/2012	5/30/2014	42,000	42,000	\$ 2.7475	12,029
6/8/2012	6/30/2014	42,000	42,000	\$ 3	11,806
6/11/2012	10/31/2014	42,000	168,000	\$ 2.7425-2.7460	44,356
2/28/2013	3/31/2015	42,000	546,000	\$ 2.7904-2.8720	36,653
3/5/2013	1/31/2015	42,000	168,000	\$ 2.8570-2.9560	20,294
3/6/2013	4/30/2014	42,000	42,000	\$ 2.9340	4,599
3/15/2013	3/31/2014	42,000	42,000	\$ 2.9420	4,696
3/21/2013	4/30/2015	42,000	42,000	\$ 2.8200	4,196
3/25/2013	6/30/2014	42,000	126,000	\$ 2.8915-2.9105	15,800
4/12/2013	5/31/2015	42,000	42,000	\$ 2.7980	4,175
4/17/2013	7/31/2015	42,000	210,000	\$ 2.7725-2.7826	36,254
4/19/2013	4/30/2014	42,000	126,000	\$ 2.8127-2.8198	29,849
5/24/2013	7/31/2014	42,000	252,000	\$ 2.849-2.8875	43,520
6/21/2013	12/31/2015	42,000	42,000	\$ 2.7040	5,015
11/5/2013	1/31/2016	42,000	210,000	\$ 2.7475-2.7675	17,536
					<b>\$ 464,382</b>



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The Authority entered into commodity transaction agreements for Platts USG Ultra Low Sulfur Diesel with various counterparties, as shown below as of December 31, 2012:

PLATTS USG ULTRA LOW SULFUR DIESEL					
Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/13
11/18/2011	12/31/2014	42,000	504,000	\$ 2.7500	\$ 110,316
12/16/2011	12/31/2015	42,000	1,008,000	\$ 2.7000-2.7975	206,005
12/31/2011	12/31/2014	42,000	504,000	\$ 2.8200	26,968
					<u>\$ 343,289</u>

The Authority entered into commodity transaction agreements for New York Mercantile Exchange (NYMEX) New York Harbor No. 2 heating oil with various counterparties, as shown below as of December 31, 2012:

NYMEX					
Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range (Per Gallon)	Fair Market Value As of 12/31/12
9/13/2011	2/28/2013	42,000	42,000	\$ 2.930-2.930	\$ 2,897
9/23/2011	2/28/2013	42,000	42,000	\$ 2.800-2.800	10,298
9/23/2011	4/30/2013	84,000	168,000	\$ 2.760-2.780	42,134
5/16/2012	4/30/2013	42,000	126,000	\$ 2.930-2.950	11,344
5/17/2012	7/30/2013	42,000	126,000	\$ 2.920-2.930	10,718
5/18/2012	10/31/2013	42,000	126,000	\$ 2.990-3.000	11,815
5/21/2012	1/31/2014	42,000	126,000	\$ 2.980-2.990	10,912
5/22/2012	7/31/2013	42,000	126,000	\$ 3.000-3.020	10,626
5/30/2012	4/13/2013	42,000	126,000	\$ 3.000-3.030	28,888
6/1/2012	4/30/2014	42,000	252,000	\$ 2.930-3.020	66,944
6/4/2012	10/31/2013	42,000	126,000	\$ 2.710-2.710	35,461
6/5/2012	1/31/2014	42,000	126,000	\$ 2.730-2.740	32,663
6/7/2012	5/31/2014	42,000	42,000	\$ 2.750-2.750	7,766
6/8/2012	6/30/2014	42,000	42,000	\$ 2.750-2.750	6,989
6/11/2012	10/31/2014	42,000	168,000	\$ 2.740-2.750	24,133
6/18/2012	4/30/2013	21,000	42,000	\$ 2.680-2.690	13,666
6/19/2012	5/31/2013	42,000	42,000	\$ 2.690-2.690	12,974
6/20/2012	7/31/2013	42,000	84,000	\$ 2.680-2.690	27,812
6/22/2012	10/31/2013	42,000	126,000	\$ 2.610-2.620	48,481
7/10/2012	10/31/2013	42,000	126,000	\$ 2.730-2.740	33,571
					<u>\$ 450,092</u>

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The Authority entered into commodity transaction agreements for Platts USG Ultra Low Sulfur Diesel with various counterparties, as shown below as of December 31, 2012:

PLATTS USG ULTRA LOW SULFUR DIESEL					
Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/12
6/23/2011	12/31/2013	42,000	504,000	\$ 2.9100-2.9550	\$ 62,496
8/8/2011	6/30/2013	42,000	252,000	\$ 2.9125-3.0125	45,990
8/11/2011	12/31/2013	42,000	252,000	\$ 2.8800-2.9100	21,168
11/18/2011	12/31/2014	42,000	504,000	\$ 2.7180-2.8205	(6,300)
12/16/2011	12/31/2013	42,000	504,000	\$ 2.7500-2.8500	134,820
12/16/2011	12/31/2014	42,000	504,000	\$ 2.7000-2.7400	163,044
					<u>\$ 421,218</u>

Payments between the swap parties is the difference between the swap price per gallon and the unweighted arithmetic mean of each of the closing settlement prices quoted by the NYMEX, on each NYMEX trading day, during the settlement period for the No. 2 heating oil futures or Platts USG Ultra Low Sulfur Diesel. As of December 31, 2013 and 2012, the swap agreements had a fair market value of \$807,671 and \$871,310 respectively, which is shown as "Commodity Transactions" on the balance sheet, and is estimated by a mathematical approximation of the market, derived from a proprietary model as of a given date, and based on certain assumptions regarding past, present and future market conditions.

The derivatives are subject to the following risks:

**Interest Rate Risk** – The Authority is not exposed to interest rate risk.

**Credit Risk** – The Authority is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any derivative has a positive market value, then the Authority is exposed to the actual risk that the counterparty will not fulfill its obligations. As of December 31, 2011 and 2010, the counterparties had ratings of A3/A-/A- and A3/BBB+/A from Moody's, Standard & Poor's and Fitch, respectively. To mitigate the potential for credit risk, the Authority uses two banks so that no one bank holds all of the commodity swaps. The Authority incurred no additional debt in 2013.

**Market Risk** – The Authority is exposed to market risk arising from adverse changes in the market price of the commodity.

## 12. LEASING TRANSACTIONS

On September 30, 2002, the Authority entered into two lease agreements to lease 46 light rail vehicles cars and 58 heavy rail vehicles to investors (the "headlease") and simultaneously sublease the vehicles back (the "sublease"). Under these transactions, the Authority maintains the right to continue use and control of the assets through the end of the leases and is required to insure and maintain the assets. This transaction resulted in a net payment to the Authority in 2002 of approximately \$14,509,707, which was recorded as deferred lease revenue and is being amortized over the term of the lease.

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In January 2013, Moody's downgraded the financial ratings of Assured Guaranty Mortgage Corporation ("AGM") below the specified level. The S & P rating for AGM remained unchanged. Due to economic circumstances beyond the Authority's control, there was no alternative EPU with the requisite financial ratings to replace AGM. The March 3, 2013 deadline to replace the EPU passed and AGM was not replaced. AGM made assurances that it would continue to perform its responsibilities. All payments remained current and the leaseholder did not suffer any harm. To avoid the potential liability, the Authority negotiated extensively and terminated the remaining portion of the agreement on October 23, 2013 with a payment, approved by the Board of Trustees, of \$2,000,000 to the Owner Participant, ICX Corporation, which is now a subsidiary of RBS Citizens.

The unamortized portion of the deferred lease revenue of \$6,490,377 was recorded as revenue in 2013.

### 13. 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 described 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.

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

	Contribution Rate as % of Covered Salaries	Contributions		
		2013	2012	2011
By statutory authority	14.0-18.10%	\$ 17,791,493	\$ 17,161,800	\$ 17,537,147
Less healthcare portion	4.00%	(5,004,399)	(4,831,938)	(5,704,001)
Required employer contribution		12,787,094	12,329,862	11,833,146
By employees	10.0-12.1%	12,664,738	12,207,917	12,062,103
Total pension contributions		\$ 25,451,832	\$ 24,537,779	\$ 23,895,249

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 benefit, including post-employment healthcare coverage.

In order to qualify for post-employment healthcare coverage, age and service retirees under the Tradition Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post-employment Benefits (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**Funding Policy** – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement healthcare through their contributions to OPERS. A portion of each employer’s contributions to OPERS is set aside for the funding of post-retirement healthcare benefits.

Employer contribution rates are express as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer unit and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

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OPERS' Post-Employment Healthcare Plan was established under, and is administrated 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 healthcare benefits. The portion of employer contributions allocated to healthcare for members in the plan was 4.0% for 2013. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.0% for 2012. The OPERS Board of Trustees is also authorized to establish 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, 2013 and 2012 (which is included in the GCRTA's total OPERS contribution) was \$5,004,399 and \$4,831,938, respectively.

The HealthCare Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six-year period beginning January 1, 2006 with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare 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). An actuarial study is performed every two years; the last study completed for the year ended December 31, 2012. In 2012, there were 1,345 participants in pay status and 1,682 active employees and benefit payments of \$72,948. In 2011, there were 1,344 participants in pay status and 1,682 active employees and benefit payments of \$79,326.

As of December 31, 2013, the Supplemental Pension Fund liability was determined to be \$997,961 based on the 2012 actuarial study. The market value of associated assets totaled \$1,192,986 and \$1,158,087 as of December 31, 2013 and 2012, respectively.

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**14. 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. A stop-loss policy covers claims in excess of \$500,000 per employee and an aggregate of \$19,209,995 per year. Neither threshold was exceeded.

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 \$750,000 for each additional accident and each employee by disease.

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, 2013 and 2012, was \$6.5 and \$6.8 million, respectively, and is included on the accompanying balance sheets as part of unrestricted net position.

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.

	2013	2012	2011
Balance, Beginning of Year	\$ 22,639,546	\$ 21,586,613	\$ 19,163,158
Incurred Claims	21,161,043	22,335,423	23,933,114
Payments	(20,656,751)	(21,282,490)	(21,509,659)
Balance, End of Year	<u>\$ 23,143,838</u>	<u>\$ 22,639,546</u>	<u>\$ 21,586,613</u>
Due Within One Year	<u>\$ 8,100,343</u>	<u>\$ 7,923,841</u>	<u>\$ 8,151,777</u>

2013

# 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.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



TABLE 1

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**NET POSITION BY COMPONENTS  
LAST TEN YEARS (IN THOUSANDS)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Investment in Capital Assets	\$501,672	\$530,319	\$539,310	\$565,353	\$574,960	\$574,797	\$588,533	\$569,852	\$546,456	\$546,042
Restricted	30,679	9,411	8,825	6,676	21,659	18,700	16,269	20,739	25,516	49,197
Unrestricted	20,220	20,871	35,624	36,060	20,434	16,313	43,446	61,689	63,830	48,311
<b>Total Net Position</b>	<b>\$552,571</b>	<b>\$560,601</b>	<b>\$583,759</b>	<b>\$608,089</b>	<b>\$617,053</b>	<b>\$609,810</b>	<b>\$648,248</b>	<b>\$652,280</b>	<b>\$635,802</b>	<b>\$643,550</b>

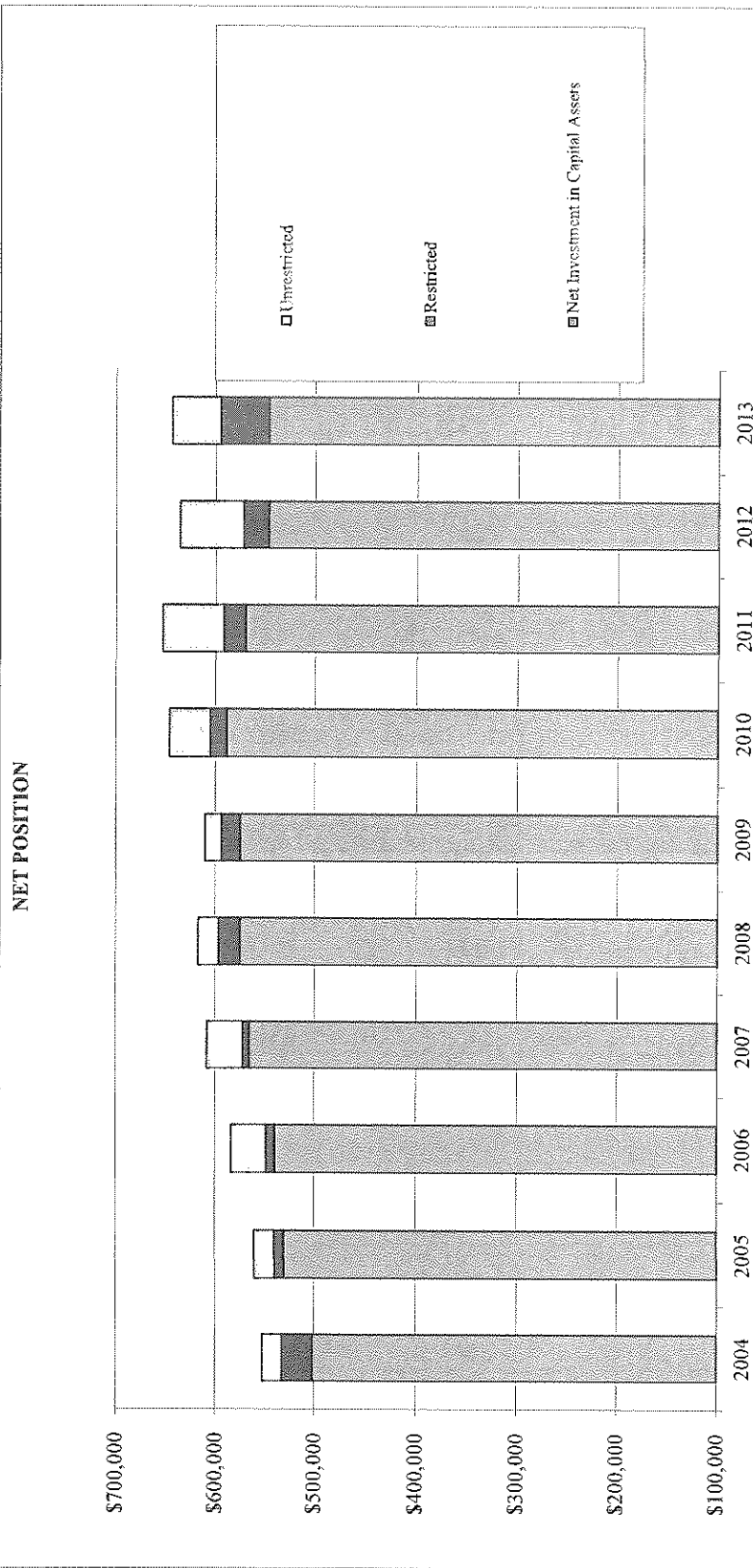


TABLE 2

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Operating Revenues:										
Passenger Fares	\$37,578	\$38,569	\$40,924	\$43,230	\$47,671	\$50,128	\$46,959	\$49,731	\$49,896	\$50,873
Advertising and Concessions	2,539	1,658	1,525	1,317	1,382	1,115	968	946	1,350	1,493
Total Operating Revenues	40,117	40,227	42,449	44,547	49,053	51,243	47,927	50,677	51,246	52,366
Operating Expenses	220,068	231,566	228,845	238,499	252,035	244,996	216,476	226,033	238,884	251,638
Depreciation Expense	41,610	40,670	43,199	43,458	45,531	50,053	47,963	48,016	47,961	48,764
Operating Loss	(221,561)	(232,009)	(229,595)	(237,410)	(248,513)	(243,806)	(216,512)	(223,372)	(235,599)	(248,036)
Non-operating Revenues (Expenses)										
Sales and use tax revenue	168,659	167,127	170,477	175,051	168,304	154,914	165,026	175,902	182,355	190,726
Federal Funds	20,406	20,801	20,801	22,625	23,189	22,553	34,117	20,456	10,368	9,178
Other State and Local Funds	3,398	4,623	5,181	4,364	4,689	15,875	6,578	2,070	2,957	2,975
Federal pass-through grants revenue	0	0	0	667,621	3,939	11,573	4,491	502	262	187
Investment Income	413	1,538	2,782	2,595	2,186	460	417	377	433	210
Gain on Commodity Transactions	0	0	0	0	0	0	4,662	2,519	2,108	618
Interest Expense	(4,465)	(6,698)	(7,883)	(6,960)	(8,329)	(8,711)	(7,997)	(7,227)	(6,991)	(6,432)
Federal pass-through expenses	0	0	0	(667,621)	(3,939)	(11,573)	(4,491)	(502)	(261)	(187)
Other Income	1,894	4,014	3,353	1,635	2,037	2,473	1,787	2,518	80	7,773
Total Non-operating Revenues (Expenses)	190,305	191,405	194,711	199,310	192,076	187,564	204,590	196,615	191,311	205,048
Net Loss before Capital Grants Revenue	(31,256)	(40,604)	(34,884)	(38,100)	(56,437)	(56,242)	(11,922)	(26,757)	(44,288)	(42,988)
Capital Grants Revenue	35,221	48,633	58,762	62,431	65,401	48,998	50,360	30,788	27,811	50,736
Change in Net Position	\$3,965	\$8,029	\$23,878	\$24,331	\$8,964	(\$7,244)	\$38,438	\$4,031	(\$16,477)	\$7,748

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			PASS-THROUGH GRANTS REVENUE	OTHER	CAPITAL GRANT INCOME	TOTAL
				OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE	INVESTMENT INCOME	INVESTMENT INCOME				
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	\$ 62,431	\$ 313,915		
2008	\$ 49,053	\$ 168,304	\$ 23,189	\$ 4,689	\$ 2,186	\$ 2,037	\$ 65,401	\$ 318,798		
2009	\$ 51,243	\$ 154,914	\$ 22,553	\$ 15,875	\$ 460	\$ 11,573	\$ 48,998	\$ 308,089		
2010	\$ 47,928	\$ 165,026	\$ 34,117	\$ 6,578	\$ 417	\$ 6,449	\$ 50,360	\$ 315,366		
2011	\$ 50,677	\$ 175,902	\$ 20,456	\$ 2,070	\$ 377	\$ 5,037	\$ 30,788	\$ 285,809		
2012	\$ 51,246	\$ 182,355	\$ 10,368	\$ 2,957	\$ 433	\$ 2,108	\$ 27,811	\$ 277,540		
2013	\$ 52,366	\$ 190,726	\$ 9,178	\$ 2,974	\$ 210	\$ 8,391	\$ 50,736	\$ 314,768		

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
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	31.4%	14.1%	45.5%	47.0%	7.5%	54.5%	100.0%
2008	21.4%	19.0%	40.4%	42.2%	17.4%	59.6%	100.0%
2009	21.5%	18.3%	39.8%	41.2%	19.0%	60.2%	100.0%
2010	—	—	32.8%	26.0%	41.2%	67.2%	100.0%
2011 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:**

OPERATING AND OTHER MISCELLANEOUS REVENUE				OPERATING ASSISTANCE			
YEAR	FARES	OTHER(2)	TOTAL	STATE & LOCAL(3)	FEDERAL	TOTAL	TOTAL REVENUES
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%
2008	19.1%	2.3%	21.4%	69.3%	9.3%	78.6%	100.0%
2009	19.3%	1.6%	20.9%	65.9%	13.2%	79.1%	100.0%
2010	18.4%	1.2%	19.6%	67.1%	13.3%	80.4%	100.0%
2011	17.7%	1.9%	19.6%	62.6%	17.8%	80.4%	100.0%
2012	18.4%	1.0%	19.4%	66.8%	13.8%	80.6%	100.0%
2013	16.6%	2.7%	19.3%	62.0%	18.7%	80.7%	100.0%

\* Not Available

P Preliminary

- (1) Source: The American Public Transit Association, APTA 2011 Public Transportation Fact Book, Table 20.
- (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.
- (4) Information no longer available for reporting from APTA

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	FEDERAL PASS-THROUGH EXPENSES	TOTAL EXPENSES
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	\$ 667	\$ 290,252
2008	\$ 106,447	\$ 76,923	\$ 68,664	\$ 45,531	\$ 297,565	\$ 8,329	\$ 3,939	\$ 309,833
2009	\$ 102,421	\$ 80,586	\$ 61,989	\$ 50,053	\$ 295,049	\$ 8,711	\$ 11,573	\$ 315,333
2010	\$ 81,013	\$ 69,206	\$ 66,258	\$ 47,963	\$ 264,440	\$ 7,997	\$ 4,491	\$ 276,928
2011	\$ 91,767	\$ 73,242	\$ 61,023	\$ 48,017	\$ 274,049	\$ 7,227	\$ 502	\$ 281,778
2012	\$ 100,331	\$ 78,831	\$ 59,722	\$ 47,961	\$ 286,845	\$ 6,991	\$ 261	\$ 294,097
2013	\$ 118,471	\$ 75,718	\$ 57,449	\$ 48,764	\$ 300,402	\$ 6,431	\$ 187	\$ 307,020

**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**								
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	65.8	%	11.6	%	6.1	%	3.4	%	2.4	%	13.0	%	-2.3	%	100.0	%
2008	63.9	%	12.8	%	6.3	%	3.4	%	2.2	%	13.7	%	-2.3	%	100.0	%
2009	64.8	%	11.3	%	6.6	%	3.5	%	2.3	%	14.0	%	-2.5	%	100.0	%
2010	65.2	%	10.7	%	6.6	%	3.4	%	2.6	%	13.8	%	-2.3	%	100.0	%
2011	65.0	%	11.4	%	6.6	%	3.3	%	2.6	%	13.3	%	-2.2	%	100.0	%
2012	65.0	*	11.4	*	6.6	*	3.3	*	2.6	*	13.3	*	-2.2	*	100.0	*
2013	65.0	*	11.4	*	6.6	*	3.3	*	2.6	*	13.3	*	-2.2	*	100.0	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:																
YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**								
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	%
2008	68.0	%	14.3	%	4.1	%	4.8	%	4.7	%	1.7	%	2.4	%	100.0	%
2009	70.1	%	14.5	%	4.8	%	4.0	%	3.7	%	1.8	%	1.1	%	100.0	%
2010	72.5	%	10.0	%	5.2	%	4.1	%	3.8	%	2.2	%	2.2	%	100.0	%
2011	68.1	%	15.4	%	5.7	%	3.2	%	4.3	%	2.3	%	1.0	%	100.0	%
2012	68.2	%	14.6	%	6.4	%	2.8	%	2.8	%	2.8	%	2.4	%	100.0	%
2013	68.6	%	14.5	%	5.7	%	2.9	%	2.4	%	3.0	%	2.9	%	100.0	%

\* 2011 Statistics used for 2012 and 2013 presentation. No data exist for these years.

\*\* Excludes Depreciation and Interest

Source:

(1) The American Public Transit Association, APTA 2013 Public Transportation Fact Book, Table 13.

TABLE 7

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY

2006 to 2013

Industry	2006*			2007			2008			2009		
	Amounts Collected	Percentage of Total	Percentage of Total	Amounts Collected	Percentage of Total	Percentage of Total	Amounts Collected	Percentage of Total	Percentage of Total	Amounts Collected	Percentage of Total	Percentage of Total
Motor Vehicle and Parts Dealers	\$22,432,340	13.16 %	\$22,982,011	13.13 %	\$21,024,631	12.49 %	\$19,784,983	12.77 %				
Miscellaneous Store Retailers	21,563,421	12.65	21,090,490	12.05	20,339,983	12.09	16,591,094	10.71				
General Merchandise Stores	17,018,172	9.98	16,102,299	9.20	14,909,507	8.86	14,290,752	9.22				
Information (Including Telecommunications)	14,951,995	8.77	15,512,742	8.86	16,392,222	9.74	15,612,141	10.08				
Accommodation and Food Services	12,958,612	7.60	13,151,754	7.51	13,229,392	7.86	12,751,878	8.23				
Building Material and Garden Equipment and Supplies	12,003,261	7.04	11,781,820	6.73	10,529,030	6.26	9,170,330	5.92				
Administrative and Support Services; Waste Management and Remediation Services	6,939,934	4.07	6,991,202	3.99	6,868,125	4.08	5,829,327	3.76				
Health and Personal Care Stores	6,718,996	3.94	6,513,076	3.72	6,408,850	3.81	6,494,361	4.19				
Clothing and Clothing Accessories Stores	6,617,733	3.88	6,888,226	3.93	6,544,877	3.89	6,135,132	3.96				
Real Estate, and Rental and Leasing of Property	6,240,639	3.66	6,739,951	3.85	5,829,350	3.46	4,683,991	3.02				
Other Industries	\$65,463,884	25.25 %	\$47,297,836	27.03 %	\$46,227,920	27.46 %	\$43,569,964	28.14 %				
<b>Total Sales Tax Collection</b>	<b>\$170,476,647</b>	<b>100.00 %</b>	<b>\$175,051,407</b>	<b>100.00 %</b>	<b>\$168,303,887</b>	<b>100.00 %</b>	<b>\$154,913,953</b>	<b>100.00 %</b>				
Industry	2010			2011			2012			2013		
Motor Vehicle and Parts Dealers	\$20,335,975	12.32 %	\$22,852,212	12.99 %	\$23,022,352	12.63 %	\$24,889,779	13.05 %				
Miscellaneous Store Retailers	17,476,357	10.59	18,487,401	10.51	19,596,461	10.75	15,105,521	7.92				
General Merchandise Stores	14,643,737	8.87	15,195,963	8.64	15,320,790	8.40	16,135,443	8.46				
Information (Including Telecommunications)	15,143,351	9.18	15,711,967	8.93	15,819,592	8.68	17,565,890	9.21				
Accommodation and Food Services	12,995,998	7.88	13,977,667	7.95	14,733,174	8.08	15,239,030	7.99				
Building Material and Garden Equipment and Supplies	9,308,831	5.64	9,764,911	5.55	10,815,046	5.93	9,803,331	5.14				
Administrative and Support Services; Waste Management and Remediation Services	6,185,129	3.75	7,062,839	4.02	7,628,146	4.18	8,248,401	4.32				
Health and Personal Care Stores	6,281,865	3.81	6,288,287	3.57	6,767,410	3.71	5,395,933	2.83				
Clothing and Clothing Accessories Stores	6,783,966	4.11	7,168,223	4.08	7,632,916	4.19	7,850,868	4.12				
Real Estate, and Rental and Leasing of Property	4,881,232	2.96	5,120,250	2.91	5,072,860	2.78	5,848,775	3.07				
Other Industries	\$50,989,893	30.89 %	\$54,272,006	30.85 %	\$55,945,959	30.67 %	\$64,643,308	33.89 %				
<b>Total Sales Tax Collection</b>	<b>\$165,026,334</b>	<b>100.00 %</b>	<b>\$175,901,726</b>	<b>100.00 %</b>	<b>\$182,354,706</b>	<b>100.00 %</b>	<b>\$190,726,279</b>	<b>100.00 %</b>				

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>OVERALL DEBT LIMITATION:</b>										
Total Of All GCRTA Debt Outstanding	\$152,529	\$144,841	\$161,080	\$151,473	\$176,340	\$166,328	\$155,220	\$142,080	\$169,733	\$154,195
Exempt Debt	152,529	144,841	161,080	151,473	176,340	166,328	155,220	142,080	169,733	154,195
Net Indebtedness (Voted and Unvoted)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assessed Valuation Of County - (Collection Year)	\$30,305,032	\$30,647,572	\$30,646,005	\$33,158,047	\$32,460,486	\$31,880,330	\$31,497,060	\$29,796,665	\$27,652,473	\$27,694,841
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)	1,515,252	1,532,379	1,532,300	1,657,902	1,623,024	1,594,017	1,574,853	1,489,833	1,382,624	1,384,742
Net Indebtedness (Voted and Unvoted)	0	0	0	0	0	0	0	0	0	0
Overall Debt Margin	\$1,515,252	\$1,532,379	\$1,532,300	\$1,657,902	\$1,623,024	\$1,594,017	\$1,574,853	\$1,489,833	\$1,382,624	\$1,384,742
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%
<b>UNVOTED DEBT LIMITATION:</b>										
Unvoted Debt Limitation - 0.1% of County Assessed Valuation	\$30,305	\$30,648	\$30,646	\$33,158	\$32,460	\$31,880	\$31,497	\$29,797	\$27,652	\$27,695
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(11,998)	(14,506)	(14,755)	(16,618)	(16,586)	(16,365)	(16,365)	(18,377)	(18,902)	(20,788)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	(\$11,998)	(\$14,506)	(\$14,755)	(\$16,618)	(\$16,586)	(\$16,365)	(\$16,365)	(\$18,377)	(\$18,902)	(\$20,788)



**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)**

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>ASSESSED VALUE (2)</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF BONDED DEBT TO ASSESSED VALUE</u>	<u>BONDED DEBT PER CAPITA</u>
2004	1,351	\$ 30,647,572	\$ 152,529	0.50	\$ 112.90
2005	1,336	\$ 30,646,005	\$ 144,841	0.48	\$ 108.41
2006	1,314	\$ 33,158,047	\$ 161,080	0.48	\$ 122.58
2007	1,296	\$ 32,460,486	\$ 176,340	0.54	\$ 136.06
2008	1,284	\$ 31,880,330	\$ 176,340	0.55	\$ 137.34
2009	1,276	\$ 31,497,060	\$ 166,328	0.53	\$ 130.35
2010	1,280	\$ 31,497,060	\$ 155,220	0.49	\$ 121.27
2011	1,270	\$ 29,796,665	\$ 142,080	0.48	\$ 111.87
2012	1,285	\$ 27,652,473	\$ 110,955	0.40	\$ 86.35
2013	1,263	\$ 27,694,841	\$ 97,910	0.35	\$ 77.52

Sources:

- (1) Estimates – Various Sources.
- (2) Cuyahoga County Auditor's Office, Budget Commission – Collection Year Data  
 Brian Dunn (216) 443-2134  
[bdunn@cuyahogacounty.us](mailto:bdunn@cuyahogacounty.us)

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

RATIO OF OUTSTANDING DEBT TYPE (1)  
 LAST TEN YEARS (IN THOUSANDS EXCEPT PER PERSONAL INCOME AND PER CAPITA AMOUNTS)  
 (UNAUDITED)

YEAR	GENERAL OBLIGATION BONDS	STATE INFRASTRUCTURE LOAN	CAPITAL LEASE	NOTES	SALES TAX REVENUE	TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME*	BONDED DEBT PER CAPITA*
2004	\$ 152,529	\$ 5,504	\$	\$	\$	\$ 158,033	4.98	\$ 112.90
2005	\$ 144,841	\$ 5,051	\$	\$	\$	\$ 149,892	4.69	\$ 108.41
2006	\$ 161,080	\$ 4,580	\$	\$	\$	\$ 165,660	5.11	\$ 122.58
2007	\$ 176,340	\$ 4,088	\$ 25,000	\$	\$	\$ 205,428	6.16	\$ 136.06
2008	\$ 176,340	\$ 3,575	\$ 23,684	\$	\$	\$ 203,599	6.27	\$ 137.34
2009	\$ 166,328	\$ 3,303	\$ 22,308	\$ 8,000	\$	\$ 199,939	5.99	\$ 130.35
2010	\$ 155,220	\$ 2,460	\$ 20,870	\$	\$	\$ 178,550	5.35	\$ 121.27
2011	\$ 142,080	\$	\$ 19,366	\$	\$	\$ 161,446	4.75	\$ 111.87
2012	\$ 110,955	\$	\$ 17,793	\$	\$ 40,985	\$ 169,733	4.93	\$ 86.35
2013	\$ 97,910	\$	\$ 16,150	\$	\$ 40,135	\$ 154,195	4.54	\$ 77.52

(1) See Table 13 for personal income and per capita data.

	PERSONAL INCOME	POPULATION
2004	\$ 31,750	\$ 1,351
2005	\$ 31,937	\$ 1,336
2006	\$ 32,421	\$ 1,314
2007	\$ 33,345	\$ 1,296
2008	\$ 32,464	\$ 1,284
2009	\$ 33,353	\$ 1,276
2010	\$ 33,353	\$ 1,280
2011	\$ 33,979	\$ 1,270
2012	\$ 34,458	\$ 1,285
2013	\$ 33,981	\$ 1,263

TABLE 11  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 2013**  
**(UNAUDITED)**

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	\$ 154,195		\$ 154,195	100%	\$ 154,195
County of Cuyahoga (1)	\$ 314,245	\$ 23,098	\$ 291,147	100%	291,147
Cuyahoga County Cities, Villages, Townships (1)	\$ 935,083	\$ 44,062	\$ 891,021	100%	891,021
Cuyahoga County School Districts (2)	\$ 811,541	\$ 90,718	\$ 720,823	100%	720,823
Total Net Direct and Overlapping Debt					\$ 2,057,186

- (1) 2013 Tax Budgets filed in July, 2013 and certified unencumbered 2013 balances filed in January, 2014 with Cuyahoga County Budget Commission. Budgetary basis.
- (2) Cuyahoga County School Districts file on fiscal year ended June 30, 2013. 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 12**  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**LONG-TERM DEBT COVERAGE**  
**LAST TEN YEARS (IN THOUSANDS)**  
**(UNAUDITED)**

YEAR	GROSS		NET REVENUE				TOTAL	COVERAGE
	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST			
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	0.47 %	
2006	\$ 244,324	\$ 228,845	\$ 15,479	\$ 8,802	\$ 6,981	\$ 15,783	0.98 %	
2007	\$ 250,816	\$ 239,166	\$ 11,650	\$ 9,607	\$ 7,012	\$ 16,619	0.70 %	
2008	\$ 253,398	\$ 255,974	\$ (2,576)	\$ 9,968	\$ 7,194	\$ 17,162	(0.15) %	
2009	\$ 259,092	\$ 256,569	\$ 2,523	\$ 10,012	\$ 7,700	\$ 17,712	0.14 %	
2010	\$ 265,006	\$ 220,968	\$ 44,038	\$ 11,108	\$ 7,565	\$ 18,673	2.36 %	
2011	\$ 255,021	\$ 226,534	\$ 28,487	\$ 14,643	\$ 7,668	\$ 22,311	1.28 %	
2012	\$ 249,808	\$ 235,431	\$ 14,377	\$ 15,562	\$ 7,630	\$ 23,192	0.62 %	
2013	\$ 264,033	\$ 251,848	\$ 12,185	\$ 15,539	\$ 7,634	\$ 23,173	0.52 %	

(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 13**  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**DEMOGRAPHIC STATISTICS**  
**(UNAUDITED)**

<u>YEAR</u>	<u>COUNTY POPULATION (1)</u>	<u>MSA</u>	<u>PERSONAL INCOME (IN THOUSANDS)</u>	<u>PER CAPITA PERSONAL INCOME</u>
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
2008	1,283,925	1,783,918	\$ 32,464,044	\$ 25,285
2009	1,275,709	1,783,918	\$ 33,353,412	\$ 26,145
2010	1,280,122	1,775,884	\$ 33,353,412	\$ 26,055
2011	1,270,294	1,766,669	\$ 33,979,191	\$ 26,263
2012	1,285,279	1,779,827	\$ 33,458,329	\$ 26,810
2013	1,263,154	1,761,898	\$ 33,981,368	\$ 26,902

**\*AGE DISTRIBUTION (2)**

	<u>NUMBER</u>	<u>PERCENTAGE</u>
Under 5 years	72,444	5.7%
5 – 9 yrs	77,621	6.1
10 – 14 yrs	77,550	6.1
15 – 19 yrs	84,259	6.7
20 – 24 yrs	80,426	6.4
25 – 34 yrs	161,279	12.7
35 – 44 yrs	150,636	11.9
45 – 54 yrs	186,671	14.8
55 – 59 yrs	92,168	7.3
60 – 64 yrs	80,698	6.4
65 – 74 yrs	100,976	8.0
75 – 84 yrs	64,214	5.1
85 yrs and over	36,169	2.8
TOTAL	1,265,111	100.0%
Median age		40
Males		601,072
Females		664,039

**DISTRIBUTION OF FAMILIES BY INCOME BRACKET (3)**

<u>INCOME (2)</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>
\$0 – 14,999	35,539	11.7%
\$15,000 – 24,999	27,835	9.2
\$25,000 – 49,999	68,756	22.7
\$50,000 – 99,999	95,338	31.5
\$100,000 -199,999	57,318	18.9
OVER \$200,000	18,055	6.0
TOTAL	302,841	100.0%
MEDIAN FAMILY INCOME	\$ 57,514	

\* Not available.

Source:

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

(2) U. S. Census Bureau, Census 2010

(3) U. S. Census Bureau, Census 2010

\* Fiscal year 2013 data not completely available; computed using all or some FY 2012 data

(continued)

TABLE 13 (continued)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS (continued)  
LAST TEN YEARS (continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

YEAR	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
Total Civilian Labor Force	664,600		669,600		663,400		657,800		645,600		620,700		628,700		664,377		659,738		645,567	
Total Employed*	623,700		629,000		626,700		617,900		601,800		565,000		574,300		594,551		586,406		572,624	
Total Unemployed	40,900		40,600		36,700		39,900		43,800		55,700		54,400		69,826		73,332		72,943	
Unemployment Rate		6.2%		6.1%		5.5%		6.1%		6.8%		9.0%		8.6%		10.5%		11.1%		11.3%

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

YEAR	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		FEDERAL, STATE AND LOCAL GOVERNMENT **		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
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
2008	79.8	10.9	105.6	14.4	330.0	44.9	98.2	13.3	57.1	7.8	23.5	3.2	40.5	5.5	734.7*	100.0
2009	65.8	9.6	97.3	14.1	319.1	46.4	95.9	13.9	53.9	7.8	21.2	3.1	35.1	5.1	688.3*	100.0
***2010	65.8	9.6	97.3	14.1	319.1	46.4	95.9	13.9	53.9	7.8	21.2	3.1	35.1	5.1	688.3*	100.0
2011	76.3	12.8	81.3	13.7	267.9	45.1	80.7	13.6	50.6	8.5	26.9	4.5	10.8	1.8	594.5	100.0
2012	73.2	12.5	81.2	13.8	252.8	43.1	77.9	13.3	48.4	8.2	26.2	4.5	26.7	4.6	586.4*	100.0
2013	72.7	12.7	76.6	13.4	253.9	44.3	74.1	12.9	45.5	7.9	25.8	4.6	24.0	4.2	572.6*	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

\*\*\* Fiscal Year 2010 data not available, Fiscal Year 2009 used

TABLE 14

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

## PRINCIPAL EMPLOYERS

2013 AND 2003

2013			
Employer	Nature of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	33,514	5.4%
University Hospitals Health System	Health Care	15,668	2.5
U.S. Office of Personnel Management	Federal Government	14,810	2.4
Giant Eagle, Inc.	Food, fuel and pharmacy retailer	9,800	1.6
Group Management Services, Inc.	Professional Employer Organization	8,113	1.3
State of Ohio	State Government	8,074	1.3
Progressive Corporation	Insurance & financial company	7,895	1.3
Cuyahoga County	County Government	7,544	1.2
United States Postal Service	U. S. postal services	7,258	1.2
Cleve. Metropolitan School District	Education	6,875	1.1
City of Cleveland	Municipal Government	6,825	1.1
	Total	<u>126,376</u>	<u>20.4%</u>
	Total County Employment	618,125	
2003			
			Percentage of Total County
Cleveland Clinic Health System	Health Care	23,567	3.6%
University Hospitals Health System	Health Care	14,270	2.2%
Cleveland Municipal School District	Public School District	10,510	1.6%
Cuyahoga County	County Government	9,376	1.4%
City of Cleveland	Municipal Government	8,658	1.3%
Progressive Corp.	Insurance	7,557	1.1%
KeyCorp	Financial Services	7,381	1.1%
Ford Motor Company	Automotive	6,765	1.0%
United States Postal Service	U. S. postal services	5,548	0.8%
Metro Health Systems	Health Care	5,411	0.8%
	Total	<u>99,043</u>	<u>15.0%</u>
	Total County Employment	660,061	

Sources: Crain's Cleveland Business - Book of Lists 2014 and 2004

Ohio Labor Market Information <http://ohiofmi.com> (Data Tab-Employment and Wages by Industry Query-Annual/Quarterly Data-Cuyahoga County-Total Private)

Note: 2013 Total County Employment Based Off of Q2 (Most Current Information Available)

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)  
LAST TEN YEARS  
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
<b>SYSTEM RIDERSHIP:</b>										
Motor Bus	44,969,751	44,533,491	44,577,504	46,335,972	46,623,903	38,214,315	35,895,427	37,198,763	33,857,969	34,325,962
Heavy Rail	7,282,845	7,472,908	7,029,344	7,306,663	7,639,381	4,491,171	3,657,501	5,687,891	6,240,495	6,423,366
Light Rail	2,560,710	3,089,707	2,844,207	3,198,883	3,261,923	2,365,851	2,315,662	2,745,106	2,856,379	2,897,940
Demand Responsive	297,087	335,970	343,443	481,112	385,310	410,770	550,711	579,072	647,031	704,501
BRT (Bus Rapid)**									4,629,200	4,854,519
<b>AVERAGE WEEKDAY</b>										
<b>SYSTEM RIDERSHIP:</b>										
Motor Bus	162,303	166,238	166,754	164,548	166,364	142,631	122,662	124,343	113,662	93,675
Heavy Rail	17,331	18,733	18,892	20,397	20,914	17,816	11,405	18,495	21,493	17,529
Light Rail	9,395	9,506	10,030	11,044	11,432	9,804	7,592	9,560	9,838	7,908
Demand Responsive	1,343	1,530	1,550	1,661	1,778	1,867	1,769	1,868	2,067	2,284
BRT (Bus Rapid)**									15,541	13,248
<b>AVERAGE WEEKDAY</b>										
<b>MILES OPERATED:</b>										
Motor Bus	81,972	86,751	80,134	79,029	71,674	65,803	51,308	48,983	39,810	45,344
Heavy Rail	5,002	3,566	3,593	3,584	3,443	5,381	2,796	5,233	5,759	7,190
Light Rail	3,150	2,661	2,459	2,446	2,464	2,380	2,025	2,042	2,008	2,354
Demand Responsive	6,129	7,941	8,200	9,259	8,072	12,752	15,322	16,161	15,160	15,604
BRT (Bus Rapid)**									2,096	2,007
<b>REVENUE MILES:</b>										
Motor Bus	20,471,913	21,698,089	20,377,376	20,204,755	18,664,990	17,042,385	13,310,980	12,616,043	12,224,802	14,392,950
Heavy Rail	2,397,243	2,373,093	1,960,534	2,112,786	2,046,862	1,789,025	933,985	1,766,922	1,989,328	2,496,426
Light Rail	1,011,795	1,005,741	869,868	805,600	799,595	756,929	661,218	715,539	699,039	801,732
Demand Responsive	1,688,026	2,023,190	2,081,941	2,368,174	2,106,558	3,395,154	4,285,442	4,560,276	4,821,868	4,978,261
BRT (Bus Rapid)**									688,062	648,031
<b>PASSENGER MILES:</b>										
Motor Bus	293,338,619	210,122,020	215,657,817	178,890,562	174,137,020	132,223,514	136,352,946	139,878,118	144,368,655	144,546,103
Heavy Rail	47,439,898	49,849,158	29,481,680	53,399,727	54,293,150	31,419,638	25,889,384	39,448,214	43,551,128	44,109,511
Light Rail	15,198,796	18,302,619	16,548,377	19,212,211	19,271,305	13,642,884	13,611,220	16,762,697	16,938,794	17,332,817
Demand Responsive	1,864,993	2,264,463	2,356,610	2,576,273	2,856,607	4,187,788	3,940,975	4,134,106	4,572,942	4,964,438
BRT (Bus Rapid)**									11,748,318	12,837,586

(Continued)



TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)  
LAST TEN YEARS (Continued)  
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
<b>ENERGY CONSUMPTION:</b>										
Motor Bus	4,449,490	4,793,246	5,266,709	5,393,502	5,322,578	4,998,777	3,882,866	4,429,201	3,901,523	3,992,940
(gallons of fuel)										
(lbs. of natural gas)	1,593,424	1,390,926	1,064,151	434,773	230,813	55,495	-----			
Heavy Rail	30,572,901	29,381,337	28,047,493	29,758,170	28,414,691	26,150,410	24,000,051	26,024,462	25,319,115	25,091,622
(kilowatt hours)										
Light Rail	11,340,326	10,383,138	11,964,612	12,542,075	11,422,839	11,286,050	12,975,110	11,912,103	9,836,196	12,982,816
(kilowatt hours)										
Demand Responsive	247,010	271,723	283,029	318,960	307,883	463,192	531,510	573,563	634,019	650,749
(gallons of fuel)										
BRT (Bus Rapid)**									297,054	306,899
(gallons of fuel)										
<b>FLEET REQUIREMENT</b>										
<b>DURING PEAK HOURS:</b>										
Motor Bus	544	518	514	522	469	424	322	310	303	350
Heavy Rail	22	22	22	22	22	22	22	18	20	20
Light Rail	17	17	17	17	17	17	17	13	13	14
Demand Responsive	62	75	68	74	73	122	102	116	134	133
BRT (Bus Rapid)**									16	16
<b>TOTAL ACTIVE VEHICLES</b>										
<b>DURING PERIOD:</b>										
Motor Bus	686	654	663	620	556	506	405	403	399	391
Heavy Rail	60	60	60	60	60	60	60	44	60	60
Light Rail	48	48	48	48	48	48	48	33	48	48
Demand Responsive	74	75	77	77	86	129	120	120	146	146
BRT (Bus Rapid)**	---	---	---	---	---	---	---	---	21	21
<b>NUMBER OF EMPLOYEES:</b>	2,597	2,643	2,644	2,653	2,577	2,374	2,115	2,103	1,982	2,033

Source:

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

\*2013 data is preliminary

\*\* 2012 is the first year BRT is being reported as a category

TABLE 16

## GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING INFORMATION-CAPITAL ASSETS  
FISCAL YEAR 2004 THROUGH FISCAL YEAR 2013 (IN THOUSANDS)  
(UNAUDITED)

YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital Assets Not Being Depreciated										
Land	\$ 21,352	\$ 27,454	\$ 32,365	\$ 32,903	\$ 34,665	\$ 38,563	\$ 38,671	\$ 38,510	\$ 36,924	\$ 37,818
Construction in Progress	67,548	63,169	92,090	141,258	19,680	25,671	36,649	20,849	23,015	25,955
Total Capital Assets Not Being Depreciated	88,900	90,623	124,455	174,161	54,345	64,234	75,320	59,359	59,939	63,773
Capital Assets Being Depreciated:										
Infrastructure	52,702	54,316	54,339	55,883	58,189	62,285	62,879	63,009	63,192	63,233
Right of Ways	248,327	251,540	251,668	266,911	270,116	272,712	272,723	274,334	274,725	301,660
Building, Furniture & Fixtures	387,749	421,230	429,803	439,884	442,177	445,019	454,569	481,619	492,407	502,685
Transportation and Other Equipment	367,305	373,103	389,577	398,111	419,449	430,335	411,981	405,618	413,275	421,138
Bus Rapid Transit					157,845	162,440	162,334	162,353	162,344	162,344
Total Capital Assets Being Depreciated	1,056,083	1,100,189	1,125,387	1,160,789	1,347,776	1,372,791	1,364,486	1,386,933	1,405,943	1,451,060
Less Accumulated Depreciation:										
Infrastructure	6,933	7,991	9,127	10,298	11,481	12,715	14,045	15,376	16,712	18,051
Right of Ways	111,026	117,220	123,437	129,861	136,439	143,051	149,682	156,323	162,952	169,671
Building, Furniture & Fixtures	148,662	159,165	172,464	185,914	199,129	212,919	226,864	241,529	256,743	272,465
Transportation and Other Equipment	224,555	230,721	242,346	264,318	274,720	288,002	272,139	285,804	306,696	327,277
Bus Rapid Transit					557	4,119	7,727	11,334	14,942	18,549
Total Accumulated Depreciation:	491,176	515,097	547,374	590,391	622,326	660,806	670,457	710,366	758,045	806,013
Net Capital Assets Being Depreciated	564,907	585,092	578,013	570,398	725,450	711,985	694,029	676,567	647,898	645,047
Net Capital Assets, End of Year	\$ 653,807	\$ 675,715	\$ 702,468	\$ 744,559	\$ 779,795	\$ 776,219	\$ 769,349	\$ 735,926	\$ 707,837	\$ 708,820

TABLE 17

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**FAREBOX RECOVERY PERCENTAGE  
LAST TEN YEARS  
(UNAUDITED)**

YEAR	PERCENTAGE
2004	17.6%
2005	17.4
2006	18.5
2007	18.7
2008	19.5
2009	20.9
2010	22.4
2011	22.5
2012	21.8
2013	21.1

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

**FARE STRUCTURE  
DECEMBER 31, 2013**

Cash Fares		Farecards - 5 Trip	
Bus	\$2.25	Bus/Rapid/Paratransit	\$11.25
Rapid	\$2.25	Park-N-Ride Bus	\$12.50
Park-N-Ride Bus	\$2.50	Senior/Disabled	\$5.00
Trolley	\$0.00	Trolley	\$0.00
Student Fare	\$1.50	Student	\$7.50
Senior/Disabled	\$1.00		
Paratransit	\$2.25		
Out of County	\$3.50		

Up to three children under 6 yrs. of age with adult ride free





Dave Yost • Auditor of State



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

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GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs			
Assistance Formula Grants	20.507		28,158,169
Federal Transit Administration Capital and Operating Demonstration Operating Assistance - Healthline	20.507	OH-95-X053	803,744
Federal Transit Administration Capital Improvement Grants	20.500		20,094,872
ARRA Capital Improvement Grant	20.507	OH-96-0027	1,684,740
ARRA Capital Improvement Grant	20.500	OH-56-0002	213,677
Sub-Total Federal Transit Cluster/Direct Programs			\$ <u>50,955,202</u>
Federal Transit Cluster:			
Passed Through Ohio Department of Transportation:			
Federal Transit Administration Highway Planning and Construction Grants	20.507	0018-520-064	1,245,601
Subtotal Federal Transit Cluster			\$ <u>1,245,601</u>
Transit Service Cluster Programs			
Job Access and Reverse Commute	20.516	OH-37-4059	1,441,219
New Freedom Program (Travel Trainer)	20.521	OH-57-0022	275,665
Sub-Total Transit Service Cluster Programs			\$ <u>1,716,884</u>
ARRA Capital Improvement Grant -Tigger	20.523	OH-77-0001	29,329
Federal Highway Administration:			
Highway Planning and Construction Cluster:			
Passed Through Ohio Department of Transportation:			
Federal Transit Administration Highway Planning and Construction Grants	20.205	78840	23,641
Sub-Total Passed Through Ohio Department of Transportation			\$ <u>23,641</u>
Tiger II- Universtiy Circle	20.933	OH-79-0001	4,622,024
Tiger III- Universtiy Circle/Little Italy	20.933	OH-79-0003	1,018,092
Innovative Workforce Development	20.514	OH-26-7250	89,459
Red line/Healthline AA	20.522	OH-39-0005	389,457
Total U.S. Department of Transportation			\$ <u>60,089,689</u>
U.S. Department of Homeland Security:			
Federal Emergency Management Agency	97.075	2009-RA-T9-0063	314,226
Federal Emergency Management Agency	97.075	2009-RA-R1-0097	656,376
Federal Emergency Management Agency	97.075	2010-RA-T0-0040	54,706
Federal Emergency Management Agency	97.075	2011-RA-K0-0052	274,943
FEMA Transportation Security Administration - TSA/CANINES		HSTS0209HCAN673	252,500
Total U.S. Department of Homeland Security			\$ <u>1,552,751</u>
Total Expenses of Federal Awards			\$ <u><u>61,642,440</u></u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

# Greater Cleveland Regional Transit Authority

## Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

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### 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, 2013. 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.



# Dave Yost • Auditor of State

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

Greater Cleveland Regional Transit Authority  
Cuyahoga County  
1240 West 6<sup>th</sup> Street  
Cleveland, Ohio 44113

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Greater Cleveland Regional Transit Authority, Cuyahoga County, (the Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 27, 2014.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

June 27, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Greater Cleveland Regional Transit Authority  
Cuyahoga County  
1240 West 6<sup>th</sup> Street  
Cleveland, Ohio 44113

To the Board of Trustees:

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

We have audited the Greater Cleveland Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Greater Cleveland Regional Transit Authority's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

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

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Greater Cleveland Regional Transit Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

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

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have also audited the financial statements of the Greater Cleveland Regional Transit Authority (the Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our unmodified report thereon dated June 27, 2014. We conducted our audit to opine on the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



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

June 27, 2014

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF AUDITOR'S RESULTS  
DECEMBER 31, 2013**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Federal Transit Cluster – CFDA # 20.500 and 20.507 Tiger – CFDA # 20.933
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 1,857,571 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS  
DECEMBER 31, 2013 AND 2012**

None

**3. FINDINGS FOR FEDERAL AWARDS  
DECEMBER 31, 2013**

None

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS FOR FEDERAL FUNDING ALLOCATION DATA

Greater Cleveland Regional Transit Authority  
Cuyahoga County  
1240 West 6<sup>th</sup> Street  
Cleveland, Ohio 44113

To the Board of Trustees:

### ***Report on Compliance***

We have audited the Greater Cleveland Regional Transit Authority's compliance with the standards established by the Federal Transit Administration (FTA) in the 2013 Reporting Manual with regard to the data reported to it in the Federal Funding Allocation Statistics Form (FFA-10) of Greater Cleveland Regional Transit Authority's (The Authority) annual National Transit Database (NTD) report including:

- A system is in place and maintained for recording data in accordance with NTD definitions and the correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report and the data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered and documents are reviewed and signed by a supervisor, as required; the data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have applied the audit procedures to the data contained in the accompanying FFA-10 form for the fiscal year ending December 31, 2013. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2013 Reporting Manual and were agreed to by the Authority, were applied to assist in evaluating whether the Authority complied with the standards described in the first paragraph of this part and that the information included in the NTD report FFA-10 form for the fiscal year ending December 31, 2013 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2013 Reporting Manual. The procedures were applied separately to each of the information systems used to develop the reported actual VRM, FG DRM, PMT and OE of the Greater Cleveland Regional Transit Authority for the fiscal year ending December 31, 2013 for each of the following modes:

- Motor Bus – directly operated (MB-DO);
- Rail Bus – directly operated (RB-DO);
- Heavy Rail – directly operated (HR-DO);
- Light Rail – directly operated (LR-DO);
- Demand Response – directly operated (DR-DO); and
- Demand Response – purchased transportation (DR-PT).

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

The Authority's Management is responsible for complying with the requirements of the Uniform System of Accounts (USOA) and Records Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2013 Reporting Manual.

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

Our responsibility is to opine 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 for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the USOA and Records Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2013 Reporting Manual. These standards and the 2013 Reporting Manual require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect the modes occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion***

In our opinion, the Greater Cleveland Regional Transit Authority complied in all material respects with the requirements referred to above that could directly and materially affect information included in the NTD report for the Federal Funding Allocation of data for the fiscal year ended December 31, 2013.

This report only describes the scope of our compliance tests and the results of this testing based on Federal Transit Administration (FTA) requirements. Accordingly, this report is not suitable for any other purpose.

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

July 11, 2014

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# Dave Yost • Auditor of State

**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  
JULY 24, 2014**