



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

| <b>FEDERAL GRANTOR<br/>Pass Through Grantor<br/>Program / Cluster Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass Through<br/>Entity Identifying<br/>Number</b> | <b>Passed<br/>Through to<br/>Subrecipients</b> | <b>Total Federal<br/>Expenditures</b> |
|---|------------------------------------|---|--|---------------------------------------|
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                    |                                    |   |  |                                       |
| <i>Federal Transit Cluster Program/Direct Programs</i>                      |                                    |   |  |                                       |
| Assistance Formula Grants   | 20.507                             |   |  | \$ 18,588,053                         |
| Federal Transit Administration Capital and Operating Grants                 |                                    |   |  |                                       |
| Sec 5307 Bus Acquisitions, Preventive Maintenance, Station Construction     | 20.507                             | OH-2018-002   |  | 2,720,716                             |
| Federal Transit Administration Capital Improvement Grants                   | 20.500                             |   | 69,786   | 501,651                               |
| 5309 FY 2013 Rail Formula   | 20.525                             | OH-54-0002  |  | 800,389                               |
| 2014 SOGR   | 20.525                             | OH-54-0004  |  | 243,938                               |
| 2015 SOGR   | 20.525                             | OH-54-0007  |  | 806,405                               |
| 2016 sec 5337 SOGR  | 20.525                             | OH-2016-055   |  | 247,405                               |
| Sec 5337 State of Good Repair   | 20.525                             | OH-2018-001   |  | 880,499                               |
| FY2018 Section 5337 SOGR  | 20.525                             | OH-2018-024   |  | 5,869,075                             |
| 2015 Sec 5339 Bus and Bus Facilities  | 20.526                             | OH-34-0024  |  | 104,274                               |
| <b>Total Federal Transit Cluster Program</b>                                |                                    |   | <b>\$ 69,786</b>                               | <b>\$ 30,762,405</b>                  |
|   |                                    |   |  |                                       |
| Transit Service Cluster Programs  |                                    |   |  |                                       |
| 2017 Section 5310- Paratransit Improvement Program                          | 20.513                             | OH-2017-029   |  | 351,296                               |
| New Freedom Program (Travel Trainer)  | 20.521                             | OH-57-0022  |  | 162,985                               |
| <b>Total Transit Service Cluster Programs</b>                               |                                    |   |  | <b>\$ 514,281</b>                     |
|   |                                    |   |  |                                       |
| Career Pathways Program   | 20.514                             | OH-64-7001  |  | 750                                   |
|   |                                    |   |  |                                       |
| Federal Highway Administration:   |                                    |   |  |                                       |
| Direct Program  |                                    |   |  |                                       |
| Highway Research and Development Program                                    |                                    |   |  |                                       |
| Connecting Cleveland Project  | 20.200                             | 693JJ31850009   |  | 4,208,671                             |
|   |                                    |   |  |                                       |
| Highway Planning and Construction Cluster:                                  |                                    |   |  |                                       |
| Passed Through the Ohio Department of Transportation:                       |                                    |   |  |                                       |
| Opportunity Corridor East 10th Street Waiting Environments                  | 20.205                             | CUY-E. 10th Street                                    |  | 81,628                                |
| E. 105th Opportunity Corridor   | 20.205                             | CUY- E. 105th Opp. Corr. Bridge                       |  | 19,383                                |
| E. 89th Opportunity Corridor Bridge   | 20.205                             | CUY- E.79th Street Bridge                             |  | 19,383                                |
| <b>Total Highway Planning and Construction Cluster</b>                      |                                    |   |  | <b>\$ 120,394</b>                     |
|   |                                    |   |  |                                       |
| <b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>                              |                                    |   | <b>\$ 69,786</b>                               | <b>\$ 35,606,501</b>                  |
|   |                                    |   |  |                                       |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                                 |                                    |   |  |                                       |
| <i>Direct Program</i>   |                                    |   |  |                                       |
| FEMA Transportation Security Administration- Transit Security Grant Program | 97.075                             | EMW-2016-RA-00059-S01                                 |  | 84,217                                |
| FEMA Transportation Security Administration- Transit Security Grant Program | 97.075                             | EMW-2017-RA-00053-S01                                 |  | 200,433                               |
| FEMA Transportation Security Administration- TSA/CANINES                    | 97.072                             | HSTS0215HNCP431                                       |  | 323,143                               |
| Total U.S Department of Homeland Security                                   |                                    |   |  | <b>\$ 607,793</b>                     |
|   |                                    |   |  |                                       |
| <b>Total Expenditures of Federal Awards</b>                                 |                                    |   | <b>\$ 69,786</b>                               | <b>\$ 36,214,294</b>                  |

The accompanying notes are an integral part of this schedule.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Greater Cleveland Regional Transit Authority (the Authority) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

The Authority passes certain federal awards received from U.S. Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note B describes the Authority reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2020.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

June 30, 2020



# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH OF THE MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 of the Major Federal Programs***

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) *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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the 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, 2019.

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

We have also audited the financial statements of the Greater Cleveland Regional Transit Authority (the Authority) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements. We issued our unmodified report thereon dated June 30, 2020. We conducted our audit to opine on the Authority's financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the 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 financial statements. We subjected this schedule to the auditing procedures we applied to the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Keith Faber  
Auditor of State

Columbus, Ohio

June 30, 2020

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019 AND 2018**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS<br/>DECEMBER 31, 2019</b> |
|--|

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified  |
| <b>(d)(1)(ii)</b>   | <b>Were there any material weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?</b>  | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Federal Transit Cluster:<br>CFDA # 20.500, 20.507, 20.525,<br>and 20.526<br>Highway Research and<br>Development Program:<br>CFDA # 20.200 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$1,086,429<br>Type B: all others   |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee under 2 CFR §200.520?</b>   | Yes   |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019 AND 2018**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS  
DECEMBER 31, 2019 AND 2018**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS  
DECEMBER 31, 2019**

None

**4. OTHER – FINDINGS FOR RECOVERY  
DECEMBER 31, 2019 AND 2018**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**Finding for Recovery – Healthcare Benefits**

**FINDING NUMBER 2019-001**

The Authority passed resolution 1994-35 on February 15, 1994, which allowed Board members to be covered under the Authority's healthcare plan. As Board President of the Greater Cleveland Regional Transit Authority, George Dixon, III was eligible to elect medical, dental and vision insurance through the Authority's healthcare plan. Per the Policies and Procedure of the Board of Trustees of the Greater Cleveland Regional Transit Authority Chapter 220.05, any member of the Board of Trustees receiving health care coverage must reimburse the Authority for the cost of any premium or other charges for said health care coverage on a prospective basis.

Mr. Dixon began his term as President of the Board in 1994 and elected coverage through the Authority from 1994 through March 6, 2018. In order to reimburse the Authority, Mr. Dixon would use his board stipend to cover a portion of the reimbursement and was supposed to write a check monthly for the balance. However, Mr. Dixon did not consistently remit the correct amount of reimbursement to the Authority and on some occasions didn't remit payment at all, for a total underpayment of \$132,000 owed to the Authority, as determined by an investigation conducted by the Authority's Internal Audit Department.

Mr. Dixon was charged with theft in office, pursuant to Ohio Rev. Code Section 2921.41(A)(1), in Cuyahoga County Common Pleas Court, before Judge Shirley Strickland Saffold, case number, CR-19-641789-A. On August 20, 2019, Mr. Dixon waived his right to proceed by grand jury indictment and entered a plea of not guilty to a bill of information. However, on December 3, 2019, Mr. Dixon changed his plea to a guilty plea to one count of theft in office, a felony of the third degree.

On January 8, 2020, Mr. Dixon was sentenced to one year of community control/probation and ordered to pay restitution of \$132,000 through the probation department to the Authority.

In accordance with the foregoing facts and circumstances, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public property converted or misappropriated is hereby issued against George Dixon, III in the amount of \$132,000 in favor of the Greater Cleveland Regional Transit Authority.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019 AND 2018**

**Officials' Response:**

Internal investigations in March 2018 revealed that the former Board President did not pay premiums for health insurance provided by the Authority and therefore improperly received healthcare benefits. The GCRTA Board of Trustees took steps to avoid the re-occurrence of any similar incidents. On June 19, 2018, the GCRTA Board of Trustees adopted Resolution No. 2018-50, which prevents members of the Board of Trustees from obtaining health insurance coverage through the Authority's providers, by rescinding Resolution No. 1994-35 and repealing Section 220.05, "Health Care Coverage" of the Codified Rules and Regulations of the Greater Cleveland Regional Transit Authority.

The Authority will make all appropriate efforts to recover these funds.

|   |
|---|
| <b>4. OTHER – FINDINGS FOR RECOVERY<br/>(CONTINUED)</b> |
|---|

**Finding for Recovery – Improper Compensation**

**FINDING NUMBER 2019-002**

Ohio Rev. Code § 2921.43(A)(1) states, in part, that no public servant shall knowingly solicit or accept any additional compensation and no person shall knowingly promise or give to a public servant any additional compensation to perform any other act or service in the public servant's public capacity.

The Greater Cleveland Regional Transit Authority Bylaws, Section 220.02(b) states, in part, that annual compensation for board members is \$4,800.

The City of Cleveland appointed Valarie McCall, Chief of Government Affairs, to serve as the City's appointee on the Greater Cleveland Regional Transit Authority Board (the Board) on July 12, 2006 and has subsequently reappointed her after the expiration of each term. Based on the bylaws, Board members receive monthly compensation of \$400; however, in Ms. McCall's initial appointment letter, it stated "In this capacity, she will not receive any compensation, including but not limited to PERS."

Ms. McCall served on the Board without pay, until 2014 when she requested to start receiving her monthly Board pay and requested retroactive payment to her initial appointment date, July 12, 2006. The Authority's General Manager and Board President, at the time, approved the request and Ms. McCall received back-pay totaling \$35,600 on March 15, 2014 for August 2006 through December 2013. She received monthly compensation of \$400 beginning January 2014 through June 2018 totaling \$21,600. However, Ms. McCall should not have been compensated for serving on the Board, since she was appointed to serve in this capacity based on her employment with the City of Cleveland.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Valarie McCall in the amount of \$57,200, and in favor of the Greater Cleveland Regional Transit Authority.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019 AND 2018**

officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

Joseph Calabrese, former Secretary/Treasurer and George Dixon III, former Board President approved Ms. McCall's request for back-pay, while Mr. Calabrese, former Secretary/Treasurer, as designated Fiscal Officer, had ultimate responsibility over the improper monthly board payments. Joseph Calabrese and his bonding company, Western Surety Company, and George Dixon III will be jointly and severally liable in the amounts of \$57,200, \$57,200, and \$35,600, respectively, and in favor of the Greater Cleveland Regional Transit Authority.

**Officials' Response:**

In 2020, the Authority completed a comprehensive review and amendment of its bylaws, adding provisions for "Conduct and Accountability" of Board members, and formalized the Board's mission, governance, service expectations and responsibilities in a revised Code Book chapter. The Authority has also continued measures, initiated in 2018, to counsel new Board members to seek advice directly from the Ohio Ethics Commission on matters relating to Board compensation.

The Authority will make all appropriate efforts to recover these funds.



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## 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 2019 Reporting Manual with regard to the data reported to it in the Federal Funding Allocation Statistics Form (FFA-10) of the 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, 2019. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2019 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, 2019 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, dated January 15, 1993 and as presented in the 2019 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, 2019 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 2019 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 2019 Reporting Manual. These standards and the 2019 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, 2019.

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.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

August 5, 2020

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# Comprehensive Annual Financial Report for the Years Ended December 31, 2019 and 2018 Cuyahoga County, Ohio



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# **Comprehensive Annual Financial Report**

**For the Years Ended December 31, 2019 and 2018**



**Greater Cleveland  
Regional Transit Authority**  
Cuyahoga County, Ohio

Dennis M. Clough  
President  
Board of Trustees

India Birdsong  
General Manager/  
Chief Executive Officer

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

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Greater Cleveland Regional  
Transit Authority, Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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## GFOA Certificate of Achievement for Excellence Statement

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, 2018. This was the thirty-first 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.

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**The Greater Cleveland  
Regional Transit Authority  
Main Office  
1240 West 6<sup>th</sup> Street  
Cleveland, OH 44113-1331  
Phone 216 566-5100  
website: [www.rideRTA.com](http://www.rideRTA.com)**

June 30, 2020

Dennis M. Clough, 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 years ended December 31, 2019 and 2018. This is the thirty-second such report issued by GCRTA. In the first year, there was no GFOA Certification. It has become the standard format used in presenting the results of the Authority'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 has been 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.

Keith Faber, Auditor of State of Ohio, has issued an unmodified opinion on the Authority’s financial statements for the years ended December 31, 2019 and 2018. 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 Authority. 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 Authority 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 Cuyahoga County Executive; 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. 61, the Authority is considered to be a jointly governed organization.

Responsibility for the line administration rests with India Birdsong, the Chief Executive Officer (CEO), and General Manager. She supervises the Chief Operating Officer (COO)/Deputy General Manager-Operations/Secretary-Treasurer, and four Deputy General Managers who head the Legal Affairs, Finance & Administration, Engineering & Project Management and the Human Resources divisions. Additionally, Information Technology and the Marketing and Communications department 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 Authority had 2,074 employees as of December 31, 2019. The system delivered 12.7 million revenue miles of bus service and 3.1 million revenue miles on its heavy and light rail systems. The active service fleet was composed of 371 motor bus coaches, 40 heavy rail cars, 32 light rail cars, and 160 Paratransit vehicles and 22 van pool vehicles.

The annual cash-basis operating budget is proposed by management, at the division and department levels, and adopted by the Board of Trustees after public discussion. The budget for each division and department is represented by appropriation. 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 Authority 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 Authority'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 1.24 million people.

Historically, the foundation for Greater Cleveland's economic vitality had been heavy industry with the largest employment sector being manufacturing. The largest employment areas in 2019 were in the following industries:

- Healthcare/Education
- Professional/Business services
- Government
- Insurance
- Trade/Transportation/Utilities

Real property, consisting of agricultural, commercial, industrial, and residential real property is reappraised every six years. The current assessed value is estimated to be \$30.5 billion. This process is the foundation for property taxation, and it sets the debt limitation for the Authority.

### **CURRENT YEAR REVIEW**

In 2019, the Authority continued its pursuit to provide Greater Clevelanders with unparalleled connectivity, along with high quality service design and delivery.

This included:

- Continuing the focus on improving the overall state of Good Repair (SOGR) of the assets and infrastructure.
- Completing various Pillar Studies, which included an economic impact study, a fare study, a rail car study, an efficiency study and a system redesign study.
- Completing the S-Curve retaining wall emergency repairs project that included the installation of 75 steel beam frames along the 300 ft. wall.
- Creating Wi-Fi Hot Spots at a number of stations including Stephanie Tubbs Jones Transit Center, East 55th, Southgate, Cedar-University Rapid Station and bus waiting area, Windermere Transit Center and Tower City.
- Completing several rail and station improvement projects.

During 2019, RTA:

- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of the United States and Canada.
- Successfully completed The Federal Transportation Administration (FTA) Triennial Audit.
- Conducted twenty (20) community engagement meetings and over 20 community engagement meetings for the System Redesign Study and Fare Equity Study.
- Completed the Cleveland State University's Center for Economic Development Economic Impact Study.
- For the fifth year, the Authority participated in the American Bus Benchmarking Group (ABBG) Customer Satisfaction Survey. The customer satisfaction grew from 59% in 2018 to 64% in 2019.

2019 was a year of transition for the Authority. In September 2019, the Board of Trustees named India Birdsong, the Chief Executive Officer (CEO)/General Manager. Additionally, Floun'say R. Caver, Ph.D. was named as the Interim Secretary-Treasurer. During the year, several strategic planning studies were started or advanced. These studies (Pillar Studies) include an economic impact study, a fare study, a rail car study, an efficiency study and a system redesign study.

### **PRESENT AND FUTURE PLANS**

As indicated earlier, several Pillar Studies were completed in 2019, as 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 transfers. Larger centers include indoor waiting areas and concessions. GCRTA has existing Transit Centers at Fairview Park, Maple Heights, Parma Mall and the Stephanie Tubbs Jones Transit 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.

**Paratransit Facility** – The Paratransit Facility, including a propane fueling station, houses all Paratransit functions including scheduling, dispatching and both revenue and non-revenue repairs.

## **CAPITAL IMPROVEMENT PLAN**

The development of the 2019 budget included the preparation of a five-year Capital Improvement Plan (“CIP”). This document is an outline for rebuilding and expanding services by the Authority through the end of 2023. Totalling \$370.96 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 - \$98.95 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. Major significant projects include the rehabilitation of rail stations for \$5 million, \$14.45 million for various track rehabilitation projects, and \$1.45 million for substation, electrical, and train signal improvements throughout they system.

### **Bridge Rehabilitation and Other Facility Improvements - \$51.17 million**

Funding has been provided for the rehabilitation of track bridges and includes State of Good Repair projects and other facility improvements totaling \$51.17 million.

### **Bus Purchases, Paratransit Vehicles and Circulator Bus- \$89.40 million**

The useful life of a standard 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 - \$1.50 million**

The Authority will make an investment in the construction of Transit Centers over the next five years of \$1.5 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- \$13.19 million**

There were no funds allocated for any replacement of Equipment and Vehicles in 2019. Budget appropriations within this category in the past have included improvements to the Data Center, intranet development, and network improvements. Other projects include various transportation studies depending upon the availability of grant funds.

**Local Capital Projects - \$16.75 million**

Classified as Routine Capital Projects (\$8.11 million) and Asset Maintenance projects (\$8.64 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.

**Operating Expenses and Other Expenses - \$100.00 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 \$100 million. These costs are recorded as operating costs in the enclosed financial statements.


**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.

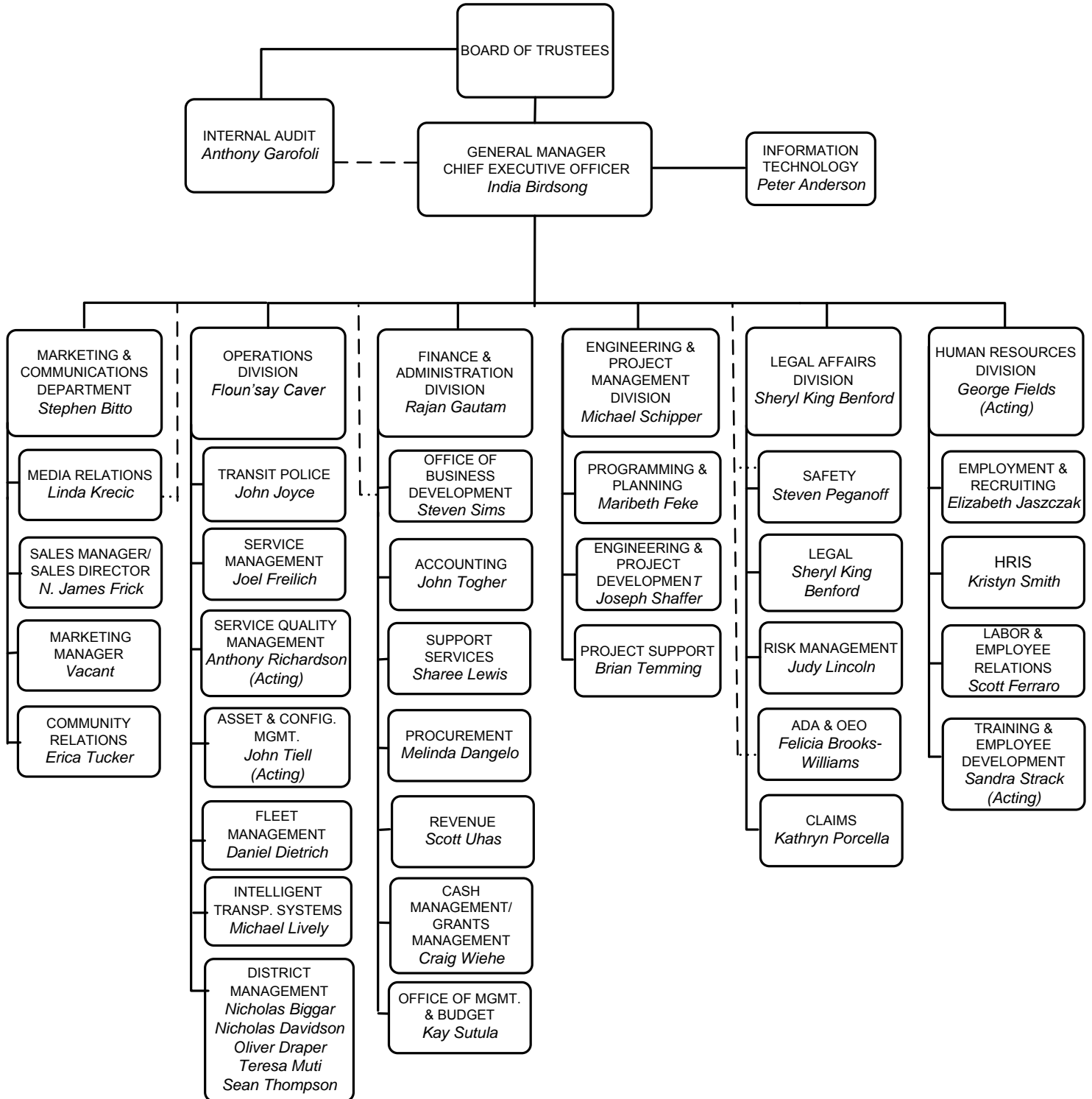
**Acknowledgments**

The GCRTA expresses thanks to the staff of the Accounting Department directed by John Togher for their work in preparing this report. Manager of General Accounting and Receivables, Marsha Laney Pettus, David Pfeiffer, Mamadou Ndour, David Reynolds, Zardik Haruthunian, and Cora Vlacovsky assisted with this report. In addition, appreciation goes out to the Cuyahoga County Fiscal Officer for providing supporting demographics and other statistics.

  
India Birdsong  
General Manager/CEO

  
Rajan D. Gautam, CPA  
Deputy General Manager,  
Finance & Administration

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
Organizational Chart as of December 31, 2019



# Board of Trustees and Executive Management Team

## BOARD OF TRUSTEES

|                       |  |
|-----------------------|--|
| <b>President</b>      | Dennis M. Clough   |
| <b>Vice President</b> | Charles P. Lucas   |
| <b>Trustees</b>       | Justin M. Bibb<br>Michael P. Byrne<br>Terence P. Joyce<br>Valarie J. McCall<br>Karen Gabriel Moss<br>Luz N. Pellot<br>Leo Serrano<br>Georgine Welo |

## EXECUTIVE MANAGEMENT TEAM

India Birdsong  
General Manager/Chief Executive Officer

George Fields  
Deputy General Manager,  
Human Resources

Rajan D. Gautam, CPA  
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 Bitto  
Executive Director,  
Marketing & Communications

Floun'say R. Caver, Ph.D.  
Chief Operating Officer/Deputy General  
Manager – Operations/Secretary-Treasurer

Kay Sutula  
Director,  
Office of Management and Budget

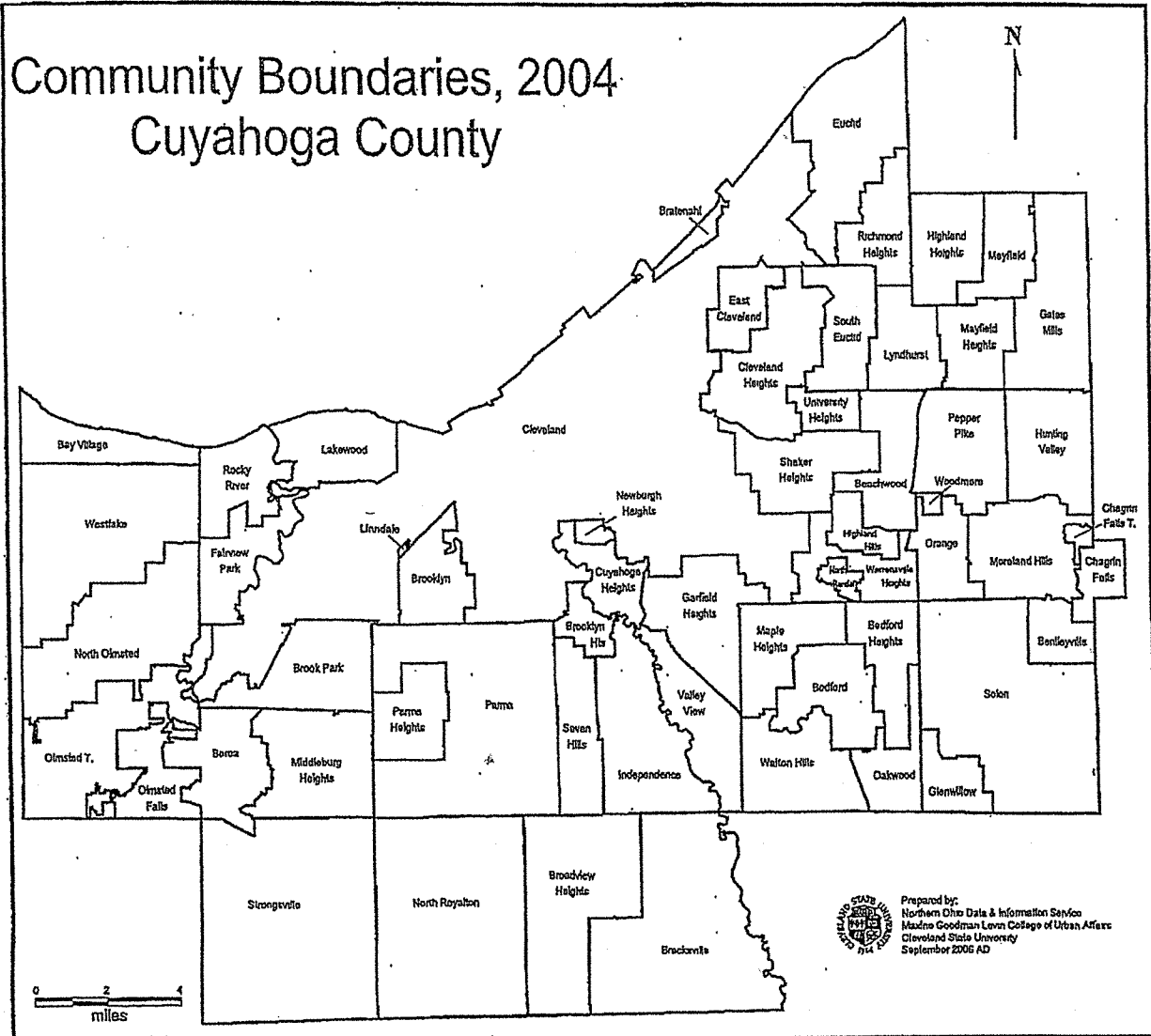
Melinda Dangelo  
Director,  
Procurement

Anthony Garofoli  
Executive Director,  
Internal Audit

Peter Anderson  
CIO,  
Executive Director – Information Technology



# Cuyahoga County Cleveland, Ohio



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2019

# FINANCIAL SECTION

## BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# OHIO AUDITOR OF STATE KEITH FABER



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615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801  
(216) 787-3665 or (800) 626-2297  
NortheastRegion@ohioauditor.gov

## 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 the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio (the Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

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

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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, Ohio, as of December 31, 2019 and 2018, and the changes in financial position and its cash flows for the years 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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

June 30, 2020

## **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, 2019 and December 31, 2018. 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 decreased by \$44.4 million (8.9%) in 2019 compared to an increase of \$34.1 million (230.1%) in 2018. This decrease in net positions are due mostly to the effect of implementing GASB 68 and GASB 75 relating to the accounting for pension and postemployment benefits, please see financial statement Notes 7 and 8 for additional details.
- Implementation of GASB 75 in the prior fiscal year resulted in a restatement of net position from the prior year of \$101.6 million to record the related retiree health care liabilities as of December 31, 2017 (see Changes in Accounting Principle, page 40).
- Current assets increased by \$77.1 million (70.7%) in 2019 compared to 2018. This increase is primarily due to an increase in unrestricted and restricted investments due to a timing issue in the reclassification of long-term investments to short-term investments. Current assets decreased by \$23.2 million (17.5%) in 2018 compared to 2017.
- Current liabilities increased by \$9.0 million (16.3%) in 2019 compared to 2018. Current liabilities decreased by \$14.4 million (20.7%) in 2018 compared to 2017.
- The Authority's non-current liabilities increased by \$147.6 million (37.5%) in 2019 compared to 2018. This increase is due mostly to the effect of implementing GASB 68 and GASB 75 relating to the accounting for pension and postemployment benefits, please see financial statement Notes 7 and 8 for additional details. Non-current liabilities increased by \$10.0 million (2.6%) in 2018 compared to 2017.
- Unfavorable investment returns and changes in assumptions for the measurement period in the State's pension system (OPERS) and health care benefits resulted in an increase in liabilities by \$110.1 and \$17.3 million, respectively. This resulted in an increase of employee pension expense of approximately \$37.9 million and health care expense of approximately \$2.0 million for the fiscal year 2019.



## **Basic Financial Statements and Presentation**

The financial statements presented by the Authority are:

1. The Statements of Net Position
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 Statements of Net Position 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 31 of this report.

**FINANCIAL ANALYSIS OF THE AUTHORITY**

**Condensed Summary of Assets and Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources, and Net Position (amounts in millions)**

|   | December 31,      |                 |                   |
|---|-------------------|-----------------|-------------------|
|   | 2019              | 2018            | 2017              |
| <b>Assets and Deferred Outflows of Resources:</b>                         |                   |                 |                   |
| Current assets  | \$ 186.1          | \$ 109.0        | \$ 132.2          |
| Other noncurrent assets   | 55.3              | 85.5            | 46.8              |
| Capital assets (net of accumulated depreciation)                          | 721.0             | 741.7           | 744.9             |
| <b>Total Assets</b>   | <u>962.4</u>      | <u>936.2</u>    | <u>923.9</u>      |
| Deferred Outflows of Resources  | 99.0              | 54.1            | 94.5              |
| <b>Total Assets and Deferred Outflows of Resources:</b>                   | <u>1,061.4</u>    | <u>990.3</u>    | <u>1,018.4</u>    |
| <b>Liabilities and Deferred Inflows of Resources:</b>                     |                   |                 |                   |
| Current liabilities   | 64.1              | 55.1            | 69.5              |
| Noncurrent liabilities  | 540.8             | 393.2           | 383.2             |
| <b>Total Liabilities</b>  | <u>604.9</u>      | <u>448.3</u>    | <u>452.7</u>      |
| Deferred Inflows of Resources   | 4.0               | 45.1            | 1.3               |
| <b>Total Liabilities and Deferred Inflows of Resources:</b>               | <u>608.9</u>      | <u>493.4</u>    | <u>454.0</u>      |
| <b>Net position:</b>  |                   |                 |                   |
| Net Investment in Capital Assets  | 584.1             | 630.4           | 621.3             |
| Restricted  | 16.7              | 15.6            | 21.4              |
| Unrestricted  | (148.3)           | (149.1)         | (78.3)            |
| <b>Total Net position</b>   | <u>452.5</u>      | <u>496.9</u>    | <u>564.4</u>      |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <u>\$ 1,061.4</u> | <u>\$ 990.3</u> | <u>\$ 1,018.4</u> |

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 \$452.5 million as of December 31, 2019, which is a \$44.4 million decrease from the year ended December 31, 2018. This decrease is primarily due to the implementation of GASB 68, Pension and GASB 75, OPEB, (see Notes 7 & 8). Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$496.9 million as of December 31, 2018, which is a \$67.5 million decrease from year ended December 31, 2017.

## ***Government Accounting Standards and the effect of GASB Pension and OPEB Liabilities***

The Authority adheres to the standards established by the Government Accounting Standards Board in preparing the Authority's financial reports. Prior reporting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This funding approach limited pension costs to contributions annually required by law. GASB 68 and GASB 75 both take an earnings approach to pension and postemployment accounting.

Under the earnings approach, the GASB 68 and GASB 75 established the net pension and postemployment liability equal to the Authority's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees past service minus plan assets available to pay these benefits. The Authority and its employees contribute to the Ohio Public Employees Retirement System, OPERS.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of the bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement system to provide healthcare to eligible recipients. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension systems against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investment affect the balance of the liability, but are outside the control of the Authority. In the event contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability not accounted for as deferred inflows/outflows. See disclosure Notes 7 and 8 to the financial statements for additional details on the restatement, see Note 2.

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

**Description**

|   | <b>Years Ended December 31,</b> |                 |                 |
|---|---------------------------------|-----------------|-----------------|
|   | <b>2019</b>                     | <b>2018</b>     | <b>2017</b>     |
| Operating revenues:   |                                 |                 |                 |
| Passenger fares   | \$ 44.8                         | \$ 45.1         | \$ 46.4         |
| Advertising and concessions   | 2.2                             | 2.4             | 2.0             |
| Total operating revenues  | <u>47.0</u>                     | <u>47.5</u>     | <u>48.4</u>     |
| Operating expenses, excluding depreciation:                         |                                 |                 |                 |
| Labor and fringe benefits   | (225.0)                         | (183.0)         | (226.2)         |
| Materials and supplies  | (29.9)                          | (25.1)          | (26.2)          |
| Services  | (17.0)                          | (15.7)          | (14.8)          |
| Utilities   | (7.2)                           | (6.6)           | (7.4)           |
| Casualty and liability  | (11.0)                          | (4.3)           | (4.5)           |
| Purchased transportation  | (8.6)                           | (9.4)           | (8.3)           |
| Leases and rentals  | (0.3)                           | (0.4)           | (0.5)           |
| Taxes   | (0.8)                           | (0.8)           | (0.5)           |
| Miscellaneous   | (1.8)                           | (1.6)           | (3.9)           |
| Total operating expenses before depreciation                        | (301.6)                         | (246.9)         | (292.3)         |
| Depreciation expense  | (48.1)                          | (48.8)          | (49.9)          |
| Total operating expenses  | <u>(349.7)</u>                  | <u>(295.7)</u>  | <u>(342.2)</u>  |
| Operating loss  | (302.7)                         | (248.2)         | (293.8)         |
| Non-operating revenues (expenses):                                  |                                 |                 |                 |
| Sales and Use Tax revenue   | 215.5                           | 226.4           | 217.1           |
| Federal operating grants and reimbursements                         | 20.2                            | 16.1            | 16.1            |
| State/local operating grants and reimbursements                     | 1.6                             | 1.2             | 1.9             |
| Federal pass-through grants revenue                                 | 0.1                             | 0.2             | 0.1             |
| Federal pass-through expenses                                       | (0.1)                           | (0.2)           | (0.1)           |
| Investment income   | 3.7                             | 1.6             | 0.6             |
| Interest expense  | (4.4)                           | (4.6)           | (4.9)           |
| Other income  | 1.9                             | 9.9             | 1.8             |
| Total non-operating revenues  | <u>238.5</u>                    | <u>250.6</u>    | <u>232.6</u>    |
| Net gain/(loss) before capital grant revenue                        | (64.2)                          | 2.4             | (61.2)          |
| Capital grants revenue:   |                                 |                 |                 |
| Federal   | 19.8                            | 31.7            | 37.2            |
| State   |                                 |                 | 0.1             |
| Total capital grants revenue  | <u>19.8</u>                     | <u>31.7</u>     | <u>37.3</u>     |
| Increase/(Decrease) in net position                                 | (44.4)                          | 34.1            | (23.9)          |
| Net position, beginning of year                                     | 496.9                           | 564.4           | 588.3           |
| Cumulative effect of change<br>in accounting principle (see Note 2) |                                 | (101.6)         |                 |
| Net position, end of year   | <u>\$ 452.5</u>                 | <u>\$ 496.9</u> | <u>\$ 564.4</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, 2019 decreased by \$.39 million (.9%), compared with that from year ended December 31, 2018. This decrease is attributed to a decline in ridership resulting from lower gasoline prices during 2019. Total ridership declined from 35.1 million in the year ended December 31, 2018 to 33.3 million in the year ended December 31, 2019.

Passenger fare revenue for the year ended December 31, 2018 decreased by \$1.3 million (2.8%) compared with that from year ended December 31, 2017. This decrease is a result of the decline in ridership resulting from lower gasoline prices in the area which led to a decrease in total ridership from 39.6 million in the year ended December 31, 2017 to 35.1 million in the year ended December 31, 2018.

**Sales and Use Tax** – The dedicated 1% tax levied in Cuyahoga County is part of the 8.00% overall tax on retail sales. Sales and Use Tax revenue accounted for 74.3% of the Authority's revenue for year ended December 31, 2019. Sales tax revenue accounted for 74.7% of the Authority's revenue for year ended December 31, 2018, and for 75.9% for year ended December 31, 2017.

Revenue received from sales and use tax for the year ended December 31, 2019 decreased approximately \$10.9 million (4.8%) compared to \$9.3 million (4.3%) increase in the year ended December 31, 2018 from the year ended December 31, 2017. The increase included a special state allocation, resulting from a change in the Federal requirements effecting the calculation of Sales and Use Tax by removing Medicaid Managed Health Care (MMHC) providers.

**Federal Operating Grants and Reimbursements** – The Authority receives preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred. For the years ended December 31, 2019, 2018 and 2017, the Authority received approximately \$ 20.2 million, \$16.1 million, and \$16.1 million respectively.

**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 the year ended December 31, 2019, the Authority received \$1.6 million in this category, a 33.3% increase from the year ended December 31, 2018. In the year ended December 31, 2018, the Authority received \$1.2 million in this category, a 36.8% decrease from the year ended December 31, 2017.

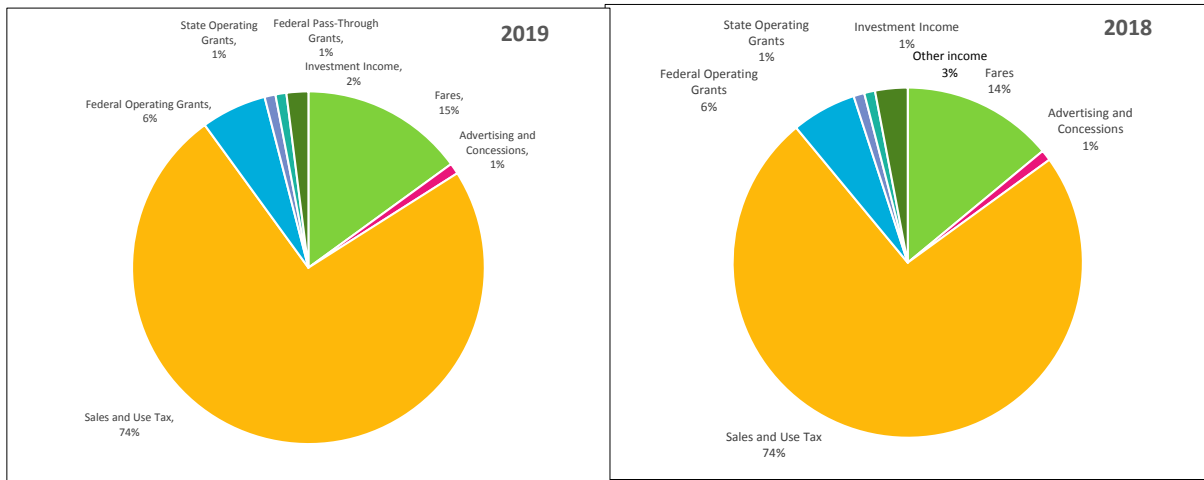
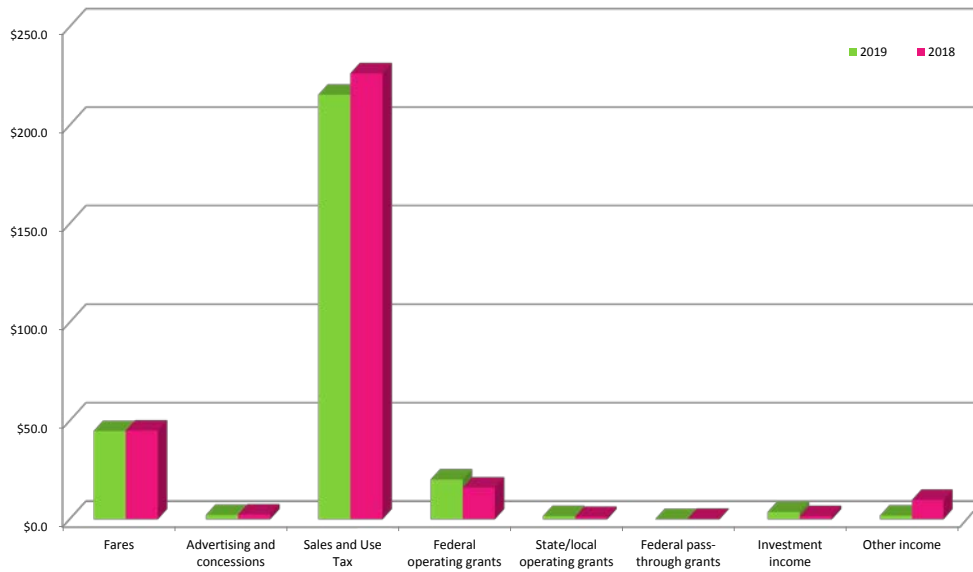
**Investment Income** – Investment income increased by \$2.1 million (131.2%) in year ended December 31, 2019, compared to an increase of \$1.0 million (166.7%) in the year ended December 31, 2018. This increase was attributed to more investments and higher investment rates.

**Other Income** – Other income decreased by \$7.9 million in the year ended December 31, 2019, compared to an increase of \$8,090,718 in the year ended December 31, 2018. Over half of the 2018 increase was due to the sale of Brooklyn and Harvard garages, totaling \$4.4 million.

## Revenue

Millions of Dollars

|                              | <u>2019</u>           | <u>2018</u>           | <u>Increase/(Decrease)</u> |                       |
|------------------------------|-----------------------|-----------------------|----------------------------|-----------------------|
|                              |                       |                       | <u>Amount</u>              | <u>Percent</u>        |
| Fares                        | \$44.8                | \$45.1                | (\$0.3)                    | (0.7) %               |
| Advertising and concessions  | 2.2                   | 2.4                   | (0.2)                      | (8.3)                 |
| Sales and Use Tax            | 215.5                 | 226.4                 | (10.9)                     | (4.8)                 |
| Federal operating grants     | 20.2                  | 16.1                  | 4.1                        | 25.5                  |
| State/local operating grants | 1.6                   | 1.2                   | 0.4                        | 33.3                  |
| Federal pass-through grants  | 0.1                   | 0.2                   | (0.1)                      | (50.0)                |
| Investment income            | 3.7                   | 1.6                   | 2.1                        | 131.3                 |
| Other income                 | 1.9                   | 9.9                   | (8.0)                      | (80.8)                |
| <b>Total</b>                 | <u><b>\$290.0</b></u> | <u><b>\$302.9</b></u> | <u><b>(\$12.9)</b></u>     | <u><b>(4.3)</b></u> % |



## **Expenses**

**Labor and Fringe Benefits:** The personnel and related costs increased by \$41.9 million (22.9%) in the year ended December 31, 2019, compared to that of the year ended December 31, 2018. During 2019, the number of personnel (FTE's) decreased to 2,074, compared to 2,138 for the year ended December 31, 2018. This increase in expense is attributed to the application of the recent GASB standards (GASB 68 and GASB 75), relating to reporting for the state's pension plans and postemployment benefits.

The personnel and related costs decreased by \$43.2 million (19.1%) in the year ended December 31, 2018, compared to that of the year ended December 31, 2017. During 2018, the number of personnel (FTE's) decreased to 2,138, compared to 2,196 for the year ended December 31, 2017. This decrease in expense is attributed to a reduction of FTE's and favorable actuarial results in the state's pension plan.

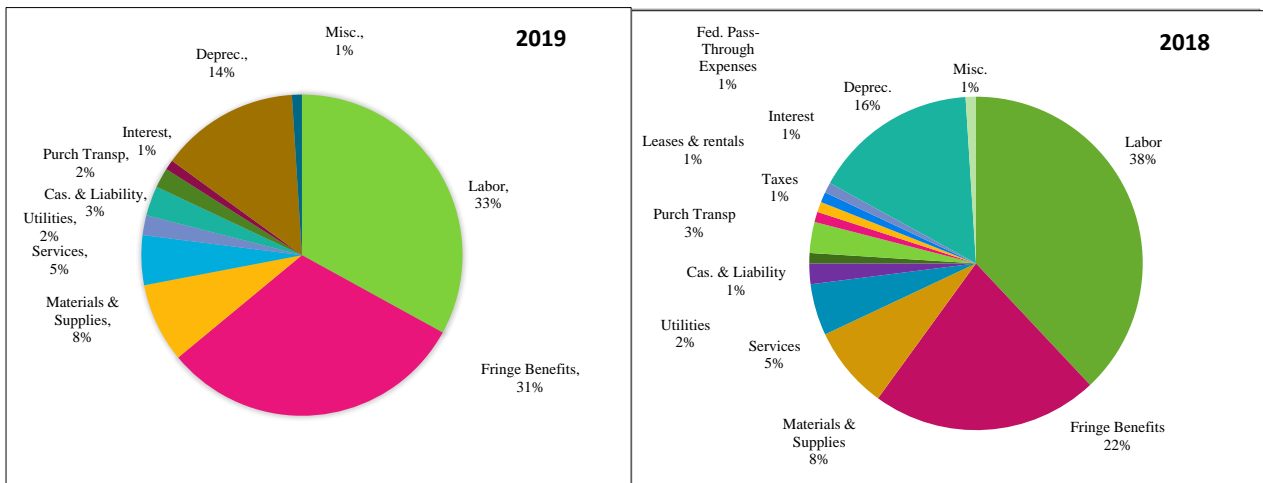
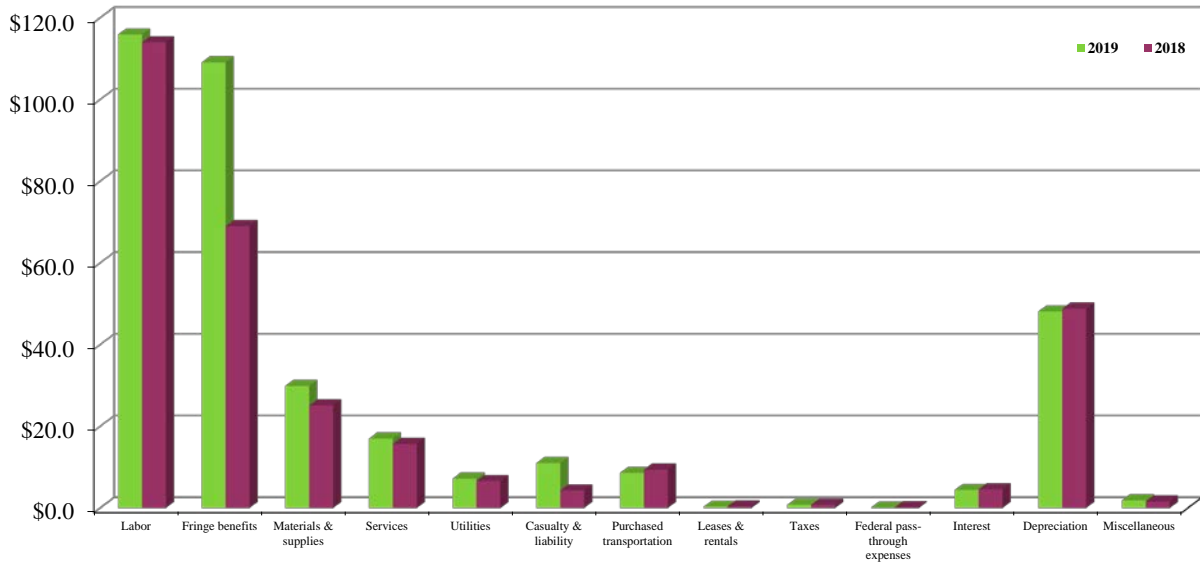
**Materials and Supplies:** The costs in this category increased by \$4.8 million (19.1%) in the year ended December 31, 2019, compared to the year ended December 31, 2018. The increase is a result of updating the communications systems on all Authority vehicles. The costs in this category decreased by \$1.1 million (4.2%) in the year ended December 31, 2018, compared to the year ended December 31, 2017.

**Services:** The costs in this category increased by \$1.3 million (8.3%) in the year December 31, 2019, compared to the year ended December 31, 2018. The increase is due to increased costs for various maintenance contracts. The costs in this category increased by \$.9 million (6.1%) in the year December 31, 2018, compared to the year ended December 31, 2017. The increase is due to increased costs in the predictive maintenance program, and increased costs for various maintenance contracts.

**Casualty and Liability:** These costs increased by \$6.7 million (155.8%) for year ended December 31, 2019 compared to the year ended December 31, 2018, which was due to higher claims in 2019 versus 2018. These costs decreased by \$.2 million (4.4%) for year ended December 31, 2018 compared to the year ended December 31, 2017, which was due to lower claims in 2018 versus 2017. Casualty and liability claims are recorded based on actuarial studies performed for 2018, 2016 and 2014.

## Expenses by Object Class Millions of Dollars

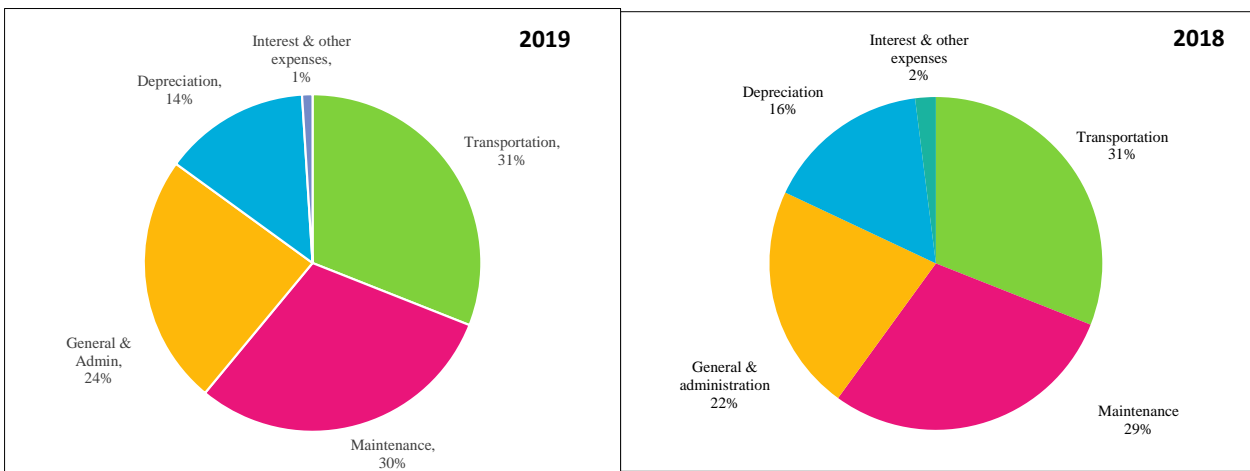
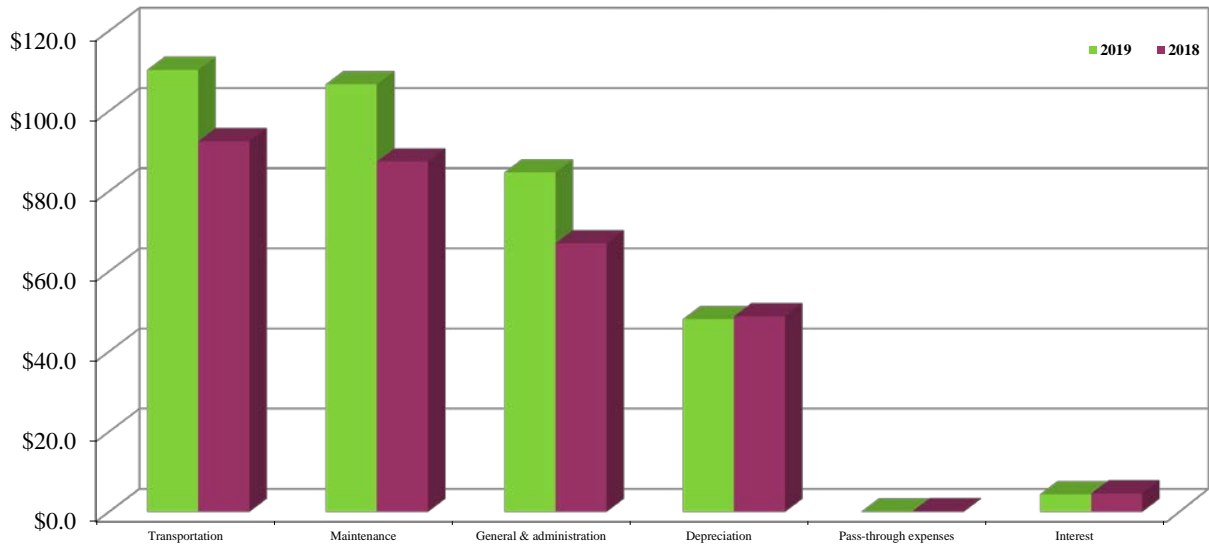
|                               | <u>2019</u>           | <u>2018</u>           | <u>Increase/(Decrease)</u> |                      |
|-------------------------------|-----------------------|-----------------------|----------------------------|----------------------|
|                               |                       |                       | <u>Amount</u>              | <u>Percent</u>       |
| Labor                         | \$115.9               | \$114.0               | \$1.9                      | 1.7 %                |
| Fringe benefits               | 109.1                 | 69.0                  | 40.1                       | 58.1                 |
| Materials & supplies          | 29.9                  | 25.1                  | 4.8                        | 19.1                 |
| Services                      | 17.0                  | 15.7                  | 1.3                        | 8.3                  |
| Utilities                     | 7.2                   | 6.6                   | 0.6                        | 9.1                  |
| Casualty & liability          | 11.0                  | 4.3                   | 6.7                        | 155.8                |
| Purchased transportation      | 8.6                   | 9.4                   | (0.8)                      | (8.5)                |
| Leases & rentals              | 0.3                   | 0.4                   | (0.1)                      | (25.0)               |
| Taxes                         | 0.8                   | 0.8                   | -                          | -                    |
| Federal pass-through expenses | 0.1                   | 0.2                   | (0.1)                      | (50.0)               |
| Interest                      | 4.4                   | 4.6                   | (0.2)                      | (4.3)                |
| Depreciation                  | 48.1                  | 48.8                  | (0.7)                      | (1.4)                |
| Miscellaneous                 | 1.9                   | 1.6                   | 0.3                        | 18.8                 |
| <b>Total</b>                  | <b><u>\$354.3</u></b> | <b><u>\$300.5</u></b> | <b><u>\$53.8</u></b>       | <b><u>17.9 %</u></b> |





## Expenses by Function Millions of Dollars

|                          | <u>2019</u>           | <u>2018</u>           | <b>Increase/(Decrease)</b> |                      |
|--------------------------|-----------------------|-----------------------|----------------------------|----------------------|
|                          |                       |                       | <u>Amount</u>              | <u>Percent</u>       |
| Transportation           | \$110.3               | \$92.5                | \$17.8                     | 19.2 %               |
| Maintenance              | 106.7                 | 87.4                  | 19.3                       | 22.1                 |
| General & administration | 84.7                  | 67.0                  | 17.7                       | 26.4                 |
| Depreciation             | 48.1                  | 48.8                  | (0.7)                      | (1.4)                |
| Pass-through expenses    | 0.1                   | 0.2                   | (0.1)                      | (50.0)               |
| Interest                 | 4.4                   | 4.6                   | (0.2)                      | (4.3)                |
| <b>Total</b>             | <b><u>\$354.3</u></b> | <b><u>\$300.5</u></b> | <b><u>\$53.8</u></b>       | <b><u>17.9 %</u></b> |



## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The largest portion of the Authority's net position is reflected in the investment in capital assets, (buses, rail cars, right-of-way, and operating facilities), net of accumulated depreciation and 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 2019, major construction projects totaling \$24.8 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2019 included the East 116<sup>th</sup> Station Reconstruction project with a total cost of \$6.4 million, and the Opportunity Corridor Section One (East 105<sup>th</sup> Street) Reconstruction project with a cost of \$4.7 million.

The construction in progress balance at December 31, 2019 included costs associated with a portion of the following;

- Tower City Track Reconstruction
- Red Line – West Park to Airport
- Various other projects

During 2018, major construction projects totaling \$36.9 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2018 included the East 34<sup>th</sup> Station Reconstruction (ADA) with a total cost of \$6.0 million, the West 30<sup>th</sup> to West 98<sup>th</sup> Track Replacement with a cost of \$7.7 million, and the Paratransit Bus Replacement Program with a cost of \$2.9 million.

The construction in progress balance at December 31, 2018 included costs associated with a portion of the following;

- East 116<sup>th</sup> Station Reconstruction project
- Opportunity Corridor Section One (East 105<sup>th</sup> Street) Reconstruction
- Various other projects

Readers desiring more detailed information on the Authority's capital assets related activities should read Note 5 - Capital Assets on page 47, which is included in the notes to the basic financial statements.

### **Debt Administration**

The Authority has sold both general obligation and sales tax supported (capital improvement) bonds to partially finance the purchase and construction of various capital assets. Payment of debt service on the outstanding 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 May 7, 2019, the Authority issued \$30,000,000 in sales tax supported bonds to finance certain capital improvements to the Authority's transportation system and pay the costs of issuance of these bonds. The Series 2019 bonds will mature on December 1 of each year beginning 2020, through December 1, 2039 in the principal amounts and will bear interest at the rates set forth in the bond issuance official statement.

On May 26, 2016, the Authority issued \$15,410,000 of sales tax supported refunding bonds to partially refund the 2012 bond. The bonds bear interest rates from 2% to 5% per annum, and mature in various installments through December 1, 2031.

On April 16, 2015 the Authority issued \$51,425,000 of sales tax supported capital improvement and refunding bonds. \$21.4 million of these bonds were used to do a partial refunding of the 2008A outstanding debt and also to prepay the 2007 Master Tax Exempt lease. \$30 million was issued to finance current and future capital improvement projects. The bonds bear interest rates ranging from 2% to 5% per annum, and mature in various installments through December 1, 2034.

On April 16, 2014, the Authority issued \$29,700,000 of sales tax supported capital improvement and refunding bonds. These bonds were used to do a partial refunding of the 2004 and 2006 outstanding debt. The bonds bear interest at rates ranging from 1% to 5% per annum, and mature in various installments through December 1, 2025.

On June 7, 2012, the Authority issued \$42,390,000 of sales tax supported refunding bonds. Of the \$42,390,000, \$25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of the 2004 debt. The bonds bear interest at rates ranging from 1.5% to 5.25% per annum, and mature in various installments though December 1, 2024.

The Authority had \$2.0 million of outstanding capital improvement bonds as of December 31, 2017, of which is callable. The Authority's general obligation debt is rated 'Aa2' by Moody's Investors Service, Inc. and 'AAA' by Standard & Poor's. The sales tax revenue bonds were rated AAA by S&P and Aa1 by Moody's Investors Service, Inc.

For more information, see Note 6 on page 49 of this report.

Total outstanding bonds payable as of December 31, 2019 include:

| <b>Series</b>   | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Original Principal</b> | <b>December 31, 2019 Balance</b> | <b>Average Interest Rate</b> |
|---|-------------------|----------------------|---------------------------|----------------------------------|------------------------------|
| <b><u>Sales Tax Supported and Refunding Bonds</u></b> |                   |                      |                           |                                  |                              |
| Series 2012   | 06/07/12          | 12/1/2024            | \$ 42,390,000             | \$ 13,660,000                    | 5.01%                        |
| Series 2014A  | 04/16/14          | 12/1/2025            | \$ 13,360,000             | 13,360,000                       | 4.50%                        |
| Series 2014B  | 04/16/14          | 12/1/2020            | \$ 16,340,000             | 540,000                          | 1.51%                        |
| Series 2015   | 04/16/15          | 12/1/2034            | \$ 51,425,000             | 44,250,000                       | 4.78%                        |
| Series 2016   | 05/26/16          | 12/1/2031            | \$ 15,410,000             | 15,010,000                       | 4.92%                        |
| Series 2019   | 05/07/19          | 12/1/2039            | \$ 30,000,000             | 30,000,000                       |                              |
| Total Sales Tax Supported Bonds                       |                   |                      |                           | 116,820,000                      |                              |
| Premium   |                   |                      |                           | <u>21,244,434</u>                |                              |
| Total Bonds Payable                                   |                   |                      |                           | <u>\$ 138,064,434</u>            |                              |

Total outstanding bonds payable as of December 31, 2018 include:

| <b>Series</b>   | <b>Issue Date</b> | <b>Maturity Date</b> | <b>Original Principal</b> | <b>December 31, 2018 Balance</b> | <b>Average Interest Rate</b> |
|---|-------------------|----------------------|---------------------------|----------------------------------|------------------------------|
| <b><u>Sales Tax Supported and Refunding Bonds</u></b> |                   |                      |                           |                                  |                              |
| Series 2012   | 06/07/12          | 12/1/2024            | \$ 42,390,000             | \$ 16,680,000                    | 5.01%                        |
| Series 2014A  | 04/16/14          | 12/1/2025            | \$ 13,360,000             | 13,360,000                       | 4.50%                        |
| Series 2014B  | 04/16/14          | 12/1/2020            | \$ 16,340,000             | 4,050,000                        | 1.51%                        |
| Series 2015   | 04/16/15          | 12/1/2034            | \$ 51,425,000             | 47,360,000                       | 4.78%                        |
| Series 2016   | 05/26/16          | 12/1/2031            | \$ 15,410,000             | <u>15,020,000</u>                | 4.92%                        |
| Total Sales Tax Supported Bonds                       |                   |                      |                           | 96,470,000                       |                              |
| Premium   |                   |                      |                           | <u>16,647,645</u>                |                              |
| Total Bonds Payable                                   |                   |                      |                           | <u>\$ 113,117,645</u>            |                              |

### **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**

Statements of Net Position  
As of December 31, 2019 and 2018

|  | <u>2019</u>             | <u>2018</u>           |
|--|-------------------------|-----------------------|
| <b>Assets and Deferred Outflows of Resources</b> |                         |                       |
| Current Assets:                                  |                         |                       |
| Cash and cash equivalents                        | \$ 3,436,397            | \$ 1,743,257          |
| Investments                                      | 51,872,560              | 17,895,776            |
| Restricted for capital assets:                   |                         |                       |
| Cash and cash equivalents                        | 1,213,002               | 1,011,558             |
| Investments                                      | 34,005,922              | 7,263,040             |
| Restricted for debt service:                     |                         |                       |
| Cash and cash equivalents                        | 7,122,612               | 2,733,807             |
| Receivables:                                     |                         |                       |
| Sales & use tax                                  | 57,973,409              | 54,653,423            |
| Trade & accrued interest (net of allowances)     | 3,743,504               | 3,210,874             |
| Naming rights - current portion                  | 663,100                 | 605,541               |
| State capital assistance                         | 17,636                  | -                     |
| Federal capital assistance                       | 6,837,582               | 2,258,752             |
| Commodity swap transactions                      | 63,995                  | 678,615               |
| Material & supplies inventory                    | 16,642,987              | 15,428,173            |
| Deposits & Other Assets                          | 2,553,943               | 1,497,132             |
| Total current assets                             | <u>186,146,649</u>      | <u>108,979,948</u>    |
| Non-current Assets:                              |                         |                       |
| Restricted for capital assets:                   |                         |                       |
| Investments                                      | 13,349,536              | 15,616,109            |
| Investments                                      | 36,333,341              | 63,934,224            |
| Naming Rights                                    | 5,087,124               | 5,184,683             |
| Net Pension Asset - OPERS                        | 538,184                 | 748,415               |
| Total non-current assets                         | <u>55,308,185</u>       | <u>85,483,431</u>     |
| Capital assets:                                  |                         |                       |
| Land   | 38,181,267              | 37,514,567            |
| Infrastructure                                   | 66,999,000              | 65,976,343            |
| Right-of-ways                                    | 321,358,806             | 321,172,688           |
| Buildings, improvements, furniture & fixtures    | 569,170,700             | 551,853,408           |
| Transportation & other equipment                 | 480,082,009             | 489,596,563           |
| Bus rapid transit                                | 163,663,562             | 163,663,562           |
| Construction in progress                         | 79,549,672              | 73,095,037            |
| Total capital assets                             | <u>1,719,005,016</u>    | <u>1,702,872,168</u>  |
| Less : Accumulated depreciation                  | <u>(998,044,531)</u>    | <u>(961,143,171)</u>  |
| Capital assets - net                             | <u>720,960,485</u>      | <u>741,728,997</u>    |
| Total non-current assets and capital assets      | <u>776,268,670</u>      | <u>827,212,428</u>    |
| Total Assets                                     | 962,415,319             | 936,192,376           |
| Deferred Outflows of Resources                   |                         |                       |
| Deferred Outflows of Resources - Refunding       | 1,173,198               | 1,785,302             |
| Deferred Outflows of Resources - OPERS           | 11,836,387              | 8,067,864             |
| Deferred Outflows of Resources - Pension         | 85,977,068              | 44,324,361            |
| Total Deferred Outflows of Resources             | <u>98,986,653</u>       | <u>54,177,527</u>     |
| Total Assets and Deferred Outflows of Resources  | <u>\$ 1,061,401,972</u> | <u>\$ 990,369,903</u> |

The accompanying notes are an integral part of these financial statements

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Net Position

(Continued)

As of December 31, 2019 and 2018

|   | 2019                    | 2018                  |
|---|-------------------------|-----------------------|
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> |                         |                       |
| Current liabilities:  |                         |                       |
| Accounts payable  | \$ 7,743,185            | \$ 9,069,532          |
| Contracts & other payables  | 10,584,437              | 3,791,299             |
| Contract retainers  | 1,120,099               | 1,076,611             |
| Interest payable - bonds  | 474,809                 | 414,578               |
| Accrued wages & benefits  | 12,429,603              | 13,067,773            |
| Current portion - compensated absences                                    | 3,839,257               | 4,056,896             |
| Current portion - long-term debt  | 10,560,000              | 9,650,000             |
| Current portion - self-insurance liabilities                              | 13,723,547              | 9,904,443             |
| Current portion - unearned revenue  | 3,621,453               | 4,095,565             |
| Total current liabilities   | <u>64,096,390</u>       | <u>55,126,697</u>     |
| Non-current liabilities   |                         |                       |
| Compensated absences  | 7,101,039               | 7,203,630             |
| Long term debt  | 127,504,434             | 103,467,645           |
| Self-insurance liabilities  | 8,619,650               | 12,130,300            |
| Net Pension Liability - OPERS   | 268,388,986             | 158,262,417           |
| Net OPEB Liability - OPERS  | 123,074,664             | 105,768,140           |
| Unearned revenue  | 4,916,583               | 5,184,683             |
| Other Long Term Liabilities   | 1,174,795               | 1,174,795             |
| Total non-current liabilities   | <u>540,780,151</u>      | <u>393,191,610</u>    |
| Total liabilities   | <u>604,876,541</u>      | <u>448,318,306</u>    |
| Deferred Inflows of Resources :   |                         |                       |
| Deferred Inflows of Resources - OPERS                                     | 333,939                 | 7,879,020             |
| Deferred Inflows of Resources - Pension                                   | 3,677,383               | 37,256,101            |
| Total Deferred Inflows of Resources                                       | <u>4,011,322</u>        | <u>45,135,121</u>     |
| Total Liability and Deferred Inflows of Resources                         | <u>608,887,863</u>      | <u>493,453,428</u>    |
| Net Position  |                         |                       |
| Net Investment in Capital Assets  | 584,069,249             | 630,396,654           |
| Restricted for Capital Projects   | (19,928,168)            | 13,315,363            |
| Restricted for Debt Service   | 36,647,642              | 2,319,077             |
| Unrestricted  | (148,274,614)           | (149,114,619)         |
| Total net position  | <u>452,514,109</u>      | <u>496,916,475</u>    |
| Total Liabilities, Deferred Inflows of Resources, and Net Position        | <u>\$ 1,061,401,972</u> | <u>\$ 990,369,903</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, 2019 and 2018

|  | 2019           | 2018           |
|--|----------------|----------------|
| Operating revenues:  |                |                |
| Passenger fares  | \$ 44,771,362  | \$ 45,159,787  |
| Advertising and concessions  | 2,229,727      | 2,379,545      |
| Total operating revenues   | 47,001,089     | 47,539,332     |
| Operating expenses, excluding depreciation:                          |                |                |
| Labor and fringe benefits  | 224,973,625    | 183,029,832    |
| Materials and supplies   | 29,940,768     | 25,063,432     |
| Services   | 17,019,015     | 15,703,516     |
| Utilities  | 7,164,292      | 6,552,454      |
| Casualty and liability   | 10,950,985     | 4,345,103      |
| Purchased transportation   | 8,590,896      | 9,350,977      |
| Leases and rentals   | 358,686        | 416,019        |
| Taxes  | 841,380        | 816,954        |
| Miscellaneous  | 1,823,273      | 1,632,870      |
| Total operating expenses before depreciation                         | 301,662,920    | 246,911,157    |
| Depreciation   | 48,060,852     | 48,836,884     |
| Total operating expenses   | 349,723,772    | 295,748,041    |
| Operating loss   | (302,722,683)  | (248,208,709)  |
| Non-operating revenues (expenses):                                   |                |                |
| Sales and use tax revenue  | 215,512,064    | 226,406,329    |
| Federal operating grants and reimbursements                          | 20,192,744     | 16,126,264     |
| State/local operating grants and reimbursements                      | 1,616,685      | 1,197,887      |
| Federal pass-through grants revenue                                  | 69,786         | 192,171        |
| Federal pass-through expense   | (69,786)       | (192,171)      |
| Investment income  | 3,735,989      | 1,625,072      |
| Interest expense   | (4,469,980)    | (4,627,375)    |
| Other income   | 1,924,663      | 9,874,912      |
| Total non-operating income   | 238,512,165    | 250,603,089    |
| Net gain/(loss) before capital grant revenue                         | (64,210,518)   | 2,394,380      |
| Capital grants revenue:  |                |                |
| Federal  | 19,783,152     | 31,727,545     |
| State  | 25,000         | 6,729          |
| Total capital grants revenue   | 19,808,152     | 31,734,274     |
| Increase/(Decrease) in net position                                  | (44,402,366)   | 34,128,654     |
| Net position, beginning of year                                      | 496,916,475    | 564,389,674    |
| Cumulative effect due to change in Accounting Principle (see note 2) | -              | (101,601,853)  |
| Net position, end of year  | \$ 452,514,109 | \$ 496,916,475 |

The accompanying notes are an integral part of these financial statements



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

|   | <u>2019</u>          | <u>2018</u>          |
|---|----------------------|----------------------|
| Cash flows from operating activities:   |                      |                      |
| Cash received from customers  | \$ 47,322,071        | \$ 48,143,141        |
| Cash payments to suppliers for goods and services   | (68,721,662)         | (63,235,317)         |
| Cash payments to employees for services and payroll taxes                                 | (135,787,750)        | (135,316,522)        |
| Cash payments for employee benefits   | (58,710,992)         | (49,856,637)         |
| Cash payments for casualty and liability  | (10,642,531)         | (4,887,902)          |
| Other receipts  | 1,924,663            | 9,874,912            |
| Net cash used in operating activities   | <u>(224,616,201)</u> | <u>(195,278,325)</u> |
| Cash flows from noncapital financing activities:  |                      |                      |
| Sales and use taxes received  | 212,192,078          | 222,602,876          |
| Grants, reimbursements, and special fare assistance:                                      |                      |                      |
| Federal   | 20,192,744           | 21,230,617           |
| State and local   | 1,616,685            | 2,201,925            |
| Net cash provided by noncapital financing activities                                      | <u>234,001,507</u>   | <u>246,035,418</u>   |
| Cash flows from capital and related financing activities:                                 |                      |                      |
| Federal capital grant revenue   | 15,204,322           | 31,919,716           |
| State capital grant revenue   | 7,364                | 6,729                |
| Acquisition and construction of capital assets  | (14,784,844)         | (28,806,411)         |
| Proceeds from new debt  | 36,071,289           | -                    |
| Principal paid on bonds payable and other debt  | (9,650,000)          | (11,945,000)         |
| Interest paid on bonds and other debt   | (2,833,827)          | (4,974,937)          |
| Net cash provided/ (used) in capital and related financing activities                     | <u>24,014,304</u>    | <u>(13,799,903)</u>  |
| Cash flows from investing activities:   |                      |                      |
| Purchases of investments  | (331,541,706)        | (65,433,618)         |
| Proceeds from maturities of investments   | 300,689,496          | 25,646,747           |
| Interest received from investments  | 3,735,989            | 1,625,072            |
| Net cash used by investing activities   | <u>(27,116,221)</u>  | <u>(38,161,799)</u>  |
| Net increase/(decrease) in cash and cash equivalents                                      | 6,283,389            | (1,204,609)          |
| Cash and cash equivalents, beginning of year  | <u>5,488,622</u>     | <u>6,693,231</u>     |
| Cash and cash equivalents, end of year  | \$ <u>11,772,011</u> | \$ <u>5,488,622</u>  |
| Supplemental cash flows disclosures:  |                      |                      |
| Noncash investing and capital and related financing activities:                           |                      |                      |
| Increase/ (Decrease) in fair value of investments   | \$ <u>586,829</u>    | \$ <u>(255,184)</u>  |
| Decrease in long-term debt due to deferred refunding costs,<br>premium, and amortization. | \$ <u>1,629,445</u>  | \$ <u>1,814,318</u>  |

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

## Statements of Cash Flows

(Continued)

For the years ended December 31, 2019 and 2018

|   | <u>2019</u>             | <u>2018</u>             |
|---|-------------------------|-------------------------|
| Reconciliation of operating loss to net cash used in operating activities:                                    |                         |                         |
| Operating loss  | \$ (302,722,683)        | \$ (248,208,709)        |
| Adjustments to reconcile operating loss to net cash used in operating activities:                             |                         |                         |
| Depreciation  | 48,060,852              | 48,836,884              |
| Accrual Adjustments   | 31,433,282              | -                       |
| Other receipts classified as non operating income   | 1,924,663               | 9,874,912               |
| Non-Cash Accrual Adjustments related to Employee Benefits   |                         |                         |
| Change in assets and Liabilities  |                         |                         |
| (Increase)/ decrease in other receivables   | (532,630)               | 2,378,809               |
| (Increase)/ decrease in naming rights receivable  | 40,000                  | 351,219                 |
| (Increase)/ decrease in Deferred Outflows   | (44,809,126)            | -                       |
| (Increase)/ decrease in deposits  | (442,191)               | (221,141)               |
| Increase/ (decrease) in unearned revenue  | (742,212)               | (2,101,146)             |
| (Increase)/ decrease in materials and supply inventory  | (1,214,814)             | (1,048,073)             |
| Increase/ (decrease) in accounts payable, pension, accrued compensation, self-insurance liabilities and other | 44,388,658              | (5,141,080)             |
| Net cash used in operating activities   | \$ <u>(224,616,201)</u> | \$ <u>(195,278,325)</u> |

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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 (the 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 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 Sales and Use Taxes are 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 rate for the Authority 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 non-voted 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 by the Authority through 2018. 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. 61 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. 61, 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 2019 and 2018.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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 recorded 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 or market prices provided by recognized broker dealers.

**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**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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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 statement of position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for certain pension related and Other Post-Employment Benefits (OPEB) related amounts, such as change in expected and actual experience, changes in assumptions and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 7 and Note 8, respectively. The Authority has also recorded deferred outflow of resources for the unamortized bond refundings. See Note 6 for more detailed information.

**Deferred Inflows of Resources** – The statement of position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources for certain pension related and OPEB related amounts, such as the difference between projected and actual earnings of the plan’s investments. More detailed information can be found in Note 7 and Note 8.

**Pension** - For the purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) Pension Plan and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefit Cost (OPEB)** – For the purposes of measuring the net other postemployment benefit liability, deferred outflows of resources and deferred inflow of resources related to OPEB expense, information about the fiduciary net position of the OPERS pension plan and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by the OPERS. OPEB uses the economic resources measurement focus and the full accrual basis of accounting. Benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB systems report investments at fair value.

**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

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment.

Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivable and revenues over the entitlement periods.

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grants receivable and 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 non-operating revenues in the period operating expenses are incurred. Capital grants received in advance of project costs being incurred are reported as deferred inflows.

The Sales and Use Tax receivable is recorded when the economic activity occurred, from 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.

**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 the Authority’s termination policies.

|                      | <b>2019</b>          | <b>2018</b>          |
|----------------------|----------------------|----------------------|
| Beginning Balance    | \$ 11,260,526        | \$ 11,262,586        |
| Incurred             | 9,950,731            | 10,457,765           |
| Payments             | (10,270,961)         | (10,459,825)         |
| Balance, End of Year | <u>\$ 10,940,296</u> | <u>\$ 11,260,526</u> |
| Due Within One Year  | <u>\$ 3,839,257</u>  | <u>\$ 4,056,896</u>  |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**Self-Liabilities and Expense** – The Authority has a self-insurance program for third-party bodily injury liability, third-party 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.

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

**Changes in Accounting Principles**

For fiscal year 2018, the Authority implemented Governmental Accounting Standards Board,(GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, GASB Statement No. 85, Omnibus 2017, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*. The implementation of these pronouncements has the following effect on net position, as reported for December 31, 2017:

|  |    |               |
|--|----|---------------|
| Net Position December 31, 2017 - as previously stated            | \$ | 564,389,674   |
| Adjustments:   |    |               |
| OPEB Deferred Outflow-Payments Subsequent to<br>Measurement Date |    | 2,530,932     |
| Net OPEB Liability - (See Note 8)                                |    | (104,132,785) |
| Cumulative effect due to change in Accounting Principle          |    | (101,601,853) |
| Net Position December 31, 2017 - restated                        | \$ | 462,787,821   |

Newly Issued Accounting Pronouncements:

As of the report date, the GASB issued the following statements not yet implemented by the Authority:

GASB Statement No. 87, *Leases*, issued June 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements, issued March 2018. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes related to debt. The Authority does not currently possess any debt eligible under this pronouncement as direct borrowings or direct placements.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, issued June 2018. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to simplify accounting for interest cost incurred before the end of construction, requiring them to be expensed as incurred.

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

The following is a listing of deposits and investments held by the Authority at December 31, 2019 and 2018:

|                 | <b>2019</b>           | <b>2018</b>           |
|-----------------|-----------------------|-----------------------|
| Demand deposits | \$ 11,714,311         | \$ 5,305,522          |
| Cash on hand    | 57,700                | 183,100               |
| Investments     | <u>135,561,359</u>    | <u>104,709,149</u>    |
| Total           | <u>\$ 147,333,370</u> | <u>\$ 110,197,771</u> |
| Bank balance    | <u>\$ 12,957,142</u>  | <u>\$ 5,221,396</u>   |

The deposits and investments of the Authority at December 31, 2019 and 2018 are reflected in the financial statements as follows:

|   | <b>2019</b>           | <b>2018</b>           |
|---|-----------------------|-----------------------|
| Current Assets:                             |                       |                       |
| Cash and cash equivalents                   | \$ 3,436,397          | \$ 1,743,257          |
| Investments                                 | 51,872,560            | 17,895,776            |
| Restricted Assets:                          |                       |                       |
| Cash and cash equivalents                   | 8,335,614             | 3,745,365             |
| Investments                                 | 34,005,922            | 7,263,040             |
| Noncurrent Assets:                          |                       |                       |
| Investments - Restricted for capital assets | 13,349,536            | 15,616,109            |
| Investments                                 | <u>36,333,341</u>     | <u>63,934,224</u>     |
| Total deposits and investments              | <u>\$ 147,333,370</u> | <u>\$ 110,197,771</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 (STAR Ohio), and obligations of the United States government or certain agencies thereof. The STAR OHIO maintains a stable net asset value per share by using the amortized cost method of portfolio valuation. STAR OHIO has established procedures to stabilize the net value per share, as computed for the purpose of purchase and redemption, at a single value of \$1.00. The Authority may also enter into repurchase agreements with any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding 30 days.



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
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***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. In addition to the deposits of \$250,000, per institution, being insured by the Federal Deposit Insurance Corporation (FDIC), these financial institutions may (1) pledge a pool of governmental securities that the face value shall be at least 105% of the total value of public monies on deposit or (2) participate in the Ohio Pooled Collateral System (OPCS). Participation in OPCS requires that the total market value of the securities pledged to be at least 102% of the deposits being secured or at a rate set by the Treasurer of State. For the year ended December 31, 2019, the Authority's financial institutions were enrolled in OPCS.

For the years ended December 31, 2019 and December 31, 2018, \$750,000 of the bank balances of \$12,957,142 and \$5,221,396, respectively, were covered by the FDIC. The remaining balances were covered by the pools of pledged securities.

***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 fair 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, 2019 and 2018, the Authority has no investments 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.

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As of December 31, 2019, the Authority's investment maturities were as follows:

| Investment Type                        | Total<br>Amount       | Remaining Maturity as of<br>December 31, 2019 |                      |                      |
|--|-----------------------|---|----------------------|----------------------|
|  |                       | 12 Months<br>or Less                          | 12 to 24<br>Months   | 24 to 60<br>Months   |
| Federal Farm Credit Bank               | \$ 31,185,132         | \$ 1,498,770                                  | \$ 6,997,620         | \$ 22,688,742        |
| Federal National Mortgage Association  | 8,000,760             | 8,000,760                                     |                      |                      |
| Federal Home Loan Mortgage Corporation | 23,732,992            | 13,878,410                                    | 1,008,570            | 8,846,012            |
| Federal Home Loan Bank                 | 13,143,013            | 3,001,080                                     | 10,141,933           |                      |
| Star Ohio - Money Market Funds         | 59,499,462            | 59,499,462                                    |                      |                      |
| <b>Total</b>                           | <b>\$ 135,561,359</b> | <b>\$ 85,878,482</b>                          | <b>\$ 18,148,123</b> | <b>\$ 31,534,754</b> |

As of December 31, 2018, the Authority's investment maturities were as follows:

| Investment Type                        | Total<br>Amount       | Remaining Maturity as of<br>December 31, 2018 |                      |                      |
|--|-----------------------|---|----------------------|----------------------|
|  |                       | 12 Months<br>or Less                          | 12 to 24<br>Months   | 24 to 60<br>Months   |
| Federal Farm Credit Bank               | \$ 18,415,477         |   | \$ 11,353,725        | \$ 7,061,752         |
| Federal National Mortgage Association  | 19,815,270            | \$ 8,929,370                                  | 7,905,970            | 2,979,930            |
| Federal Home Loan Mortgage Corporation | 22,934,341            | 988,850                                       | 17,155,255           | 4,790,236            |
| Federal Home Loan Bank                 | 30,282,846            | 1,979,380                                     | 9,897,910            | 18,405,556           |
| Star Ohio - Money Market Funds         | 13,261,215            | 13,261,215                                    |                      |                      |
| <b>Total</b>                           | <b>\$ 104,709,149</b> | <b>\$ 25,158,815</b>                          | <b>\$ 46,312,860</b> | <b>\$ 33,237,474</b> |

***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, commercial paper, interim deposits and the Treasurer of State's Pooled Investment Program (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.

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As of December 31, 2019, the credit quality ratings of the Authority's investments were as follows:

| Investment Type                          | Amount                | Rating<br>AAA         |
|--|-----------------------|-----------------------|
| Federal Farm Credit Bank                 | \$ 31,185,132         | \$ 31,185,132         |
| Federal National Mortgage Association    | 8,000,760             | 8,000,760             |
| Federal Home Loan Mortgage Corporation   | 23,732,992            | 23,732,992            |
| Federal Home Loan Bank                   | 13,143,013            | 13,143,013            |
| Star Ohio - Money Market Funds           | 59,499,462            | 59,499,462            |
| Total Investments measured at Fair Value | <u>\$ 135,561,359</u> | <u>\$ 135,561,359</u> |

Rating Organization: Moody; Standard & Poor's for Money Market Funds

As of December 31, 2018, the credit quality ratings of the Authority's investments were as follows:

| Investment Type                          | Amount                | Rating<br>AAA         |
|--|-----------------------|-----------------------|
| Federal Farm Credit Bank                 | \$ 18,415,477         | \$ 18,415,477         |
| Federal National Mortgage Association    | 19,815,270            | 19,815,270            |
| Federal Home Loan Mortgage Corporation   | 22,934,341            | 22,934,341            |
| Federal Home Loan Bank                   | 30,282,846            | 30,282,846            |
| Star Ohio - Money Market Funds           | 13,261,215            | 13,261,215            |
| Total Investments measured at Fair Value | <u>\$ 104,709,149</u> | <u>\$ 104,709,149</u> |

Rating Organization: Moody; Standard & Poor's for Money Market Funds

***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 limiting 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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Investments in any one issuer that represent 5% or more of total investment portfolio of Authority as of December 31, 2019 are as shown below:

| Investment Type/ Issuer                | Allocation as of December 31, 2019 |                               |
|--|------------------------------------|-------------------------------|
|  | Reported Amount                    | Percentage of Total Portfolio |
| Star Ohio - Money Market Funds         | \$ 59,499,462                      | 44%                           |
| Federal National Mortgage Association  | 8,000,760                          | 6%                            |
| Federal Home Loan Mortgage Corporation | 23,732,992                         | 18%                           |
| Federal Farm Credit Bank               | 31,185,132                         | 23%                           |
| Federal Home Loan Bank                 | 13,143,013                         | 10%                           |
| Total                                  | <u>\$ 135,561,359</u>              | <u>100%</u>                   |

Investments in any one issuer that represent 5% or more of total investment portfolio of Authority as of December 31, 2018 are as shown below:

| Investment Type/ Issuer                | Allocation as of December 31, 2018 |                               |
|--|------------------------------------|-------------------------------|
|  | Reported Amount                    | Percentage of Total Portfolio |
| Star Ohio - Money Market Funds         | \$ 13,261,215                      | 13%                           |
| Federal National Mortgage Association  | 19,815,270                         | 19%                           |
| Federal Home Loan Mortgage Corporation | 22,934,341                         | 22%                           |
| Federal Farm Credit Bank               | 18,415,477                         | 18%                           |
| Federal Home Loan Bank                 | 30,282,846                         | 29%                           |
| Total                                  | <u>\$ 104,709,149</u>              | <u>100%</u>                   |

**Investment Hierarchy** - Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued by third party pricing services using a matrix pricing model. Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are classified in Level 3 of the fair value hierarchy. The Authority has the following fair value measurements as of December 31, 2019 and 2018.

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STAR OHIO and money market investments are valued at amortized cost and thus are not classified in the fair value hierarchy.

As of December 31, 2019, the Authority's investment maturities were as follows:

| Investment Type                                 | Total<br>Amount      | Fair Value<br>Measurement as of<br>December 31, 2019 |
|---|----------------------|--|
|   |                      | Level 1  |
| Federal National Mortgage Association           | \$ 8,000,760         | \$ 8,000,760   |
| Federal Home Loan Mortgage Corporation          | 23,732,992           | 23,732,992   |
| Federal Farm Credit Bank                        | 31,185,132           | 31,185,132   |
| Federal Home Loan Bank                          | 13,143,013           | 13,143,013   |
| <b>Total Investments measured at Fair Value</b> | <u>\$ 76,061,897</u> | <u>\$ 76,061,897</u>                                 |

As of December 31, 2018, the Authority's investment maturities were as follows:

| Investment Type                                 | Total<br>Amount      | Fair Value<br>Measurement as of<br>December 31, 2018 |
|---|----------------------|--|
|   |                      | Level 1  |
| Federal National Mortgage Association           | \$ 19,815,270        | \$ 19,815,270  |
| Federal Home Loan Mortgage Corporation          | 22,934,341           | 22,934,341   |
| Federal Farm Credit Bank                        | 18,415,477           | 18,415,477   |
| Federal Home Loan Bank                          | 30,282,846           | 30,282,846   |
| <b>Total Investments measured at Fair Value</b> | <u>\$ 91,447,934</u> | <u>\$ 91,447,934</u>                                 |

#### 4. NAMING RIGHTS

In prior years, the Authority entered into several contracts with various Cleveland institutions to secure naming rights on certain Authority's transit lines and stations. A "Naming Rights Receivable" has been recorded. The current portion of the naming rights receivable as of December 31, 2019 and 2018 was \$663,100 and \$605,541 respectively. The long-term portion of the receivable is reflected in the non-current assets section on the Statements of Net Position.

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**5. CAPITAL ASSETS**

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

|   | Balance<br>January 1,<br>2019 | Transfers/<br>Additions | CIP Transfers/<br>Disposals | Balance December<br>31, 2019 |
|---|-------------------------------|-------------------------|-----------------------------|------------------------------|
| Capital Assets Not Being Depreciated:       |                               |                         |                             |                              |
| Land  | \$ 37,514,567                 | \$ 666,700              |                             | \$ 38,181,267                |
| Construction in Progress                    | 73,095,037                    | 31,280,370              | \$ 24,825,735               | 79,549,672                   |
| Total Capital Assets Not Being Depreciated  | 110,609,604                   | 31,947,070              | 24,825,735                  | 117,730,939                  |
| Capital Assets Being Depreciated:           |                               |                         |                             |                              |
| Infrastructure                              | 65,976,343                    | 1,022,657               |                             | 66,999,000                   |
| Right-of-Ways                               | 321,172,688                   | 186,118                 |                             | 321,358,806                  |
| Building, Furniture & Fixtures              | 551,853,408                   | 17,809,984              | 492,692                     | 569,170,700                  |
| Transportation and Other Equipment          | 489,596,563                   | 1,392,027               | 10,906,581                  | 480,082,009                  |
| Bus Rapid Transit                           | 163,663,562                   |                         |                             | 163,663,562                  |
| Total Capital Assets Being Depreciated      | 1,592,262,564                 | 20,410,786              | 11,399,273                  | 1,601,274,077                |
| Less Accumulated Depreciation:              |                               |                         |                             |                              |
| Infrastructure                              | 24,155,794                    | 1,417,693               |                             | 25,573,487                   |
| Right-of-Ways                               | 201,601,253                   | 6,471,579               |                             | 208,072,832                  |
| Building, Furniture & Fixtures              | 329,942,129                   | 18,735,472              | 252,911                     | 348,424,690                  |
| Transportation and Other Equipment          | 368,761,339                   | 17,799,291              | 10,906,581                  | 375,654,049                  |
| Bus Rapid Transit                           | 36,682,656                    | 3,636,817               |                             | 40,319,473                   |
| Total Accumulated Depreciation              | 961,143,171                   | 48,060,852              | 11,159,492                  | 998,044,531                  |
| Total Capital Assets Being Depreciated, Net | 631,119,393                   | (27,650,066)            | 239,781                     | 603,229,546                  |
| Total Capital Assets, Net                   | \$ 741,728,997                | \$ 4,297,004            | \$ 25,065,516               | \$ 720,960,485               |

Remaining costs to complete construction projects, as of December 31, 2019, which will extend over a period of several years, total \$54.6 million. Approximately \$51.2 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with sales tax revenue or long-term debt. The major projects that the Authority completed in 2019 are the East 116<sup>th</sup> Street Light Rail rehabilitation and the Farnsleigh Station reconstruction.

Per changes in GAAP, capitalized interest is now expensed in the period when incurred. Accordingly, we no longer present capitalized interest associated with ongoing capital projects.

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Capital asset activity for the year ended December 31, 2018 was as follows:

|   | Balance<br>January 1,<br>2018 | Transfers/<br>Additions | CIP Transfers/<br>Disposals | Balance December<br>31, 2018 |
|---|-------------------------------|-------------------------|-----------------------------|------------------------------|
| Capital Assets Not Being Depreciated:       |                               |                         |                             |                              |
| Land  | \$ 37,514,566                 | \$ 1                    |                             | \$ 37,514,567                |
| Construction in Progress                    | 61,414,598                    | 45,972,341              | \$ 34,291,902               | 73,095,037                   |
| Total Capital Assets Not Being Depreciated  | <u>98,929,164</u>             | <u>45,972,342</u>       | <u>34,291,902</u>           | <u>110,609,604</u>           |
| Capital Assets Being Depreciated:           |                               |                         |                             |                              |
| Infrastructure                              | 65,653,697                    | 1,114,091               | 791,445                     | 65,976,343                   |
| Right-of-Ways                               | 314,758,818                   | 7,753,998               | 1,340,128                   | 321,172,688                  |
| Building, Furniture & Fixtures              | 578,819,400                   | 8,672,706               | 35,638,698                  | 551,853,408                  |
| Transportation and Other Equipment          | 501,861,700                   | 19,335,061              | 31,600,198                  | 489,596,563                  |
| Bus Rapid Transit                           | 163,605,174                   | 58,388                  |                             | 163,663,562                  |
| Total Capital Assets Being Depreciated      | <u>1,624,698,789</u>          | <u>36,934,244</u>       | <u>69,370,469</u>           | <u>1,592,262,564</u>         |
| Less Accumulated Depreciation:              |                               |                         |                             |                              |
| Infrastructure                              | 23,612,026                    | 1,335,213               | 791,445                     | 24,155,794                   |
| Right-of-Ways                               | 196,441,558                   | 6,499,821               | 1,340,126                   | 201,601,253                  |
| Building, Furniture & Fixtures              | 343,870,483                   | 18,699,083              | 32,627,437                  | 329,942,129                  |
| Transportation and Other Equipment          | 381,692,166                   | 18,666,956              | 31,597,783                  | 368,761,339                  |
| Bus Rapid Transit                           | 33,046,847                    | 3,635,811               | 2                           | 36,682,656                   |
| Total Accumulated Depreciation              | <u>978,663,080</u>            | <u>48,836,884</u>       | <u>66,356,793</u>           | <u>961,143,171</u>           |
| Total Capital Assets Being Depreciated, Net | <u>646,035,709</u>            | <u>(11,902,640)</u>     | <u>3,013,676</u>            | <u>631,119,393</u>           |
| Total Capital Assets, Net                   | <u>\$ 744,964,873</u>         | <u>\$ 34,069,702</u>    | <u>\$ 37,305,578</u>        | <u>\$ 741,728,997</u>        |

Remaining costs to complete construction projects, as of December 31, 2018, which will extend over a period of several years, total \$98.1 million. Approximately \$57.2 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with sales tax revenue or long-term debt. The major projects that the Authority completed in 2018 are the East 34<sup>th</sup> Street Rapid Station and the Red Line West Track Rehabilitation.

For the year ended December 31, 2018, capitalized interest was \$36,568.

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**6. LONG-TERM DEBT**

Long-term bonds at December 31, 2019 consist of the following:

| Issue   | Average<br>Interest<br>Rate | Balance<br>January 1,<br>2019 | Additions           | Reductions           | Balance<br>December 31,<br>2019 | Due Within<br>One Year |
|---|-----------------------------|-------------------------------|---------------------|----------------------|---------------------------------|------------------------|
| Series 2012-Sales Tax Revenue Bonds                       | 5.01                        | \$ 16,680,000                 |                     | \$ 3,020,000         | \$ 13,660,000                   | \$ 3,160,000           |
| Series 2014A-Sales Tax Revenue Bonds                      | 4.50                        | 13,360,000                    |                     |                      | 13,360,000                      | 3,055,000              |
| Series 2014B-Sales Tax Revenue Bonds                      | 1.51                        | 4,050,000                     |                     | 3,510,000            | 540,000                         | 540,000                |
| Series 2015 Sales Tax Capital Improvement Refunding Bonds | 4.78                        | 47,360,000                    |                     | 3,110,000            | 44,250,000                      | 2,890,000              |
| Series 2016 Sales Tax Supported Refunding Bonds           | 4.92                        | 15,020,000                    |                     | 10,000               | 15,010,000                      | 10,000                 |
| Series 2019 Sales Tax Supported Refunding Bonds           |                             | -                             | \$ 30,000,000       |                      | 30,000,000                      | 905,000                |
| Premium   |                             | 16,647,645                    | 6,226,234           | 1,629,445            | 21,244,434                      |                        |
| Total Long-Term Debt                                      |                             | <u>\$ 113,117,645</u>         | <u>\$ 6,226,234</u> | <u>\$ 11,279,445</u> | <u>\$ 138,064,434</u>           | <u>\$ 10,560,000</u>   |

Long-term bonds at December 31, 2018 consist of the following:

| Issue   | Average<br>Interest<br>Rate | Balance<br>January 1,<br>2018 | Additions     | Reductions           | Balance<br>December 31,<br>2018 | Due Within<br>One Year |
|---|-----------------------------|-------------------------------|---------------|----------------------|---------------------------------|------------------------|
| Series 2008-GO Bonds                                      | 4.57                        | \$ 1,995,000                  |               | \$ 1,995,000         |                                 |                        |
| Series 2012-Sales Tax Revenue Bonds                       | 5.01                        | 19,555,000                    |               | 2,875,000            | \$ 16,680,000                   | \$ 3,020,000           |
| Series 2014A-Sales Tax Revenue Bonds                      | 4.50                        | 13,360,000                    |               |                      | 13,360,000                      |                        |
| Series 2014B-Sales Tax Revenue Bonds                      | 1.51                        | 10,055,000                    |               | 6,005,000            | 4,050,000                       | 3,510,000              |
| Series 2015 Sales Tax Capital Improvement Refunding Bonds | 4.78                        | 48,420,000                    |               | 1,060,000            | 47,360,000                      | 3,110,000              |
| Series 2016 Sales Tax Supported Refunding Bonds           | 4.92                        | 15,030,000                    |               | 10,000               | 15,020,000                      | 10,000                 |
| Premium   |                             | 18,461,963                    |               | 1,814,318            | 16,647,645                      |                        |
| Total Long-Term Debt                                      |                             | <u>\$ 126,876,963</u>         | <u>\$ -0-</u> | <u>\$ 13,759,318</u> | <u>\$ 113,117,645</u>           | <u>\$ 9,650,000</u>    |

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. \$18,540,000 of these bonds were used for the partial advance refunding of the 2004 capital improvement and refunding bonds. The aggregate debt service on the 2004 bonds was \$27,078,250 versus \$25,095,164. As a result of the advanced refunding, the Authority's net present value of savings was \$1,673,884 which constitutes the economic gain on the transaction. 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, 2019 is \$12,270,000.

On April 16, 2014, the Authority issued \$13,360,000 in tax-exempt sales tax supported bonds (2014A) and \$16,340,000 in taxable sales tax support bonds (2014B). The 2014A bonds bear interest at rates ranging from 3.00% to 5.00%, with a final maturity date of December 1, 2025. The 2014B bonds bear interest at rates ranging from .0735% to 2.937%, with a maturity date of December 1, 2020. Proceeds of the bonds were used for a partial advance refunding of the 2004 and 2006 debt. The aggregate debt service on the 2004 and 2006 bonds was



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\$38,395,668 versus \$36,435,105. As a result of the advanced refunding, the Authority's net present value of savings was \$1,340,643 which constitutes the economic gain on the transaction. 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, 2019, is \$14,525,000.

On April 16, 2015 the Authority issued \$51,425,000 of sales tax supported capital improvement and refunding bonds. \$21.4 million of these bonds were used to do a partial refunding of the 2008A outstanding debt and also to prepay the 2007 Master Tax Exempt lease. \$30 million was issued to finance current and future capital improvement projects. The bonds bear interest rates ranging from 2% to 5% per annum, and mature in various installments through December 1, 2034. The aggregate debt service on the 2008 bonds and 2007 lease obligations were \$48,042,513 versus \$30,578,967. As a result of the advanced refunding, the Authority's net present value of savings was \$2,330,056 which constitutes the economic gain on the transaction. 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, 2019 is \$20,150,000.

On May 26, 2016, the Authority issued \$15,410,000 of sales tax supported refunding bonds to partially refund the 2012 capital improvement and refunding bonds. The bonds bear interest rates from 2% to 5% per annum, and mature in various installments through December 1, 2031. The aggregate debt service on the 2012 bonds was \$24,959,625 versus \$23,973,832. As a result of the advanced refunding, the Authority's net present value of savings was \$974,368 which constitutes the economic gain on the transaction. 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, 2019 is \$14,915,000.

On May 7, 2019, the Authority issued \$30,000,000 in sales tax supported bonds to finance certain capital improvements to the Authority's transportation system and pay the costs of issuance of these bonds. The Series 2019 bonds will mature on December 1 of each year beginning 2020, through December 1, 2039 in the principal amounts and will bear interest at the rates set forth in the bond issuance official statement.

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 2019 are as follows:

| Year         | Bonds                 |                      |
|--------------|-----------------------|----------------------|
|              | Principal             | Interest             |
| 2020         | \$ 10,560,000         | \$ 5,697,710         |
| 2021         | 11,345,000            | 5,279,000            |
| 2022         | 9,535,000             | 4,711,950            |
| 2023         | 10,005,000            | 4,235,200            |
| 2024         | 10,515,000            | 3,734,950            |
| 2025-2029    | 32,135,000            | 12,541,500           |
| 2030-2034    | 22,300,000            | 5,773,500            |
| 2035-2039    | 10,425,000            | 1,615,000            |
| <b>Total</b> | <b>\$ 116,820,000</b> | <b>\$ 43,588,810</b> |

**7. RETIREMENT AND OTHER BENEFITS**

***DEFINED BENEFIT PENSION PLANS***

The Authority participates in the Ohio Public Employees Retirement System (OPERS), the statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the Ohio Revised

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Code (ORC) that cover substantially all employees of the Authority. The retirement system has multiple retirement plan options available to its members and survivor, and disability benefits to plan members and their beneficiaries.

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for their pension. Pension is a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee, on a deferred-payment basis, as part of the total compensation package offered by an employer for employee services during each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred in the past. The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

***Ohio Public Employees Retirement System***

**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. While members may elect the Member-Directed Plan and Combined Plan, substantially all employee members are in OPERS Traditional Plan or Combined Plans with approximately 1.5 percent of the Authority's employee/employer contributions being directed to the Member-Directed Plan, as opposed to only 1.6 percent in 2018. Since the financial impact from the Member-Directed Plan is not significant, financial activity pertaining to the Member-Direct Plan is not reflected in these financial statements.

OPERS has authority to establish and amend benefits as provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.html>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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OPERS administers three separate pension plans. The *Traditional Plan* is a cost-sharing, multiple-employer defined benefit pension plan. Pension benefits are funded by both member and employer contributions and investment earnings on the contributions. The *Member-Directed Plan* is a defined contribution plan in which the member invests both member and employer contributions (employer vest over 5 years at 20% per year). The *Combined Plan* is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefits similar to but as a factor less than the Traditional Pension Plan. Member contributions, the investment of which is self-directed by the members accumulate retirement assets in a manner similar to the member-directed plan.

January 7, 2013 marks the effective date for Senate Bill 343. The Senate Bill 343 categorizes retirees into three groups with varying provisions of the law applicable to each group. Final Average Salary (FAS) represents the average of the three highest years of earnings over a retiree's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a retiree's career. Retirees who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount.

OPERS- Traditional Plan, service benefit formula is presented by group in the table below:

| <b>Group A</b>  | <b>Group B</b>  | <b>Group C</b>  |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013   | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013                       | Members not in other Groups and members hired on or after January 7, 2013   |
| <b>State and Local</b>  | <b>State and Local</b>  | <b>State and Local</b>  |
| <b>Age and Service Requirements:</b><br>Age 65 with 60 months of service credit or any Age with 30 years of service credit      | <b>Age and Service Requirements:</b><br>Age 66 with 60 months of service credit or any Age with 32 years of service credit      | <b>Age and Service Requirements:</b><br>Age 55 with 32 years of service credit or Age 67 with 5 years of service credit         |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| <b>Law Enforcement</b>  | <b>Law Enforcement</b>  | <b>Law Enforcement</b>  |
| <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 62 with 15 years of service credit        | <b>Age and Service Requirements:</b><br>Age 50 with 25 years of service credit or Age 64 with 15 years of service credit        | <b>Age and Service Requirements:</b><br>Age 52 with 25 years of service credit or Age 64 with 15 years of service credit        |
| <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in the calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Plan.

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Retirement benefits in the Combined Plan consist of both an age and service formula benefit and a defined contribution element. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The subsequent table provides age and service requirements and the retirement formula applied to final average salary (FAS) for the three member groups under the Combined Pension Plan, see OPERS CAFR for additional information.

OPERS- Combined Plan, Service benefit formula is presented by group in the table below:

| Group A<br>Eligible to retire prior to<br>January 7, 2013 or five years<br>after January 7, 2013                                       | Group B<br>20 years of service credit prior to<br>January 7, 2013 or eligible to retire<br>ten years after January 7, 2013             | Group C<br>Members not in other Groups<br>and members hired on or after<br>January 7, 2013   |
|--|--|--|
| <b>State and Local</b>   | <b>State and Local</b>   | <b>State and Local</b>   |
| <b>Age and Service Requirements:</b><br>Age 65 with 60 months of service credit<br>or any Age with 30 years of service credit          | <b>Age and Service Requirements:</b><br>Age 66 with 60 months of service credit<br>or any Age with 32 years of service credit          | <b>Age and Service Requirements:</b><br>Age 55 with 32 years of service credit<br>or Age 67 with 5 years of service credit             |
| <b>Formula:</b><br>1.0% of FAS multiplied by years of<br>service for the first 30 years and 1.25%<br>for service years in excess of 30 | <b>Formula:</b><br>1.0% of FAS multiplied by years of<br>service for the first 30 years and 1.25%<br>for service years in excess of 30 | <b>Formula:</b><br>1.0% of FAS multiplied by years of<br>service for the first 35 years and 1.25%<br>for service years in excess of 35 |

Once a benefit recipient retiring under the Combined Plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in the calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to beneficiary of a deceased retiree or disability benefit recipient under the Combined Plan.

Funding Policy relevant to Traditional, Combined and Member-Directed Plans: The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contribution rates for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percent not to exceed 2 percent. Members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contribute 12 percent and 13 percent, respectively.

The Authority's contribution rate remained at 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Authority's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of the employer's contribution allocated to health care was 0.0 percent for calendar years 2019 and 2018. The Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the Traditional Plan net of post-employment health care benefits, for years 2019 and 2018 were \$19,352,731 and \$18,601,694 respectively. The contractually required contribution for the

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Combined Plan net of post-employment health care benefits, for years 2019 and 2018 were \$301,030 and \$314,038 respectively.

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the Traditional and Combined Plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

The total pension liability *actuarial valuations for the measurement periods* December 31, 2018 and December 31, 2017 were determined using the actuarial assumptions that follow and as applied to all periods included in the measurement, in accordance with the requirements of GASB 67.

**Actuarial Assumptions Used in Calculating Total Pension Liability - 2018 Measurement**

| <b><u>Actuarial Information</u></b> | <b><u>Traditional Plan</u></b>                 | <b><u>Combined Plan</u></b>                    |
|-------------------------------------|--|--|
| Valuation Date                      | December 31, 2018                              | December 31, 2018                              |
| Experience Study                    | 5-year period ended<br>December 31, 2015       | 5-year period ended<br>December 31, 2015       |
| Actuarial Cost Method               | Individual Entry Age                           | Individual Entry Age                           |
| <b><u>Actuarial Assumptions</u></b> | <b><u>Traditional Plan</u></b>                 | <b><u>Combined Plan</u></b>                    |
| Investment Rate of Return           | 7.20%  | 7.20%  |
| Wage Inflation                      | 3.25%  | 3.25%  |
| Projected Salary Increase           | 3.25 - 10.75%                                  | 3.25 - 8.25%                                   |
|                                     | (Includes 3.25% Wage Inflation)                | (Includes 3.25% Wage Inflation)                |
| <b><u>COLA</u></b>                  | <b><u>Traditional Plan</u></b>                 | <b><u>Combined Plan</u></b>                    |
| Pre-January 7, 2013 Retirees        | 3.00% Simple                                   | 3.00% Simple                                   |
| Post-January 7, 2013 Retirees       | 3.00% Simple through 2018<br>then 2.15% simple | 3.00% Simple through 2018<br>then 2.15% simple |

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**Actuarial Assumptions Used in Calculating Total Pension Liability - 2017 Measurement**

| <u>Actuarial Information</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
|-------------------------------|--|---|
| Valuation Date                | December 31, 2017                                | December 31, 2017                               |
| Experience Study              | 5-year period ended<br>December 31, 2015         | 5-year period ended<br>December 31, 2015        |
| Actuarial Cost Method         | Individual Entry Age                             | Individual Entry Age                            |
| <u>Actuarial Assumptions</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Investment Rate of Return     | 7.50%  | 7.50%   |
| Wage Inflation                | 3.25%  | 3.25%   |
| Projected Salary Increase     | 3.25 - 10.75%<br>(Includes 3.25% Wage Inflation) | 3.25 - 8.25%<br>(Includes 3.25% Wage Inflation) |
| <u>COLA</u>                   | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Pre-January 7, 2013 Retirees  | 3.00% Simple                                     | 3.00% Simple                                    |
| Post-January 7, 2013 Retirees | 3.00% Simple through 2018<br>then 2.15% simple   | 3.00% Simple through 2018<br>then 2.15% simple  |

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

**Investment Assumptions**

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The annual money-weighted rate of return expressing investment performance, net of investment expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018 and a return of 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

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The table below displays the OPERS Board-approved asset allocation policy for the measurement years 2018 and 2017 and the long-term expected real rates of return:

| <u>Asset Class</u>     | <u>2018 Target Allocation</u> | <u>2018 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> | <u>2017 Target Allocation</u> | <u>2017 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|-------------------------------|--|-------------------------------|--|
| Fixed Income           | 23.0%                         | 2.79%  | 23.0%                         | 2.20%  |
| Domestic Equities      | 19.0%                         | 6.21%  | 19.0%                         | 6.37%  |
| Real Estate            | 10.0%                         | 4.90%  | 10.0%                         | 5.26%  |
| Private Equity         | 10.0%                         | 10.81%   | 10.0%                         | 8.97%  |
| International Equities | 20.0%                         | 7.83%  | 20.0%                         | 7.88%  |
| Other Investments      | 18.0%                         | 5.50%  | 18.0%                         | 5.26%  |
| <b>TOTAL</b>           | <b>100.0%</b>                 | <b>5.95%</b>   | <b>100.0%</b>                 | <b>5.66%</b>   |

*Discount Rate:* The discount rate used to measure the total pension liability for measurement years 2018 was 7.2 percent for the traditional and combined plan. For 2017, the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:* The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent as of December 31, 2019 and 7.5 percent as of December 31, 2018, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

| Authority's proportionate share of the net pension liability (asset) | 1% Decrease<br>6.2% | Current Discount<br>Rate 7.2% | 1% Increase<br>8.2% |
|--|---------------------|-------------------------------|---------------------|
| Traditional Plan at December 31, 2019                                | \$ 396,488,579      | \$ 268,388,985                | \$ 161,937,068      |
| Combined Plan at December 31, 2019                                   | \$ (178,075)        | \$ (538,184)                  | \$ (798,932)        |

| Authority's proportionate share of the net pension liability (asset) | 1% Decrease<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|--|---------------------|-------------------------------|---------------------|
| Traditional Plan at December 31, 2018                                | \$ 281,033,733      | \$ 158,262,417                | \$ 55,908,139       |
| Combined Plan at December 31, 2018                                   | \$ (406,830)        | \$ (748,415)                  | \$ (984,088)        |

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

The net total pension liability at December 31, 2019 was measured as of December 31, 2018. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense for the current and prior year. The related deferred outflows and inflows of resources associated with the. The related deferred outflows and inflows of resources associated with the pension liability are presented on the following pages:

|  | Measurement Year - 2018 |                     |                       |
|--|-------------------------|---------------------|-----------------------|
| <b>2019 Net Pension Liability and Pension Expense</b>                    | <u>Traditional</u>      | <u>Combined</u>     | <u>Total</u>          |
| Proportion of the Net Pension (Asset)/Liability prior measurement date   | 1.008808%               | (0.5497700%)        |                       |
| Proportion of the Net Pension (Asset)/Liability current measurement date | <u>0.979952%</u>        | <u>(0.4812840%)</u> |                       |
| Change in Proportion   | (0.028856%)             | (0.0684860%)        |                       |
| Proportion Share of the Net Pension Asset                                | <u>\$0</u>              | <u>\$ 538,184</u>   | <u>\$ 538,184</u>     |
| Proportion Share of the Net Pension Liability                            | <u>\$ 268,388,985</u>   | <u>\$ -</u>         | <u>\$ 268,388,985</u> |
| Pension Expense  | <u>\$ 59,442,844</u>    | <u>\$ 149,345</u>   | <u>\$ 59,592,189</u>  |
|  |                         |                     |                       |
|  | Measurement Year - 2017 |                     |                       |
| <b>2018 Net Pension Liability and Pension Expense</b>                    | <u>Traditional</u>      | <u>Combined</u>     | <u>Total</u>          |
| Proportion of the Net Pension (Asset)/Liability prior measurement date   | 1.0671320%              | (0.6215060%)        |                       |
| Proportion of the Net Pension (Asset)/Liability current measurement date | <u>1.0088080%</u>       | <u>(0.5497700%)</u> |                       |
| Change in Proportion   | (0.0583240%)            | (0.0717350%)        |                       |
| Proportion Share of the Net Pension Asset                                | <u>\$0</u>              | <u>\$ 748,415</u>   | <u>\$ 748,415</u>     |
| Proportion Share of the Net Pension Liability                            | <u>\$ 158,262,417</u>   | <u>\$ -</u>         | <u>\$ 158,262,417</u> |
| Pension Expense  | <u>\$ 33,978,526</u>    | <u>\$ 120,824</u>   | <u>\$ 34,099,350</u>  |



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At December 2019, the Authority reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

|  | OPERS                |                   | Total                |
|--|----------------------|-------------------|----------------------|
|  | Traditional          | Combined          |                      |
| <b>2019 Deferred Outflow of Resources</b>  |                      |                   |                      |
| Authority's contributions subsequent to measurement date                         | \$ 19,352,731        | \$ 301,030        | \$ 19,653,761        |
| Difference in employer contributions and change in proportionate share           | 6,282,976            |                   | 6,282,976            |
| Net difference between projected and actual earnings on pension plan investments | 36,427,897           | 115,933           | 36,543,830           |
| Difference between expected and actual experience                                | 12,381               |                   | 12,381               |
| Change in assumptions  | 23,363,920           | 120,200           | 23,484,120           |
| <b>Total Deferred Outflow of Resources</b>                                       | <u>\$ 85,439,905</u> | <u>\$ 537,163</u> | <u>\$ 85,977,068</u> |
|  |                      |                   |                      |
|  | OPERS                |                   | Total                |
|  | Traditional          | Combined          |                      |
| <b>2019 Deferred Inflow of Resources</b>   |                      |                   |                      |
| Net difference between projected and actual earnings on pension plan investments |                      |                   |                      |
| Difference between expected and actual experience                                | \$ 3,524,102         | \$ 219,807        | \$ 3,743,909         |
| Difference in employer contributions and change in proportionate share           | (14,256)             | (52,270)          | (66,526)             |
| <b>Total Deferred Inflow of Resources</b>  | <u>\$ 3,509,846</u>  | <u>\$ 167,537</u> | <u>\$ 3,677,383</u>  |

Deferred Outflows of \$19,653,761 represent 2019 Authority contributions subsequent to the 2018 measurement dates. These contributions will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2020.

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Correspondingly, the Authority reported deferred outflow and inflow of resources related to pensions for the fiscal year ended December 31, 2018 as presented in the following table:

|  | OPERS                |                   | Total                |
|--|----------------------|-------------------|----------------------|
|  | Traditional          | Combined          |                      |
| <b>2018 Deferred Outflow of Resources</b>  |                      |                   |                      |
| Authority's contributions subsequent to measurement date                         | \$ 18,601,694        | \$ 314,038        | \$ 18,915,732        |
| Difference in employer contributions and change in proportionate share           | 6,268,183            |                   | 6,268,183            |
| Difference between expected and actual experience                                | 161,625              |                   | 161,625              |
| Change in assumptions  | 18,913,419           | 65,402            | 18,978,821           |
| <b>Total Deferred Outflow of Resources</b>                                       | <u>\$ 43,944,921</u> | <u>\$ 379,440</u> | <u>\$ 44,324,361</u> |
|  |                      |                   |                      |
|  | OPERS                |                   | Total                |
|  | Traditional          | Combined          |                      |
| <b>2018 Deferred Inflow of Resources</b>   |                      |                   |                      |
| Net difference between projected and actual earnings on pension plan investments | \$ 33,976,855        | \$ 118,081        | \$ 34,094,936        |
| Difference between expected and actual experience                                | 3,118,853            | 222,957           | 3,341,810            |
| Difference in employer contributions and change in proportionate share           | (180,801)            | 156               | (180,645)            |
| <b>Total Deferred Inflow of Resources</b>  | <u>\$ 36,914,907</u> | <u>\$ 341,194</u> | <u>\$ 37,256,101</u> |

Deferred Outflows of \$18,915,732 represent 2018 Authority contributions subsequent to the 2017 measurement dates. These contributions will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2019.

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Aside from subsequent contributions, other amounts reported as deferred outflows of resources and deferred inflows of resources, including changes in proportionate share, difference between expected and actual experience, changes in assumptions and difference in projected versus actual earnings on pension investments are amortized as pension expense over subsequent periods. The following table presents the current year unamortized balances of deferred outflows/inflows and the periods over which they will be expensed:

| Amortization of Deferred Outflows/Inflow - 2020 forward |                      |                  |                      |  |
|---|----------------------|------------------|----------------------|--|
|   | OPERS                |                  | OPERS                |  |
|   | Traditional          | Combined         | Total                |  |
| 2020  | \$ 28,948,257        | \$ 24,649        | \$ 28,972,906        |  |
| 2021  | 13,307,988           | 1,490            | 13,309,478           |  |
| 2022  | 3,379,428            | 3,934            | 3,383,362            |  |
| 2023  | 16,941,655           | 40,230           | 16,981,885           |  |
| 2024  |                      | (7,428)          | (7,428)              |  |
| 2025  |                      | (1,074)          | (1,074)              |  |
| 2026  |                      | (340)            | (340)                |  |
| 2027-2028   |                      | 7,135            | 7,135                |  |
|   | <u>\$ 62,577,328</u> | <u>\$ 68,596</u> | <u>\$ 62,645,924</u> |  |

***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 was completed for the year ended December 31, 2018. Based on the last study available, there were 1,724 participants in pay status and 1,665 active employees and benefit payments of \$73,580.

As of December 31, 2018 the Supplemental Pension Fund liability was determined to be \$1,174,795, based on the actuarial study. The fair value of associated assets totaled \$1,360,893 and \$1,338,354 as of December 31, 2019 and 2018, respectively.

**8. DEFINED BENEFIT OPEB PLANS**

OPERS provides access to post-retirement health care coverage to age and service retirees with 20 or more years of qualifying Ohio service credit. Access to health care coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2019, state and local employers contributed at a rate of

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14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer's rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for the Traditional and Combined Pension Plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the Retiree Medical Accounts (RMA) contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

The Authorities contributions allocated to fund post-employment health care benefits for the fiscal years ended December 31, 2019 and 2018 were \$0 and \$284,430 respectively. The full amounts required by law were contributed for all fiscal years.

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

**OPERS and OPEB Costs**

The Authority's proportion of net OPEB liability was based on the Authority's share of contributions to the respective retirement system relative to the contributions of all participating entities. The Authority's proportionate share of the OPERS net OPEB liability as of December 31, 2019 was \$123,074,664 compared to \$105,768,140 as of December 31, 2018.

Changes in actuarial valuation of the net OPEB liability, changes in deferred outflows and deferred inflows, subsequent plan contributions and amortization of changes in proportionate share from year to year may have either a positive or negative effect to the Authority's recognition of its proportionate share of OPEB expense for the period. In the fiscal year 2019, the Authority's recognition of its proportionate share of OPEB expense with respect to OPERS Ohio health benefit plans resulted in OPEB expense of \$11,374,348 compared to \$9,020,662 as of December 31, 2018.

(See tables on following pages)

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At December 31, 2019 and December 31, 2018, the Authority reported its proportionate share of net OPEB liabilities and OPEB expense from OPERS OPEB plans as displayed in the table below:

|   | OPEB*                 |
|---|-----------------------|
| Proportion of the OPEB (Asset)/Liability prior measurement date   | 0.9739900%            |
| Proportion of the OPEB (Asset)/Liability current measurement date | <u>0.9439950%</u>     |
| Change in Proportion  | (0.03%)               |
| <br>  |                       |
| Proportion Share of the OPEB Asset                                | <u>\$0</u>            |
| Proportion Share of the OPEB Liability                            | <u>\$ 123,074,664</u> |
| <br>  |                       |
| OPEB Expense  | <u>\$ 11,374,348</u>  |
| <i>* Based on December 31, 2018 measurement</i>                   |                       |

|   | OPEB*                 |
|---|-----------------------|
| Proportion of the Net OPEB Liability Prior Measurement Date | 1.030983%             |
| Proportion the Net OPEB Liability Current Measurement Date  | <u>0.973990%</u>      |
| Change in Proportion  | <u>(0.056993%)</u>    |
| <br>  |                       |
| Proportionate Share of the Net OPEB Liability               | <u>\$ 105,768,140</u> |
| <br>  |                       |
| OPEB Expense  | <u>\$ 9,020,662</u>   |
| <i>* Based on December 31, 2017 measurement</i>             |                       |

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| <b>2019 Deferred Outflow of Resources</b>  | <b>OPERS</b>         |
|--|----------------------|
| Difference between expected and actual experience                                | \$ 41,676            |
| Net difference between projected and actual earnings on pension plan investments | 5,642,246            |
| Difference in employer contributions and change in proportionate share           | 2,184,390            |
| Change in assumptions  | 3,968,074            |
| <b>Total Deferred Outflow of Resources</b>                                       | <b>\$ 11,836,386</b> |
| <b>2019 Deferred Inflow of Resources</b>   |                      |
| Difference between expected and actual experience                                | \$ 333,939           |
| Difference in employer contributions and change in proportionate share           | -                    |
| <b>Total Deferred Outflow of Resources</b>                                       | <b>\$ 333,939</b>    |

| <b>2018 Deferred Outflow of Resources</b>  | <b>OPERS</b>        |
|--|---------------------|
| Authority's contributions subsequent to measurement date                         | \$ 284,430          |
| Difference between expected and actual experience                                | 82,393              |
| Change in assumptions  | 7,701,041           |
| <b>Total Deferred Outflow of Resources</b>                                       | <b>\$ 8,067,864</b> |
| <b>2018 Deferred Inflow of Resources</b>   |                     |
| Net difference between projected and actual earnings on pension plan investments | \$ 7,879,020        |
|  | -                   |
| <b>Total Deferred Outflow of Resources</b>                                       | <b>\$ 7,879,020</b> |

Amounts reported as deferred outflow of resources and deferred inflow of resources including change in proportionate share, difference between expected and actual experience, changes in assumptions and difference in projected versus actual earnings on investments are amortized as OPEB expense over subsequent periods. The unamortized portion of deferred outflows and deferred inflows are as follows:

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| <b>Amortization of Deferred Outflows/Inflow - 2020 forward</b> |            |
|--|------------|
|  | OPERS      |
| 2020 \$  | 5,487,102  |
| 2021   | 2,210,791  |
| 2022   | 962,172    |
| 2023   | 2,842,382  |
|  | 11,502,447 |
|  | 11,502,447 |

***ACTUARIAL ASSUMPTIONS***

**OPERS Actuarial Assumptions**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

(See table on the following page)

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The total OPEB liability actuarial valuations for the measurement periods December 31, 2018 and December 31, 2017 were determined using the actuarial assumptions that follow and as applied to all periods included in the measurement:

**Measurement Date December 31, 2018**

|                           |   |
|---------------------------|---|
| Valuation date            | December 31, 2017                                 |
| Single discount rate      | 3.96%   |
| Investment rate of return | 6.00%   |
| Wage inflation            | 3.25%   |
| Municipal bond rate       | 3.71%   |
| Projected salary increase | 3.25% to 10.75%(includes wage inflation at 3.25%) |
| Health care cost trends   | 10.00% intitial, 3.25% ultimate in 2029           |

**Measurement Date December 31, 2017**

|                           |   |
|---------------------------|---|
| Valuation date            | December 31, 2016                                 |
| Single discount rate      | 3.85%   |
| Investment rate of return | 6.50%   |
| Wage inflation            | 3.25%   |
| Municipal bond rate       | 3.31%   |
| Projected salary increase | 3.25% to 10.75%(includes wage inflation at 3.25%) |
| Health care cost trends   | 7.50% intitial, 3.25% ultimate in 2028            |

In 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was effective for the 2018 valuation. Fiscal year 2019 actuarial valuations are as of December 31, 2017 rolled-forward to December 31, 2018, and the actuarial valuations for fiscal year 2018 are as of December 31, 2016 rolled-forward to December 31, 2017. The assumptions used in the valuation are based on the results of an actuarial experience study for the five year period ended December 31, 2015.

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



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Investment Return Assumptions

The long-term expected rate of return is arithmetic and determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each major asset class. These ranges are combined to produce the long-term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018 and a return of 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

The tables below displays the System's Board-approved asset allocation policy and the long-term expected rate of return for each major asset class:

**2018 Investment Return Assumptions**

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return* (Arithmetic)</u> |
|------------------------|--------------------------|--|
| Fixed Income           | 34.00%                   | 2.42%  |
| Domestic Equities      | 21.00%                   | 6.21%  |
| REITs                  | 6.00%                    | 5.98%  |
| International Equities | 22.00%                   | 7.83%  |
| Other Investments      | 17.00%                   | 5.57%  |
| <b>TOTAL</b>           | <b>100.00%</b>           | <b>5.16%</b>   |

**2017 Investment Return Assumptions**

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return* (Arithmetic)</u> |
|------------------------|--------------------------|--|
| Fixed Income           | 34.00%                   | 1.88%  |
| Domestic Equities      | 21.00%                   | 6.37%  |
| REITs                  | 6.00%                    | 5.91%  |
| International Equities | 22.00%                   | 7.88%  |
| Other Investments      | 17.00%                   | 5.39%  |
| <b>TOTAL</b>           | <b>100.00%</b>           | <b>4.98%</b>   |

***OPERS DISCOUNT RATE***

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal

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bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**SENSITIVITY OF THE AUTHORITY'S PROPORTIONARE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following table presents the OPEB liability calculated using the single discount rate of 3.96% at December 31, 2019 and 3.85% at December 31, 2018, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

| 2018 measurement year  | 1% Decrease<br>2.96% | Current Discount<br>Rate 3.96% | 1% Increase<br>4.96% |
|--|----------------------|--------------------------------|----------------------|
| Sensitivity of Authority's proportionate share of the net OPEB liability to changes in discount rate | \$ 157,458,366       | \$ 123,074,664                 | \$ 95,730,533        |

| 2017 measurement year  | 1% Decrease<br>2.85% | Current Discount<br>Rate 3.85% | 1% Increase<br>4.85% |
|--|----------------------|--------------------------------|----------------------|
| Sensitivity of Authority's proportionate share of the net OPEB liability to changes in discount rate | \$ 140,517,538       | \$ 105,768,140                 | \$ 77,656,223        |

**SENSITIVITY OF THE AUTHORITY'S PROPORTIONARE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTH CARE COST TREND RATE**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

| 2018 measurement year  | 1% Decrease    | Current Trend Rate | 1% Increase    |
|--|----------------|--------------------|----------------|
| Sensitivity of Authority's proportionate share of the net OPEB liability to changes in the health care cost trend rate | \$ 118,301,453 | \$ 123,074,664     | \$ 128,572,119 |

| 2017 measurement year  | 1% Decrease    | Current Trend Rate | 1% Increase    |
|--|----------------|--------------------|----------------|
| Sensitivity of Authority's proportionate share of the net OPEB liability to changes in the health care cost trend rate | \$ 101,197,561 | \$ 105,768,140     | \$ 110,489,426 |

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Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumptions. The near term rates reflect increases in the current cost of health care; the trend starting in 2019 10.0%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

**9. PURCHASED TRANSPORTATION SERVICES**

The Authority contracts with vendors who use local companies to provide transit services within Cuyahoga County for elderly and handicapped persons. Expenses under these contracts amounted to \$8,590,896 and \$9,350,977 in 2019 and 2018, respectively.

**10. 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, 2019 and 2018 as follows:

|                             | <u>2019</u>          | <u>2018</u>          |
|-----------------------------|----------------------|----------------------|
| <b>FEDERAL:</b>             |                      |                      |
| FTA Capital Grants          | \$ 19,783,152        | \$ 31,727,545        |
| FTA Maintenance Assistance  | 16,003,327           | 16,489,777           |
| FTA Operating Grants        | 4,189,417            | (363,513)            |
| Pass-Through Grants         | 69,786               | 192,171              |
| <b>Total</b>                | <b>\$ 40,045,682</b> | <b>\$ 48,045,980</b> |
| <b>STATE:</b>               |                      |                      |
| ODOT Capital Grants         | \$ 25,000            | \$ 6,729             |
| ODOT Fuel Tax Reimbursement | 746,292              | 658,838              |
| ODOT Operating Grants       | 870,394              | 539,049              |
| <b>Total</b>                | <b>\$ 1,641,686</b>  | <b>\$ 1,204,616</b>  |

**11. 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, 2019 and 2018, 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.

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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.

During the normal course of operation, the Authority has been named as a defendant in certain legal actions and claims. The Authority’s management is of the opinion that the disposition of these legal actions and claims will not have a material adverse effect on the financial condition of the Authority. The Authority purchases commercial insurance to cover certain potential losses.

In March 2018, an internal investigation by the Authority’s Board of Trustees revealed that the former Board President improperly received \$1.1 million in healthcare benefits and unpaid premiums for health insurance provided by the Authority. In addition, he failed to reimburse the Authority for personal use of his GCRTA issued cell phone. The investigation was performed by Internal Audit and external legal counsel retained by the Board. The findings from the investigations were referred to the Cuyahoga County Prosecutor, the Auditor of State, and the Ohio Ethics Commission for their review. Based on the findings of the investigation to date, management does not believe that this has a material effect on the financial statements of the Authority.

## **12. 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 to manage the volatility of fuel costs. This technique is 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 futures contracts 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. The Authority uses an advisor to help monitor the markets and advise on opportunities.

Futures Contracts – The Authority’s Board limits contracts in-place to 90% of projected consumption within a fiscal year. Ultra Low Sulfur Diesel (ULSD) futures contracts were utilized to manage price volatility through July 2022. 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.

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The following table is a summary of the New York Mercantile Exchange (NYMEX) New York Ultra Low Sulfur Diesel (ULSD) futures contracts as well as the final year end account value as of December 31, 2019:

| NYMEX NYHRBRULSD                 |                        |                               |   |   | Account Balance as of 12/31/19 | \$ 801,123 |
|----------------------------------|------------------------|-------------------------------|---|---|--------------------------------|------------|
| Description<br>Contract<br>Month | Number of<br>Contracts | Total<br>Quality<br>(Gallons) | Contract<br>Price Range<br>(Per Gallon) | Open<br>Trade<br>Equity<br>As of 12/31/19 |                                |            |
| Feb 2020                         | 4                      | 168,000                       | 1.6475-2.1340                           | \$ 32,537                                 |                                |            |
| Mar 2020                         | 3                      | 126,000                       | 1.63-2.20                               | 23,919                                    |                                |            |
| Apr 2020                         | 4                      | 168,000                       | 1.6250-2.1750                           | 18,745                                    |                                |            |
| May 2020                         | 3                      | 126,000                       | 1.6275-2.17                             | 17,560                                    |                                |            |
| Jun 2020                         | 4                      | 168,000                       | 1.7380-2.0930                           | 3,746                                     |                                |            |
| Jul 2020                         | 3                      | 126,000                       | 1.7420-2.15                             | (3,171)                                   |                                |            |
| Aug 2020                         | 4                      | 168,000                       | 1.7460-2.0850                           | 1,949                                     |                                |            |
| Sep 2020                         | 4                      | 168,000                       | 1.7520-2.10                             | (7,291)                                   |                                |            |
| Oct 2020                         | 3                      | 126,000                       | 1.7560-2.1450                           | (160)                                     |                                |            |
| Nov 2020                         | 3                      | 126,000                       | 1.9625-2.1360                           | (14,608)                                  |                                |            |
| Dec 2020                         | 3                      | 126,000                       | 1.9575-2.13                             | (14,238)                                  |                                |            |
| Jan 2021                         | 3                      | 126,000                       | 1.9625-2.1330                           | (15,103)                                  |                                |            |
| Feb 2021                         | 3                      | 126,000                       | 1.8950-2.19                             | (10,109)                                  |                                |            |
| Mar 2021                         | 2                      | 84,000                        | 1.9575-2.1825                           | (12,608)                                  |                                |            |
| Apr 2021                         | 3                      | 126,000                       | 1.8850-2.17                             | (13,045)                                  |                                |            |
| May 2021                         | 3                      | 126,000                       | 1.8850-2.1675                           | (14,767)                                  |                                |            |
| Jun 2021                         | 3                      | 126,000                       | 1.94-2.0950                             | (19,727)                                  |                                |            |
| Jul 2021                         | 3                      | 126,000                       | 1.9325-2.09                             | (19,337)                                  |                                |            |
| Aug 2021                         | 3                      | 126,000                       | 1.8295-2.0825                           | (14,914)                                  |                                |            |
| Sep 2021                         | 3                      | 126,000                       | 1.8330-2.08                             | (14,860)                                  |                                |            |
| Oct 2021                         | 3                      | 126,000                       | 1.8340-2.0750                           | (3,977)                                   |                                |            |
| Nov 2021                         | 3                      | 126,000                       | 1.7830-2.0675                           | (3,591)                                   |                                |            |
| Dec 2021                         | 2                      | 84,000                        | 1.7820-1.832                            | 4,864                                     |                                |            |
| Jan 2022                         | 2                      | 84,000                        | 1.7850-1.8350                           | 4,561                                     |                                |            |
| Feb 2022                         | 2                      | 84,000                        | 1.79-1.94                               | (504)                                     |                                |            |
| Mar 2022                         | 1                      | 42,000                        | 1.9                                     | (2,092)                                   |                                |            |
| Apr 2022                         | 2                      | 84,000                        | 1.77-1.85                               | 2,108                                     |                                |            |
| May 2022                         | 1                      | 42,000                        | 1.7966                                  | 1,420                                     |                                |            |
| Jun 2022                         | 2                      | 84,000                        | 1.7650-1.79                             | 4,040                                     |                                |            |
| Jul 2022                         | 1                      | 42,000                        | 1.7944                                  | 1,373                                     |                                |            |
| Aug 2022                         | 2                      | 84,000                        | 1.7650-1.81                             | 3,284                                     |                                |            |
|                                  |                        |                               |   |   | Account Value as of 12/31/19   | \$ 737,128 |

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The Authority entered into commodity transaction agreements for New York Mercantile Exchange (NYMEX) New York Ultra Low Sulfur Diesel (ULSD) futures contracts with various counterparties, as shown below as of December 31, 2018:

| NYMEX NYHRBRULSD |          |           |           |               | Account Balance as of 12/31/18 | \$ 1,269,488 |
|------------------|----------|-----------|-----------|---------------|--------------------------------|--------------|
| Description      | Contract | Number of | Total     | Contract      | Open                           |              |
| Month            | Month    | Contracts | Quality   | Price Range   | Trade                          |              |
|                  |          |           | (Gallons) | (Per Gallon)  | Equity                         |              |
|                  |          |           |           |               | As of 12/31/18                 |              |
| Feb 2019         | 4        | 168,000   | \$        | 1.43-2.179    | \$                             | (2,999)      |
| Mar 2019         | 3        | 126,000   |           | 1.51-1.74     |                                | 3,872        |
| Apr 2019         | 4        | 168,000   |           | 1.48-2.14     |                                | (16,405)     |
| May 2019         | 3        | 126,000   |           | 1.50-1.7425   |                                | 3,242        |
| Jun 2019         | 4        | 168,000   |           | 1.5010-2.10   |                                | (14,797)     |
| Jul 2019         | 3        | 126,000   |           | 1.5070-1.68   |                                | 7,564        |
| Aug 2019         | 4        | 168,000   |           | 1.5135-2.07   |                                | (8,463)      |
| Sep 2019         | 4        | 168,000   |           | 1.6220-2.22   |                                | (14,398)     |
| Oct 2019         | 4        | 168,000   |           | 1.6289-2.18   |                                | (11,689)     |
| Nov 2019         | 4        | 168,000   |           | 1.6345-2.2335 |                                | (15,826)     |
| Dec 2019         | 4        | 168,000   |           | 1.64-2.21     |                                | (14,238)     |
| Jan 2020         | 4        | 168,000   |           | 1.6450-2.21   |                                | (13,658)     |
| Feb 2020         | 4        | 168,000   |           | 1.6475-2.1340 |                                | (15,561)     |
| Mar 2020         | 3        | 126,000   |           | 1.63-2.20     |                                | (11,588)     |
| Apr 2020         | 4        | 168,000   |           | 1.6250-2.1750 |                                | (26,447)     |
| May 2020         | 3        | 126,000   |           | 1.6275-2.17   |                                | (13,889)     |
| Jun 2020         | 4        | 168,000   |           | 1.7380-2.0930 |                                | (34,474)     |
| Jul 2020         | 3        | 126,000   |           | 1.7420-2.15   |                                | (29,782)     |
| Aug 2020         | 4        | 168,000   |           | 1.7460-2.0850 |                                | (31,198)     |
| Sep 2020         | 4        | 168,000   |           | 1.7520-2.10   |                                | (39,127)     |
| Oct 2020         | 3        | 126,000   |           | 1.7560-2.1450 |                                | (23,268)     |
| Nov 2020         | 3        | 126,000   |           | 1.9625-2.1360 |                                | (37,061)     |
| Dec 2020         | 3        | 126,000   |           | 1.9575-2.13   |                                | (36,376)     |
| Jan 2021         | 3        | 126,000   |           | 1.9625-2.1330 |                                | (36,359)     |
| Feb 2021         | 3        | 126,000   |           | 1.8950-2.19   |                                | (30,131)     |
| Mar 2021         | 2        | 84,000    |           | 1.9575-2.1825 |                                | (24,746)     |
| Apr 2021         | 3        | 126,000   |           | 1.8850-2.17   |                                | (28,631)     |
| May 2021         | 3        | 126,000   |           | 1.8850-2.1675 |                                | (28,161)     |
| Jun 2021         | 3        | 126,000   |           | 1.94-2.0950   |                                | (31,130)     |
| Jul 2021         | 3        | 126,000   |           | 1.9325-2.09   |                                | (29,392)     |
| Aug 2021         | 3        | 126,000   |           | 1.8295-2.0825 |                                | (23,986)     |
| Sep 2021         | 3        | 126,000   |           | 1.8330-2.08   |                                | (23,188)     |
| Oct 2021         | 2        | 84,000    |           | 1.8340-2.0750 |                                | (12,608)     |
| Nov 2021         | 2        | 84,000    |           | 1.8330-2.0675 |                                | (11,991)     |
| Dec 2021         | 1        | 42,000    |           | 1.832         |                                | (899)        |
| Jan 2022         | 1        | 42,000    |           | 1.835         |                                | (827)        |
|                  |          |           |           |               | Account Value as of 12/31/18   | \$ 590,873   |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2018 and 2017, the counterparties had ratings of A3/A-/A- and A3/BBB+/A from Moody’s, Standard & Poor’s and Fitch, respectively.

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

**13. 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 third-party 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 \$35,906,094 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 balance as of December 31, 2019 and 2018, was \$8.9 and \$12.6 million, respectively, and is included on the accompanying Statements of Net Position as part of unrestricted net position.

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

|                            | 2019                 | 2018                 | 2017                 |
|----------------------------|----------------------|----------------------|----------------------|
| Balance, Beginning of Year | \$ 22,034,743        | \$ 22,577,542        | \$ 20,016,820        |
| Incurred Claims            | 40,440,802           | 27,697,908           | 28,428,915           |
| Payments                   | (40,132,348)         | (28,240,707)         | (25,868,193)         |
| Balance, End of Year       | <u>\$ 22,343,197</u> | <u>\$ 22,034,743</u> | <u>\$ 22,577,542</u> |
| Due Within One Year        | <u>\$ 13,723,547</u> | <u>\$ 9,904,443</u>  | <u>\$ 11,677,692</u> |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**14. RECLASSIFICATIONS**

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

**15. SUBSEQUENT EVENTS**

On March 27, 2020, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law, allocating funding to transit agencies, including those operating within the Cleveland Urbanized Area (CUA), pursuant to Pub. L. 116-136. The CARES Act provided \$25 billion for public transit. Of the \$25 billion, the Authority will receive \$111.9 million, which will offset revenue losses and expenses as a result of the Covid-19 pandemic.



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

Greater Cleveland Regional Transit Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB 27. For fiscal year 2018, the Authority implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, an amendment of GASB 45.

This section of the Authority Comprehensive Annual Financial Report presents required supplementary information as a context for further understanding of the Authority’s implementation of GASB Statement No. 68 and GASB Statement No. 75.

**Greater Cleveland Regional Transit Authority  
Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System - Traditional Plan  
Last Six Years (1)**

| <b><u>TRADITIONAL PLAN</u></b>  | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Authority's Proportion of the Net Pension Liability   | 0.97995%           | 1.00881%           | 1.06713%           | 1.06304%           | 1.03688%           | 1.03688%           |
| Authority's Proportionate Share of the Net Pension Liability  | \$ 268,388,985     | \$ 158,262,418     | \$ 242,327,530     | \$ 184,132,275     | \$ 125,059,292     | \$ 122,234,619     |
| Authority's Covered Payroll   | \$ 130,653,369     | \$ 131,593,151     | \$ 131,477,995     | \$ 130,840,483     | \$ 128,811,030     | \$ 121,260,856     |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 205.4206%          | 120.2665%          | 184.3103%          | 140.7304%          | 97.0874%           | 100.8030%          |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                          | 74.70%             | 84.66%             | 77.25%             | 81.08%             | 86.45%             | 86.36%             |

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. Additional years will be presented as the information becomes available. Amounts presented for each fiscal year were determined as of the Authority's measurement date for the OPERS plan which is December 31.

**Greater Cleveland Regional Transit Authority  
Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System - Combined Plan  
Last Six Years (1)**

| <b><u>Combined Plan</u></b>   | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Authority's Proportion of the Net Pension Liability   | 0.48128%           | 0.54977%           | 0.62151%           | 0.60988%           | 0.58799%           | 0.58799%           |
| Authority's Proportionate Share of the Net Pension Liability  | \$ (538,184)       | \$ (748,415)       | \$ (345,911)       | \$ (296,780)       | \$ (226,388)       | \$ (61,697)        |
| Authority's Covered Payroll   | \$ 2,236,503       | \$ 2,342,077       | \$ 2,159,669       | \$ 2,149,197       | \$ 2,115,861       | \$ 1,991,841       |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 24.0636%           | 31.9552%           | 16.0169%           | 13.8089%           | 10.6996%           | 3.0975%            |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                          | 126.67%            | 137.26%            | 116.67%            | 116.90%            | 114.83%            | 104.56%            |

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. Additional years will be presented as the information becomes available. Amounts presented for each fiscal year were determined as of the Authority's measurement date for the OPERS plan which is December 31.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

Greater Cleveland Regional Transit Authority  
Schedule of the Authority's Contributions to Pensions  
Ohio Public Employees Retirement System (OPERS)  
Last Ten Years

| <b>Traditional Plan:</b> |      | Contractually Required<br>Contribution | Contributions in Relation<br>to the Contractually<br>Required Contribution | Contribution<br>Deficiency<br>(Excess) | Authority Covered<br>Payroll | Contributions as a % of<br>Covered Payroll |
|--------------------------|------|--|--|--|------------------------------|--|
|                          | 2019 | \$ 19,352,731                          | \$ (19,352,731)  | \$ -                                   | \$ 131,015,854               | 14.77 %                                    |
|                          | 2018 | \$ 18,601,694                          | \$ (18,601,694)  | \$ -                                   | \$ 130,653,369               | 14.24 %                                    |
|                          | 2017 | \$ 14,800,939                          | \$ (14,800,939)  | \$ -                                   | \$ 131,593,151               | 11.25 %                                    |
|                          | 2016 | \$ 15,979,844                          | \$ (15,979,844)  | \$ -                                   | \$ 131,477,995               | 12.15 %                                    |
|                          | 2015 | \$ 15,848,700                          | \$ (15,848,700)  | \$ -                                   | \$ 130,840,483               | 12.11 %                                    |
|                          | 2014 | \$ 15,305,114                          | \$ (15,305,114)  | \$ -                                   | \$ 128,811,030               | 11.88 %                                    |
|                          | 2013 | \$ 14,774,422                          | \$ (14,774,422)  | \$ -                                   | \$ 121,260,856               | 12.18 %                                    |
|                          | 2012 | \$ 14,263,700                          | \$ (14,263,700)  | \$ -                                   | \$ 116,902,061               | 12.20 %                                    |
|                          | 2011 | \$ 13,544,025                          | \$ (13,544,025)  | \$ -                                   | \$ 110,431,785               | 12.26 %                                    |
|                          | 2010 | \$ 15,519,060                          | \$ (15,519,060)  | \$ -                                   | \$ 111,277,117               | 13.95 %                                    |

| <b>Combined Plan:</b> |      | Contractually Required<br>Contribution | Contributions in Relation<br>to the Contractually<br>Required Contribution | Contribution<br>Deficiency<br>(Excess) | Authority Covered<br>Payroll | Contributions as a % of<br>Covered Payroll |
|-----------------------|------|--|--|--|------------------------------|--|
|                       | 2019 | \$ 301,030                             | \$ (301,030)   | \$ -                                   | \$ 2,063,837                 | 14.59 %                                    |
|                       | 2018 | \$ 314,038                             | \$ (314,038)   | \$ -                                   | \$ 2,236,503                 | 14.04 %                                    |
|                       | 2017 | \$ 259,171                             | \$ (259,171)   | \$ -                                   | \$ 2,342,077                 | 11.07 %                                    |
|                       | 2016 | \$ 267,777                             | \$ (267,777)   | \$ -                                   | \$ 2,159,669                 | 12.40 %                                    |
|                       | 2015 | \$ 267,630                             | \$ (267,630)   | \$ -                                   | \$ 2,149,197                 | 12.45 %                                    |
|                       | 2014 | \$ 259,867                             | \$ (259,867)   | \$ -                                   | \$ 2,115,861                 | 12.28 %                                    |
|                       | 2013 | \$ 249,489                             | \$ (249,489)   | \$ -                                   | \$ 1,991,841                 | 12.53 %                                    |
|                       | 2012 | \$ 240,865                             | \$ (240,865)   | \$ -                                   | \$ 1,920,243                 | 12.54 %                                    |
|                       | 2011 | \$ 228,712                             | \$ (228,712)   | \$ -                                   | \$ 1,813,962                 | 12.61 %                                    |
|                       | 2010 | \$ 262,063                             | \$ (262,063)   | \$ -                                   | \$ 1,827,847                 | 14.34 %                                    |

\*See Notes to Required Supplementary Information on page 78.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

**Greater Cleveland Regional Transit Authority  
Schedule of the Authority's Proportionate Share of the Net OPEB Liability  
Ohio Public Employees Retirement System  
Last Three Years (1)**

| <u>HEALTH PLAN</u>  | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    |
|---|----------------|----------------|----------------|
| Authority's Proportion of the Net OPEB Liability  | 0.94400%       | 0.97399%       | 1.03098%       |
| Authority's Proportionate Share of the Net OPEB Liability   | \$ 123,074,664 | \$ 105,768,140 | \$ 104,132,785 |
| Authority's Covered Payroll   | \$ 133,935,228 | \$ 133,637,664 | \$ 132,989,680 |
| Authority's Proportionate Share of the Net OPEB Liability<br>as a Percentage of its Covered Payroll | 91.8912%       | 79.1455%       | 78.3014%       |
| Plan Fiduciary Net Position as a Percentage of the<br>Total OPEB Liability                          | 46.33%         | 54.14%         | 54.04%         |

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. Additional years will be presented as the information becomes available. Amounts presented for each fiscal year were determined as of the Authority's measurement date for the OPERS plan which is December 31.

\*See Notes to Required Supplementary Information on page 79.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

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**Greater Cleveland Regional Transit Authority  
Schedule of Authority's Contributions to OPEB  
Public Employees Retirement System of Ohio (OPERS)  
Last Three Years (1)**

|      | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions Paid</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Contributions as a<br/>Percent of Covered<br/>Payroll</u> |
|------|--|---------------------------|---|----------------------------|--|
| 2019 | \$ -   | \$ -                      | \$ -  | \$ 132,889,872             | 0.00 %   |
| 2018 | \$ 284,430   | \$ (284,430)              | \$ -  | \$ 133,935,228             | 0.21 %   |
| 2017 | \$ 2,530,932                                       | \$ (2,530,932)            | \$ -  | \$ 133,637,664             | 1.89 %   |

(1) Although this schedule is intended to present information for ten years, information prior to 2017 was not available. This schedule will be populated in subsequent years.

(2) Covered payroll is for the December 31 fiscal period.

\*See Notes to Required Supplementary Information on page 79.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

**Greater Cleveland Regional Transit Authority  
Notes to Required Supplementary Information  
For the Fiscal Years Ended December 31, 2019 and 2018**

***Ohio Public Employees Retirement System (OPERS) – Pension***

*Changes in Assumptions: OPERS Traditional and Combined Plans, Net Pension Liability*

These assumptions are presented below for the periods indicated:

**Actuarial Assumptions Used in Calculating Total Pension Liability - 2018 Measurement**

| <u>Actuarial Information</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
|-------------------------------|--|---|
| Valuation Date                | December 31, 2018                                | December 31, 2018                               |
| Experience Study              | 5-year period ended<br>December 31, 2015         | 5-year period ended<br>December 31, 2015        |
| Actuarial Cost Method         | Individual Entry Age                             | Individual Entry Age                            |
| <u>Actuarial Assumptions</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Investment Rate of Return     | 7.20%  | 7.20%   |
| Wage Inflation                | 3.25%  | 3.25%   |
| Projected Salary Increase     | 3.25 - 10.75%<br>(Includes 3.25% Wage Inflation) | 3.25 - 8.25%<br>(Includes 3.25% Wage Inflation) |
| <u>COLA</u>                   | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Pre-January 7, 2013 Retirees  | 3.00% Simple                                     | 3.00% Simple                                    |
| Post-January 7, 2013 Retirees | 3.00% Simple through 2018<br>then 2.15% simple   | 3.00% Simple through 2018<br>then 2.15% simple  |

**Actuarial Assumptions Used in Calculating Total Pension Liability - 2017 Measurement**

| <u>Actuarial Information</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
|-------------------------------|--|---|
| Valuation Date                | December 31, 2017                                | December 31, 2017                               |
| Experience Study              | 5-year period ended<br>December 31, 2015         | 5-year period ended<br>December 31, 2015        |
| Actuarial Cost Method         | Individual Entry Age                             | Individual Entry Age                            |
| <u>Actuarial Assumptions</u>  | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Investment Rate of Return     | 7.50%  | 7.50%   |
| Wage Inflation                | 3.25%  | 3.25%   |
| Projected Salary Increase     | 3.25 - 10.75%<br>(Includes 3.25% Wage Inflation) | 3.25 - 8.25%<br>(Includes 3.25% Wage Inflation) |
| <u>COLA</u>                   | <u>Traditional Plan</u>                          | <u>Combined Plan</u>                            |
| Pre-January 7, 2013 Retirees  | 3.00% Simple                                     | 3.00% Simple                                    |
| Post-January 7, 2013 Retirees | 3.00% Simple through 2018<br>then 2.15% simple   | 3.00% Simple through 2018<br>then 2.15% simple  |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION**

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**Greater Cleveland Regional Transit Authority  
Notes to Required Supplementary Information  
For the Fiscal Years Ended December 31, 2019 and 2018**

***Ohio Public Employees Retirement System (OPERS) – Other Postemployment Benefits (OPEB)***

*Changes in Assumptions: OPERS Traditional and Combined Plans, Net OPEB Liability*

These assumptions are presented below for the periods indicated:

|  |  |
|--|--|
| The total OPEB liability actuarial valuations for the measurement periods December 31, 2018 and December 31, 2017 were determined using the actuarial assumptions that follow and as applied to all periods included in the measurement: |  |
| <b><u>Measurement Date December 31, 2018</u></b>   |  |
| Valuation date   | December 31, 2017                                  |
| Single discount rate   | 3.96%  |
| Investment rate of return  | 6.00%  |
| Wage inflation   | 3.25%  |
| Municipal bond rate  | 3.71%  |
| Projected salary increase  | 3.25% to 10.75% (includes wage inflation at 3.25%) |
| Health care cost trends  | 10.00% initial, 3.25% ultimate in 2029             |
| <b><u>Measurement Date December 31, 2017</u></b>   |  |
| Valuation date   | December 31, 2016                                  |
| Single discount rate   | 3.85%  |
| Investment rate of return  | 6.50%  |
| Wage inflation   | 3.25%  |
| Municipal bond rate  | 3.31%  |
| Projected salary increase  | 3.25% to 10.75% (includes wage inflation at 3.25%) |
| Health care cost trends  | 7.50% initial, 3.25% ultimate in 2028              |

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# 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.

| <b><u>Contents</u></b>  | <b><u>Page(s)</u></b> |
|---|-----------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.   | <b>83-88</b>          |
| <b>Revenue Capacity</b><br>This schedule contains information to help the reader assess the Authority's most significant local revenue source and the sales tax.  | <b>89</b>             |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. | <b>90-94</b>          |
| <b>Economic and Demographic Information</b><br>These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.              | <b>95-97</b>          |
| <b>Operating Information</b><br>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the                         | <b>98-101</b>         |

**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)**

|                                  | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net Investment in Capital Assets | \$588,533        | \$569,852        | \$546,456        | \$546,042        | \$576,014        | \$601,570        | \$611,606        | \$621,340        | \$630,397        | \$584,069        |
| Restricted                       | 16,269           | 20,739           | 25,516           | 49,197           | 35,324           | 50,764           | 42,759           | 21,394           | 15,634           | 16,720           |
| Unrestricted                     | 43,446           | 61,689           | 63,830           | 48,311           | 35,375           | (75,160)         | (66,096)         | (78,344)         | (149,115)        | (148,275)        |
| <b>Total Net Position</b>        | <b>\$648,248</b> | <b>\$652,280</b> | <b>\$635,802</b> | <b>\$643,550</b> | <b>\$646,713</b> | <b>\$577,174</b> | <b>\$588,269</b> | <b>\$564,390</b> | <b>\$496,916</b> | <b>\$452,514</b> |

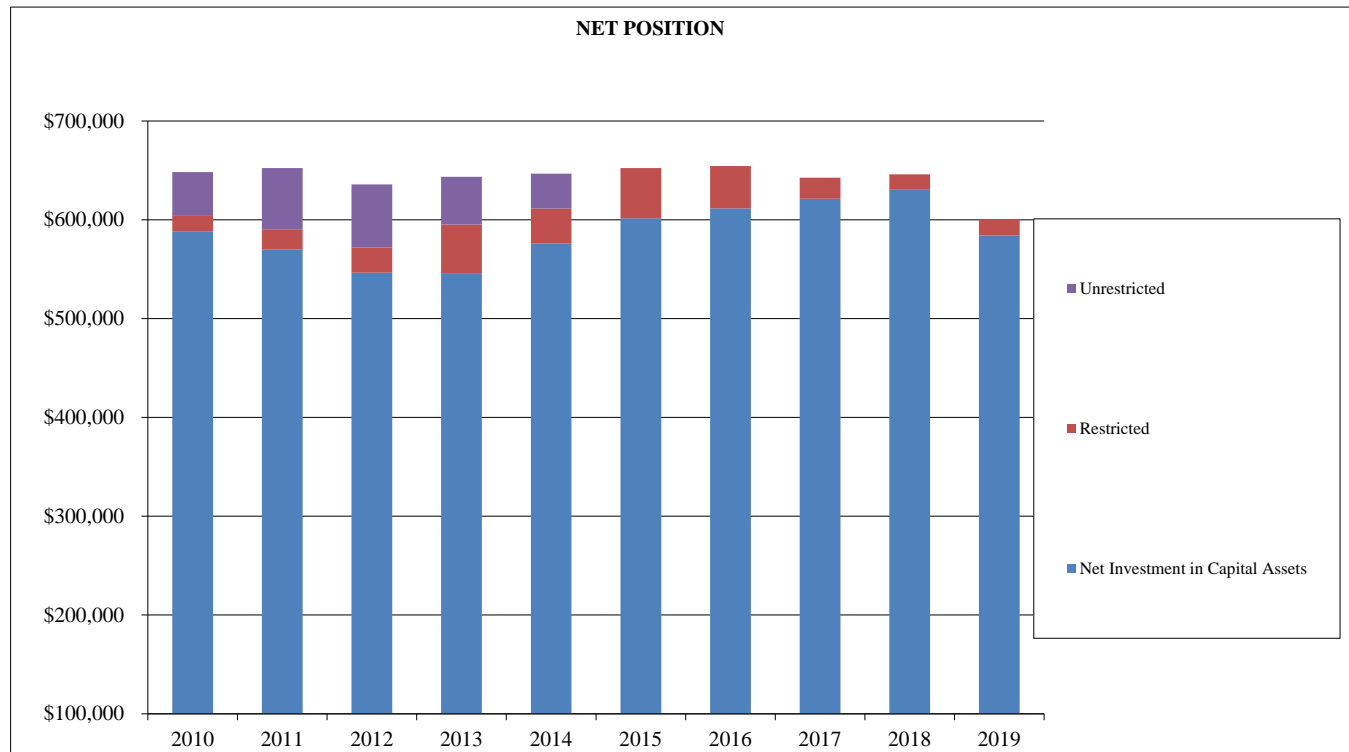


TABLE 2

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

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

| YEAR  | 2010      | 2011      | 2012       | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      |
|---|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operating Revenues:                           |           |           |            |           |           |           |           |           |           |           |
| Passenger Fares                               | \$46,959  | \$49,731  | \$49,896   | \$50,873  | \$52,080  | 47,176    | 46,776    | 46,351    | 45,160    | 44,771    |
| Advertising and Concessions                   | 968       | 946       | 1,350      | 1,493     | 1,653     | 1,632     | 1,781     | 2,068     | 2,379     | 2,230     |
| Total Operating Revenues                      | 47,927    | 50,677    | 51,246     | 52,366    | 53,733    | 48,808    | 48,557    | 48,419    | 47,539    | 47,001    |
| Operating Expenses                            | 216,476   | 226,033   | 238,884    | 251,638   | 259,779   | 250,076   | 262,635   | 292,198   | 246,911   | 301,663   |
| Depreciation Expense                          | 47,963    | 48,016    | 47,961     | 48,764    | 48,517    | 47,291    | 47,834    | 49,933    | 48,837    | 48,061    |
| Operating Loss                                | (216,512) | (223,372) | (235,599)  | (248,036) | (254,563) | (248,559) | (261,912) | (293,712) | (248,209) | (302,723) |
| Non-operating Revenues (Expenses)             |           |           |            |           |           |           |           |           |           |           |
| Sales and use tax revenue                     | 165,026   | 175,902   | 182,355    | 190,726   | 201,495   | 206,125   | 221,850   | 217,147   | 226,406   | 215,512   |
| Federal Funds                                 | 34,117    | 20,456    | 10,368     | 9,178     | 10,911    | 14,020    | 16,968    | 16,059    | 16,126    | 20,193    |
| Other State and Local Funds                   | 6,578     | 2,070     | 2,957      | 2,975     | 2,265     | 2,206     | 1,070     | 1,912     | 1,198     | 1,617     |
| Federal pass-through grants revenue           | 4,491     | 502       | 262        | 187       | 529       | 122       | 91        | 144       | 192       | 70        |
| Investment Income                             | 417       | 377       | 433        | 210       | (387)     | 289       | 555       | 640       | 1,625     | 3,736     |
| Gain (Loss) on Commodity Transactions         | 4,662     | 2,519     | 2,108      | 618       | (4,112)   |           |           |           |           |           |
| Interest Expense                              | (7,997)   | (7,227)   | (6,991)    | (6,432)   | (5,521)   | (6,430)   | (6,028)   | (4,988)   | (4,627)   | (4,470)   |
| Federal pass-through expenses                 | (4,491)   | (502)     | (261)      | (187)     | (529)     | (122)     | (91)      | (144)     | (192)     | (70)      |
| Other Income                                  | 1,787     | 2,518     | 80         | 7,773     | 1,934     | 4,668     | 7,412     | 1,784     | 9,875     | 1,925     |
| Total Non-operating Revenues (Expenses)       | 204,590   | 196,615   | 191,311    | 205,048   | 206,585   | 220,878   | 241,827   | 232,554   | 250,603   | 238,513   |
| Net Gain/(Loss) before Capital Grants Revenue | (11,922)  | (26,757)  | (44,288)   | (42,988)  | (47,978)  | (27,681)  | (20,085)  | (61,158)  | 2,394     | (64,210)  |
| Capital Grants Revenue                        | 50,360    | 30,788    | 27,811     | 50,736    | 51,140    | 64,751    | 31,180    | 37,279    | 31,734    | 19,808    |
| Change in Net Position                        | \$38,438  | \$4,031   | (\$16,477) | \$7,748   | \$3,162   | \$37,070  | \$11,095  | (23,879)  | 34,128    | (44,402)  |

TABLE 3

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**REVENUES BY SOURCE**  
**LAST TEN YEARS (IN THOUSANDS)**  
**(UNAUDITED)**

| <b>YEAR</b> | <b>OPERATING</b> | <b>SALES AND USE TAXES</b> | <b>FEDERAL OPERATING GRANTS AND REIMBURSEMENTS</b> | <b>STATE/LOCAL OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE</b> | <b>INVESTMENT INCOME/(LOSS)</b> | <b>PASS-THROUGH GRANTS REVENUE</b> | <b>OTHER</b> | <b>CAPITAL GRANT INCOME</b> | <b>TOTAL</b> |
|-------------|------------------|----------------------------|--|--|---------------------------------|------------------------------------|--------------|-----------------------------|--------------|
| 2010        | \$ 47,928        | \$ 165,026                 | \$ 34,117  | \$ 6,578   | \$ 417                          | \$ 4,491                           | \$ 6,449     | \$ 50,360                   | \$ 315,366   |
| 2011        | \$ 50,677        | \$ 175,902                 | \$ 20,456  | \$ 2,070   | \$ 377                          | \$ 502                             | \$ 5,037     | \$ 30,788                   | \$ 285,809   |
| 2012        | \$ 51,246        | \$ 182,355                 | \$ 10,368  | \$ 2,957   | \$ 433                          | \$ 262                             | \$ 2,108     | \$ 27,811                   | \$ 277,540   |
| 2013        | \$ 52,366        | \$ 190,726                 | \$ 9,178   | \$ 2,974   | \$ 210                          | \$ 187                             | \$ 8,391     | \$ 50,736                   | \$ 314,768   |
| 2014        | \$ 53,733        | \$ 201,495                 | \$ 10,911  | \$ 2,265   | \$ (387)                        | \$ 529                             | \$ 1,934     | \$ 51,140                   | \$ 321,620   |
| 2015        | \$ 48,808        | \$ 206,125                 | \$ 14,020  | \$ 2,206   | \$ 289                          | \$ 122                             | \$ 4,668     | \$ 64,751                   | \$ 340,989   |
| 2016        | \$ 48,557        | \$ 221,850                 | \$ 16,968  | \$ 1,070   | \$ 555                          | \$ 91                              | \$ 7,412     | \$ 31,180                   | \$ 327,683   |
| 2017        | \$ 48,419        | \$ 217,147                 | \$ 16,059  | \$ 1,912   | \$ 640                          | \$ 144                             | \$ 1,784     | \$ 37,279                   | \$ 323,384   |
| 2018        | \$ 47,539        | \$ 226,406                 | \$ 16,126  | \$ 1,198   | \$ 1,625                        | \$ 192                             | \$ 9,875     | \$ 31,734                   | \$ 334,695   |
| 2019        | \$ 47,001        | \$ 215,512                 | \$ 20,193  | \$ 1,617   | \$ 3,736                        | \$ 70                              | \$ 1,925     | \$ 19,808                   | \$ 309,862   |

TABLE 4

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**REVENUES AND OPERATING ASSISTANCE - COMPARISON TO INDUSTRY TREND DATA**  
**LAST TEN YEARS**  
**(UNAUDITED)**

**TRANSPORTATION INDUSTRY (1):**

| <b>OPERATING AND OTHER<br/>MISCELLANEOUS REVENUE</b> |              |              |              | <b>OPERATING ASSISTANCE</b>  |                |              |                           |
|--|--------------|--------------|--------------|------------------------------|----------------|--------------|---------------------------|
| <b>YEAR</b>  | <b>FARES</b> | <b>OTHER</b> | <b>TOTAL</b> | <b>STATE &amp;<br/>LOCAL</b> | <b>FEDERAL</b> | <b>TOTAL</b> | <b>TOTAL<br/>REVENUES</b> |
| 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                       |
| 2014 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |
| 2015 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |
| 2016 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |
| 2017 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |
| 2018 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |
| 2019 (4)   | N/A          | N/A          | N/A          | N/A                          | N/A            | N/A          | N/A                       |

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:**

| <b>OPERATING AND OTHER<br/>MISCELLANEOUS REVENUE</b> |              |                 |              | <b>OPERATING ASSISTANCE</b>     |                |              |                           |
|--|--------------|-----------------|--------------|---------------------------------|----------------|--------------|---------------------------|
| <b>YEAR</b>  | <b>FARES</b> | <b>OTHER(2)</b> | <b>TOTAL</b> | <b>STATE &amp;<br/>LOCAL(3)</b> | <b>FEDERAL</b> | <b>TOTAL</b> | <b>TOTAL<br/>REVENUES</b> |
| 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%                    |
| 2014   | 16.2%        | 1.1%            | 17.3%        | 63.3%                           | 19.4%          | 82.7%        | 100.0%                    |
| 2015   | 13.9%        | 0.4%            | 14.3%        | 61.1%                           | 24.6%          | 85.7%        | 100.0%                    |
| 2016   | 14.3%        | 0.5%            | 14.8%        | 70.5%                           | 14.7%          | 85.2%        | 100.0%                    |
| 2017   | 14.3%        | 0.9%            | 15.2%        | 68.3%                           | 16.5%          | 84.8%        | 100.0%                    |
| 2018   | 13.5%        | 1.0%            | 14.5%        | 70.5%                           | 15.0%          | 85.5%        | 100.0%                    |
| 2019   | 14.5%        | 1.9%            | 16.4%        | 70.1%                           | 13.5%          | 83.6%        | 100.0%                    |

N/A 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)**

| <u>YEAR</u> | <u>TRANSPORTATION</u> | <u>MAINTENANCE</u> | <u>GENERAL AND<br/>ADMINISTRATIVE</u> | <u>DEPRECIATION</u> | <u>TOTAL<br/>OPERATING<br/>EXPENSES</u> | <u>INTEREST</u> | <u>FEDERAL<br/>PASS-THROUGH<br/>EXPENSES</u> | <u>TOTAL<br/>EXPENSES</u> |
|-------------|-----------------------|--------------------|---------------------------------------|---------------------|---|-----------------|--|---------------------------|
| 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                |
| 2014        | \$ 107,067            | \$ 88,889          | \$ 63,823                             | \$ 48,517           | \$ 308,296                              | \$ 5,521        | \$ 529                                       | \$ 314,346                |
| 2015        | \$ 88,874             | \$ 82,777          | \$ 78,425                             | \$ 47,291           | \$ 297,367                              | \$ 6,430        | \$ 122                                       | \$ 303,919                |
| 2016        | \$ 102,953            | \$ 89,821          | \$ 69,861                             | \$ 47,834           | \$ 310,469                              | \$ 6,028        | \$ 91  | \$ 316,588                |
| 2017        | \$ 111,011            | \$ 100,608         | \$ 80,579                             | \$ 49,933           | \$ 342,131                              | \$ 4,988        | \$ 144                                       | \$ 347,263                |
| 2018        | \$ 92,487             | \$ 87,404          | \$ 67,020                             | \$ 48,837           | \$ 295,748                              | \$ 4,627        | \$ 192                                       | \$ 300,567                |
| 2019        | \$ 110,265            | \$ 106,746         | \$ 84,652                             | \$ 48,061           | \$ 349,724                              | \$ 4,470        | \$ 70  | \$ 354,264                |



**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** |   |
| 2010                         | 65.2              | % | 10.7                   | % | 6.6      | % | 3.4       | % | 2.6                   | % | 13.8                     | % | -2.3  | % | 100.0                      | % |
| 2011                         | 65.0              | % | 11.4                   | % | 6.6      | % | 3.3       | % | 2.6                   | % | 13.3                     | % | -2.2  | % | 100.0                      | % |
| 2012                         | 64.0              | % | 11.7                   | % | 6.9      | % | 3.2       | % | 2.2                   | % | 13.9                     | % | -1.9  | % | 100.0                      | % |
| 2013                         | 60.7              | % | 11.2                   | % | 7.1      | % | 3.1       | % | 2.4                   | % | 13.7                     | % | 1.8   | % | 100.0                      | % |
| 2014                         | 61.1              | % | 11.0                   | % | 6.9      | % | 3.2       | % | 2.5                   | % | 13.6                     | % | 1.7   | % | 100.0                      | % |
| 2015                         | 61.5              | % | 9.8                    | % | 7.3      | % | 3.0       | % | 2.4                   | % | 14.2                     | % | 1.8   | % | 100.0                      | % |
| 2016                         | 62.8              | % | 8.9                    | % | 7.6      | % | 2.7       | % | 2.7                   | % | 13.7                     | % | 1.6   | % | 100.0                      | % |
| 2017(1)                      | 61.5              | % | 9.8                    | % | 7.3      | % | 3.0       | % | 2.5                   | % | 14.2                     | % | 1.7   | % | 100.0                      | % |
| 2018 (2)                     | 62.9              | % | 8.9                    | % | 7.6      | % | 2.7       | % | 2.7                   | % | 13.7                     | % | 1.5   | % | 100.0                      | % |
| 2019 (3)                     | 61.9              | % | 8.7                    | % | 8.1      | % | 2.8       | % | 2.8                   | % | 14.2                     | % | 1.5   | % | 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* |   |
| 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                     | % |
| 2014  | 69.5              | % | 15.3                   | % | 6.2      | % | 2.7       | % | 1.8                   | % | 3.0                      | % | 1.5   | % | 100.0                     | % |
| 2015  | 72.5              | % | 12.6                   | % | 6.8      | % | 2.9       | % | 0.6                   | % | 3.2                      | % | 1.4   | % | 100.0                     | % |
| 2016  | 75.1              | % | 10.6                   | % | 5.3      | % | 2.8       | % | 2.0                   | % | 3.2                      | % | 1.0   | % | 100.0                     | % |
| 2017  | 77.4              | % | 9.0                    | % | 5.1      | % | 2.5       | % | 1.5                   | % | 2.8                      | % | 1.7   | % | 100.0                     | % |
| 2018  | 74.1              | % | 10.1                   | % | 6.4      | % | 2.6       | % | 1.8                   | % | 3.8                      | % | 1.2   | % | 100.0                     | % |
| 2019  | 74.6              | % | 9.9                    | % | 5.6      | % | 2.4       | % | 3.6                   | % | 2.8                      | % | 1.1   | % | 100.0                     | % |

\* Excludes Depreciation and Interest

Source:

(1) The American Public Transit Association, [APTA 2019 Public Transportation Fact Book](#), Table 70

(2) Data for 2018 is unavailable

(3) The American Public Transit Association, [APTA 2019 Public Transportation Fact Book](#), Tabular Data and Modal Rankings Report

TABLE 7

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY****PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY****2012 to 2018**

| Industry   | 2012                 |                     | 2013                 |                     | 2014                 |                     | 2015                 |                     |
|--|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|  | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total |
| Motor Vehicle and Parts Dealers  | \$23,022,352         | 12.62 %             | \$24,889,779         | 13.05 %             | \$30,949,341         | 13.04 %             | \$44,864,815         | 17.96 %             |
| Miscellaneous Store Retailers  | 19,596,461           | 10.75               | 15,105,521           | 7.92                | 18,808,492           | 7.93                | 31,966,486           | 12.80               |
| General Merchandise Stores   | 15,320,790           | 8.40                | 16,135,443           | 8.46                | 20,087,254           | 8.47                | 14,164,649           | 5.67                |
| Information (Including Telecommunications)                                     | 15,819,592           | 8.68                | 17,565,890           | 9.21                | 21,953,991           | 9.25                | 20,016,563           | 8.02                |
| Accommodation and Food Services  | 14,733,174           | 8.08                | 15,239,030           | 7.99                | 18,971,924           | 8.00                | 19,499,797           | 7.81                |
| Building Material and Garden Equipment and Supplies                            | 10,815,046           | 5.93                | 9,803,331            | 5.14                | 12,236,587           | 5.16                | 9,911,543            | 3.97                |
| Administrative and Support Services; Waste Management and Remediation Services | 7,628,146            | 4.18                | 8,248,401            | 4.32                | 10,259,089           | 4.32                | 9,804,294            | 3.93                |
| Health and Personal Care Stores  | 6,767,410            | 3.71                | 5,395,933            | 2.83                | 6,711,283            | 2.83                | 5,116,705            | 2.05                |
| Clothing and Clothing Accessories Stores                                       | 7,632,916            | 4.19                | 7,850,868            | 4.12                | 9,764,650            | 4.12                | 7,548,894            | 3.02                |
| Real Estate, and Rental and Leasing of Property                                | 5,072,860            | 2.78                | 5,848,775            | 3.07                | 7,274,513            | 3.07                | 7,287,216            | 2.92                |
| Other Industries   | <u>\$55,945,959</u>  | 30.68 %             | <u>\$64,643,308</u>  | 33.89 %             | <u>\$80,201,920</u>  | 33.81 %             | <u>\$79,535,369</u>  | 31.85 %             |
| Total Sales Tax Collection   | <u>\$182,354,706</u> | 100.00 %            | <u>\$190,726,279</u> | 100.00 %            | <u>\$237,219,044</u> | 100.00 %            | <u>\$249,716,331</u> | 100.00 %            |
| Industry   | 2016                 |                     | 2017                 |                     | 2018                 |                     | 2019                 |                     |
|  | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total | Amounts Collected    | Percentage of Total |
| Motor Vehicle and Parts Dealers  | \$32,802,208         | 12.72 %             | \$32,877,867         | 11.89 %             | \$33,668,916         | 12.82 %             | \$ 35,809,000        | 13.76 %             |
| Miscellaneous Store Retailers  | 45,902,785           | 17.81               | 31,302,575           | 11.32               | 23,975,486           | 9.13                | 20,396,166           | 7.84                |
| General Merchandise Stores   | 11,392,428           | 4.42                | 16,113,632           | 5.83                | 19,791,664           | 7.53                | 21,599,207           | 8.30                |
| Information (Including Telecommunications)                                     | 21,161,477           | 8.21                | 21,340,648           | 7.72                | 20,899,493           | 7.96                | 20,416,560           | 7.84                |
| Accommodation and Food Services  | 23,413,439           | 9.08                | 24,985,605           | 9.03                | 25,335,207           | 9.64                | 26,227,103           | 10.08               |
| Building Material and Garden Equipment and Supplies                            | 9,845,157            | 3.82                | 13,290,359           | 4.81                | 13,733,580           | 5.23                | 14,931,321           | 5.74                |
| Administrative and Support Services; Waste Management and Remediation Services | 11,288,301           | 4.38                | 11,575,378           | 4.19                | 11,136,601           | 4.24                | 11,952,887           | 4.59                |
| Health and Personal Care Stores  | 4,879,520            | 1.89                | 5,306,481            | 1.92                | 5,250,554            | 2.00                | 5,544,195            | 2.13                |
| Clothing and Clothing Accessories Stores                                       | 6,679,310            | 2.59                | 9,675,734            | 3.50                | 9,594,912            | 3.65                | 10,412,126           | 4.00                |
| Real Estate, and Rental and Leasing of Property                                | 8,781,291            | 3.41                | 9,496,329            | 3.43                | 9,636,536            | 3.67                | 10,811,679           | 4.15                |
| Other Industries   | <u>\$81,633,524</u>  | 31.67 %             | <u>\$100,578,166</u> | 36.37 %             | <u>\$89,662,672</u>  | 34.13 %             | <u>82,158,574</u>    | 31.57 %             |
| Total Sales Tax Collection   | <u>\$257,779,440</u> | 100.00 %            | <u>\$276,542,774</u> | 100.00 %            | <u>\$262,685,621</u> | 100.00 %            | <u>260,258,818</u>   | 100.00 %            |

(1) (Sources: State of Ohio and Cuyahoga County Fiscal Office).

**TABLE 8**  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**LEGAL DEBT MARGIN**  
**LAST TEN YEARS (IN THOUSANDS)**  
**(UNAUDITED)**

|  | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>OVERALL DEBT LIMITATION:</b>  |              |              |              |              |              |              |              |              |              |              |              |
| Total Of All GCRTA Debt Outstanding  | \$166,328    | \$155,220    | \$142,080    | \$169,733    | \$154,195    | \$138,366    | \$136,880    | \$120,030    | \$108,415    | \$96,470     | \$116,820    |
| Exempt Debt  | 166,328      | 155,220      | 142,080      | 169,733      | 154,195      | 138,366      | 136,880      | 120,030      | 108,415      | 96,470       | 116,820      |
| Net Indebtedness (Voted and Unvoted)   | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          | \$0          |
| Assessed Valuation Of County -<br>(Collection Year)                                    | \$31,497,061 | \$29,633,695 | \$29,826,341 | \$29,796,665 | \$27,652,473 | \$27,694,841 | \$27,694,841 | \$27,526,151 | \$27,623,744 | \$27,878,269 | \$30,536,605 |
| 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%         |
| 5.0% of Estimated Assessed Valuation<br>(Voted and Unvoted Debt Limitation)            | 1,574,853    | 1,481,685    | 1,491,317    | 1,489,833    | 1,382,624    | 1,384,742    | 1,384,742    | 1,376,308    | 1,381,187    | 1,393,913    | 1,526,830    |
| Net Indebtedness (Voted and Unvoted)<br>Overall Debt Margin                            | \$1,574,853  | \$1,481,685  | \$1,491,317  | \$1,489,833  | \$1,382,624  | \$1,384,742  | \$1,384,742  | \$1,376,308  | \$1,381,187  | \$1,393,913  | \$1,526,830  |
| Legal Debt Margin as a Percentage of<br>the Debt Limit                                 | 100.00%      | 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 -<br>0.1% of County Assessed Valuation                         | \$31,497     | \$29,634     | \$29,826     | \$29,797     | \$27,652     | \$27,695     | \$27,695     | \$27,526     | \$27,624     | \$27,878     | \$30,537     |
| Maximum Aggregate Amount Of Principal and<br>Interest Payable In Any One Calendar Year | (16,365)     | (16,365)     | (18,377)     | (18,902)     | (20,788)     | (20,676)     | (23,013)     | (16,919)     | (16,920)     | (14,227)     | (15,077)     |
| Maximum Annual Debt Service Charges<br>Permitted For New Debt Issuances                | (\$16,365)   | (\$16,365)   | (\$18,377)   | (\$18,902)   | (\$20,788)   | (\$20,676)   | (\$23,013)   | (\$16,919)   | (\$16,920)   | (\$14,227)   | (\$15,077)   |

Sources:

- (1) The most current population estimates are as of 7/2018 (Sources: State of Ohio and Cuyahoga County Fiscal Office).
- (2) Cuyahoga County Fiscal Officer, Budget Commission – Collection Year Data

**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)**

| <b>YEAR</b> | <b>POPULATION (1)</b> | <b>ASSESSED<br/>VALUE (2)</b> | <b>GENERAL<br/>BONDED<br/>DEBT</b> | <b>RATIO OF<br/>BONDED DEBT<br/>TO ASSESSED VALUE</b> | <b>BONDED DEBT<br/>PER CAPITA</b> |
|-------------|-----------------------|-------------------------------|------------------------------------|---|-----------------------------------|
| 2010        | 1,280                 | \$ 29,633,695                 | \$ 155,220                         | 0.52  | \$ 121.27                         |
| 2011        | 1,270                 | \$ 29,826,341                 | \$ 142,080                         | 0.48  | \$ 111.87                         |
| 2012        | 1,285                 | \$ 29,796,665                 | \$ 110,955                         | 0.37  | \$ 86.35                          |
| 2013        | 1,263                 | \$ 27,652,473                 | \$ 97,910                          | 0.35  | \$ 77.52                          |
| 2014        | 1,260                 | \$ 27,694,841                 | \$ 54,965                          | 0.20  | \$ 43.62                          |
| 2015        | 1,260                 | \$ 27,694,841                 | \$ 18,680                          | 0.07  | \$ 14.83                          |
| 2016        | 1,256                 | \$ 27,526,151                 | \$ 3,910                           | 0.01  | \$ 3.11                           |
| 2017        | 1,249                 | \$ 27,623,744                 | \$ 1,995                           | 0.01  | \$ 1.60                           |
| 2018        | 1,244                 | \$ 27,878,269                 | —                                  | —   | \$ 0.00                           |
| 2019        | 1,244                 | \$ 30,536,605                 | —                                  | —   | \$ 0.00                           |

**Sources:**

- (1) The most current population estimates are as of 7/2018 (Source: State of Ohio, <https://development.ohio.gov/files/rese>)  
(2) Cuyahoga County Fiscal Officer, Budget Commission – Collection Year Data

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<br>OBLIGATION<br>BONDS | STATE<br>INFRASTRUCTURE<br>LOAN | CAPITAL<br>LEASE | NOTES | SALES TAX<br>REVENUE<br>BONDS | TOTAL<br>DEBT | PERCENTAGE<br>OF PERSONAL<br>INCOME* | BONDED DEBT<br>PER CAPITA* |
|------|--------------------------------|---------------------------------|------------------|-------|-------------------------------|---------------|--------------------------------------|----------------------------|
| 2010 | \$ 155,220                     | \$ 2,460                        | \$ 20,870        |       | \$                            | \$ 184,174    | 5.52                                 | \$ 121.27                  |
| 2011 | \$ 142,080                     | \$                              | \$ 19,366        |       | \$                            | \$ 166,588    | 4.90                                 | \$ 111.87                  |
| 2012 | \$ 110,955                     | \$                              | \$ 17,793        |       | \$ 40,985                     | \$ 181,700    | 5.27                                 | \$ 86.35                   |
| 2013 | \$ 97,910                      | \$                              | \$ 16,150        |       | \$ 40,135                     | \$ 165,088    | 4.86                                 | \$ 77.52                   |
| 2014 | \$ 54,965                      | \$                              | \$ 14,431        |       | \$ 68,970                     | \$ 150,265    | 4.25                                 | \$ 43.62                   |
| 2015 | \$ 18,680                      | \$                              | \$               |       | \$ 118,200                    | \$ 156,082    | 4.34                                 | \$ 14.83                   |
| 2016 | \$ 3,910                       | \$                              | \$               |       | \$ 116,120                    | \$ 140,323    | 2.89                                 | \$ 3.11                    |
| 2017 | \$ 1,995                       | \$                              | \$               |       | \$ 106,420                    | \$ 126,877    | 2.62                                 | \$ 1.60                    |
| 2018 | \$ 0                           | \$                              | \$               |       | \$ 96,470                     | \$ 113,118    | 2.14                                 | —                          |
| 2019 | \$ 0                           | \$                              | \$               |       | \$ 116,820                    | \$ 138,064    | 2.52                                 | —                          |

|      | PERSONAL<br>INCOME (2) | POPULATION |
|------|------------------------|------------|
| 2010 | \$ 33,353              | 1,280      |
| 2011 | \$ 33,979              | 1,270      |
| 2012 | \$ 34,458              | 1,285      |
| 2013 | \$ 33,981              | 1,263      |
| 2014 | \$ 35,333              | 1,260      |
| 2015 | \$ 35,985              | 1,260      |
| 2016 | \$ 48,521              | 1,256      |
| 2017 | \$ 48,506              | 1,249      |
| 2018 | \$ 52,783              | 1,244      |
| 2019 | \$ 54,739              | 1,244      |

Source: See Personal Income Data from the Bureau of Economic Analysis

(2) [https://www.bea.gov/system/files/2018-11/lapi1118\\_0.pdf](https://www.bea.gov/system/files/2018-11/lapi1118_0.pdf)

TABLE 11

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (IN THOUSANDS)  
 DECEMBER 31, 2019  
 (UNAUDITED)

|  | GROSS DEBT | PERCENT APPLICABLE | ENTITY SHARE       |
|--|------------|--------------------|--------------------|
| Greater Cleveland Regional Transit Authority   | \$116,820  | 100.00%            | \$116,820          |
| Cuyahoga County                                | 168,520    | 100.00%            | \$168,520          |
| Cities Wholly with the County                  | 852,051    | 100.00%            | \$852,051          |
| Village Wholly with the County                 | 38,028     | 100.00%            | \$38,028           |
| Townships Wholly with the County               | 1,590      | 100.00%            | \$1,590            |
| All School Districts Wholly with in the County | 1,423,240  | 100.00%            | \$1,423,240        |
| Olmsted Falls S.D.                             | 31,315     | 96.22%             | \$30,131           |
| Strongsville S.D.                              | 71,396     | 99.70%             | \$71,182           |
| Chagrin Falls S.D.                             | 36,768     | 64.54%             | \$23,730           |
| Total Overlapping Debt                         |            |                    | <u>\$2,725,292</u> |

Source: [https://fiscalofficer.cuyahogacounty.us/pdf\\_fiscalofficer/en-US/obm/2018-AIS.pdf](https://fiscalofficer.cuyahogacounty.us/pdf_fiscalofficer/en-US/obm/2018-AIS.pdf)

TABLE 12

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

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

(UNAUDITED)

| YEAR | GROSS        |              | NET REVENUE<br>AVAILABLE FOR |           |          | TOTAL     | COVERAGE |
|------|--------------|--------------|------------------------------|-----------|----------|-----------|----------|
|      | REVENUES (1) | EXPENSES (2) | DEBT SERVICE                 | PRINCIPAL | INTEREST |           |          |
| 2010 | \$ 265,006   | \$ 220,968   | \$ 44,038                    | \$ 11,108 | \$ 7,565 | \$ 18,673 | 235.8 %  |
| 2011 | \$ 255,021   | \$ 226,534   | \$ 28,487                    | \$ 14,643 | \$ 7,668 | \$ 22,311 | 127.7 %  |
| 2012 | \$ 249,808   | \$ 235,431   | \$ 14,377                    | \$ 15,562 | \$ 7,630 | \$ 23,192 | 62.0 %   |
| 2013 | \$ 264,033   | \$ 251,848   | \$ 12,185                    | \$ 15,539 | \$ 7,634 | \$ 23,173 | 52.6 %   |
| 2014 | \$ 266,368   | \$ 260,695   | \$ 5,673                     | \$ 17,112 | \$ 5,985 | \$ 23,097 | 24.6 %   |
| 2015 | \$ 276,238   | \$ 250,198   | \$ 26,040                    | \$ 16,975 | \$ 6,038 | \$ 23,013 | 113.2 %  |
| 2016 | \$ 296,504   | \$ 262,726   | \$ 33,778                    | \$ 11,615 | \$ 5,302 | \$ 16,917 | 199.7 %  |
| 2017 | \$ 286,105   | \$ 292,198   | \$ (6,093)                   | \$ 11,945 | \$ 4,975 | \$ 16,920 | (36.0) % |
| 2018 | \$ 302,961   | \$ 247,103   | \$ 55,858                    | \$ 9,650  | \$ 4,577 | \$ 14,227 | 392.6 %  |
| 2019 | \$ 290,054   | \$ 301,733   | \$ (11,679)                  | \$ 10,560 | \$ 5,698 | 16,258    | (71.8) % |

(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</u><br><u>POPULATION</u> | <u>MSA (3)</u> | <u>WAGE</u>                                | <u>PER CAPITA</u>                    |
|-------------|------------------------------------|----------------|--|--------------------------------------|
|             |                                    |                | <u>INCOME (2)</u><br><u>(IN THOUSANDS)</u> | <u>PERSONAL</u><br><u>INCOME (2)</u> |
| 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                            |
| 2014        | 1,259,828                          | 1,759,382      | \$ 35,333,174                              | \$ 28,402                            |
| 2015        | 1,259,828                          | 1,759,382      | \$ 35,984,938                              | \$ 28,559                            |
| 2016        | 1,255,921                          | 2,060,810      | \$ 37,099,761                              | \$ 29,518                            |
| 2017        | 1,249,352                          | 2,055,612      | \$ 34,524,071                              | \$ 29,143                            |
| 2018        | 1,248,514                          | 2,058,844      | \$ 34,524,071                              | \$ 30,441                            |
| 2019        | 1,243,857                          | 2,048,449      | \$ 35,703,352                              | \$ 31,804                            |

**AGE DISTRIBUTION (1)**

|                 | <u>NUMBER</u>    | <u>PERCENTAGE</u> |
|-----------------|------------------|-------------------|
| Under 5 years   | 71,339           | 5.7%              |
| 5 - 9 yrs       | 69,653           | 5.6               |
| 10 - 14 yrs     | 71,981           | 5.8               |
| 15 - 19 yrs     | 74,415           | 6.0               |
| 20 - 24 yrs     | 79,161           | 6.4               |
| 25 - 34 yrs     | 176,115          | 14.1              |
| 35 - 44 yrs     | 143,095          | 11.5              |
| 45 - 54 yrs     | 154,222          | 12.4              |
| 55 - 59 yrs     | 90,163           | 7.2               |
| 60 - 64 yrs     | 87,730           | 7.1               |
| 65 - 74 yrs     | 125,447          | 10.1              |
| 75 - 84 yrs     | 66,632           | 5.4               |
| 85 yrs and over | 33,904           | 2.7               |
| TOTAL           | <u>1,243,857</u> | <u>100.0%</u>     |
| Median age      |                  | 40.2              |
| Males           |                  | 593,444           |
| Females         |                  | 650,413           |

**DISTRIBUTION OF HOUSEHOLDS BY INCOME BRACKET (1)**

| <u>INCOME (2)</u>       | <u>NUMBER</u>    | <u>PERCENTAGE</u> |
|-------------------------|------------------|-------------------|
| \$0 - 19,999            | \$ 121,762       | 22.7%             |
| \$20,000 - 29,999       | 58,818           | 10.9              |
| \$30,000 - 49,999       | 101,742          | 18.9              |
| \$50,000 - 99,999       | 146,691          | 27.3              |
| \$100,000 - 199,999     | 83,642           | 15.6              |
| OVER \$200,000          | 24,966           | 4.6               |
| TOTAL                   | <u>537,621</u>   | <u>100.0%</u>     |
| MEDIAN HOUSEHOLD INCOME | \$ <u>48,435</u> |                   |

Source:

- (1) Ohio Office of Research
- (2) United States Census Bureau - The Metropolitan Statistical Area (MSA), as defined by the Department of Development includes Lake, Geauga, Medina, and Cuyahoga Counties
- (3) Cuyahoga County Planning Commission

(continued)



TABLE 13 (continued)

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**DEMOGRAPHIC STATISTICS (continued)**

**LAST TEN YEARS (continued)**

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

|                            | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Civilian Labor Force | 631,700 | 623,300 | 619,200 | 621,900 | 618,600 | 614,600 | 617,500 | 617,600 | 616,200 | 614,500 |
| Total Employed             | 577,900 | 576,000 | 577,200 | 578,600 | 580,200 | 583,200 | 583,900 | 583,200 | 586,800 | 588,900 |
| Total Unemployed           | 53,800  | 47,200  | 42,000  | 43,300  | 38,400  | 31,400  | 33,600  | 34,500  | 29,400  | 25,600  |
| Unemployment Rate          | 8.5%    | 7.6%    | 6.8%    | 7.0%    | 6.2%    | 5.1%    | 5.4%    | 5.6%    | 4.8%    | 4.2%    |

**EMPLOYMENT BY SECTOR (2):**

(Amounts in 000's)

| YEAR   | MANUFACTURING |      | WHOLESALE<br>RETAIL<br>TRADE |      | PROFESSIONAL<br>AND RELATED<br>SERVICES |      | FEDERAL, STATE<br>AND LOCAL<br>GOVERNMENT |      | FINANCE,<br>INSURANCE,<br>REAL ESTATE |     | TRANSPORTATION<br>AND PUBLIC<br>UTILITIES |     | OTHER  |     | TOTAL  |       |
|--------|---------------|------|------------------------------|------|---|------|---|------|---------------------------------------|-----|---|-----|--------|-----|--------|-------|
|        | NUMBER        | %    | NUMBER                       | %    | NUMBER                                  | %    | NUMBER                                    | %    | NUMBER                                | %   | NUMBER                                    | %   | NUMBER | %   | NUMBER | %     |
| **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 |
| 2014   | 74.3          | 12.9 | 76.1                         | 13.2 | 262.1                                   | 45.4 | 69.5                                      | 12.0 | 47.5                                  | 8.2 | 22.5                                      | 3.9 | 25.5   | 4.4 | 577.5* | 100.0 |
| 2015   | 70.5          | 12.3 | 76.3                         | 13.3 | 260.5                                   | 45.3 | 72.1                                      | 12.5 | 45.4                                  | 7.9 | 24.5                                      | 4.3 | 25.8   | 4.4 | 575.1* | 100.0 |
| 2016   | 71.8          | 12.5 | 76.7                         | 13.3 | 275.2                                   | 47.7 | 59.5                                      | 10.3 | 45.3                                  | 7.9 | 24.5                                      | 4.2 | 23.6   | 4.1 | 576.6  | 100.0 |
| 2017   | 74.2          | 12.7 | 77.4                         | 13.3 | 276.7                                   | 47.5 | 60.2                                      | 10.3 | 45.8                                  | 7.9 | 24.8                                      | 4.3 | 23.0   | 4.0 | 582.1  | 100.0 |
| 2018   | 74.0          | 12.6 | 77.6                         | 13.2 | 281.0                                   | 47.8 | 49.1                                      | 8.4  | 45.9                                  | 7.8 | 36.3                                      | 6.2 | 23.8   | 4.0 | 587.7  | 100.0 |
| 2019   | 72.5          | 12.1 | 73.9                         | 12.4 | 283.8                                   | 47.5 | 50.7                                      | 8.5  | 47.3                                  | 7.9 | 29.2                                      | 4.9 | 39.9   | 6.7 | 597.3  | 100.0 |

Sources:

(1) Ohio Office of Research

(2) U.S. Census Bureau - Data survey table

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

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

TABLE 14

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**PRINCIPAL EMPLOYERS**

**2019 AND 2010**

| <b>2019</b>                         |                                       |                  |  |
|-------------------------------------|---------------------------------------|------------------|--|
| <b>Employer</b>                     | <b>Nature of Business</b>             | <b>Employees</b> | <b>Percentage of Total County Employment</b> |
| Cleveland Clinic Health System      | Health Care                           | 45,444           | 7.5%   |
| University Hospitals Health System  | Health Care                           | 22,612           | 3.73   |
| Group Management Services, Inc.     | Staffing and employment services firm | 21,720           | 3.59   |
| Minute Men Cos.                     | Staffing and employment services firm | 21,131           | 3.49   |
| U.S. Office of Personnel Management | Federal Government                    | 16,050           | 2.65   |
| Progressive Corporation             | Insurance & financial company         | 11,943           | 1.97   |
| Giant Eagle Inc.                    | Multi-format food, fuel & pharmacy    | 8,361            | 1.38   |
| State of Ohio                       | State government                      | 8,068            | 1.33   |
| Cuyahoga County                     | County government                     | 7,368            | 1.22   |
| The MetroHealth Systems             | Health Care                           | 6,982            | 1.15   |
|                                     | <b>Total</b>                          | <b>169,679</b>   | <b>28.0%</b>                                 |
|                                     | <b>Total County Employment</b>        | <b>605,754</b>   |  |
| <b>2010</b>                         |                                       |                  |  |
|                                     |                                       |                  | <b>Percentage of Total County</b>            |
| Cleveland Clinic Health System      | Health Care                           | 34,000           | 6%   |
| U.S. Office of Personnel Management | Federal Government                    | 14,843           | 2.6  |
| University Hospitals Health System  | Health Care                           | 13,224           | 2.3  |
| State of Ohio                       | State Government                      | 9,932            | 1.8  |
| Progressive Corporation             | Insurance                             | 8,900            | 1.6  |
| Cuyahoga County                     | County Government                     | 8,036            | 1.4  |
| Summa Health System                 | Health Care Provider                  | 8,000            | 1.4  |
| United States Postal Services       | U.S. Postal Services                  | 7,641            | 1.4  |
| City of Cleveland                   | Municipal Government                  | 7,580            | 1.3  |
| Cleveland Municipal School District | Education                             | 7,385            | 1.3  |
|                                     | <b>Total</b>                          | <b>119,541</b>   | <b>21.2%</b>                                 |
|                                     | <b>Total County Employment</b>        | <b>565,000</b>   |  |

Sources: Crain's Cleveland Business - Book of List for 2020  
 U.S. Bureau of Labor Statistics - FRED @ ECONOMIC DATA (<http://fred.stlouisfed.org>)

**TABLE 15**  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**OPERATING STATISTICS (1)**  
**LAST TEN YEARS**  
**(UNAUDITED)**

|  | 2010        | 2011        | 2012**      | 2013        | 2014        | 2015***     | 2016        | 2017        | 2018       | 2019*      |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| <b>SYSTEM RIDERSHIP:</b>                 |             |             |             |             |             |             |             |             |            |            |
| Motor Bus                                | 35,895,427  | 37,198,763  | 33,857,969  | 34,325,962  | 34,426,847  | 32,810,537  | 30,156,644  | 26,711,874  | 22,866,545 | 21,787,742 |
| Heavy Rail                               | 3,657,501   | 5,687,891   | 6,240,495   | 6,423,366   | 6,203,837   | 6,438,252   | 6,417,590   | 5,904,814   | 6,273,379  | 5,666,706  |
| Light Rail                               | 2,315,662   | 2,745,106   | 2,856,379   | 2,897,940   | 2,779,158   | 2,608,770   | 2,468,330   | 2,114,753   | 1,638,170  | 1,484,863  |
| Demand Responsive                        | 550,711     | 579,072     | 647,031     | 704,502     | 751,529     | 702,538     | 633,601     | 593,654     | 587,190    | 576,448    |
| BRT (Bus Rapid)**                        |             |             | 4,629,200   | 4,854,519   | 5,084,513   | 4,461,433   | 4,609,436   | 4,219,838   | 3,764,271  | 2,628,480  |
| <b>AVERAGE WEEKDAY SYSTEM RIDERSHIP:</b> |             |             |             |             |             |             |             |             |            |            |
| Motor Bus                                | 122,662     | 124,343     | 113,662     | 93,675      | 112,878     | 107,734     | 100,708     | 89,554      | 76,487     | 72,646     |
| Heavy Rail                               | 11,405      | 18,495      | 21,493      | 17,529      | 18,037      | 18,744      | 18,740      | 17,284      | 19,809     | 17,712     |
| Light Rail                               | 7,592       | 9,560       | 9,838       | 7,908       | 7,614       | 8,456       | 8,151       | 7,061       | 5,374      | 4,872      |
| Demand Responsive                        | 1,769       | 1,868       | 2,067       | 2,284       | 2,373       | 2,281       | 2,031       | 1,848       | 1,814      | 1,850      |
| BRT (Bus Rapid)**                        |             |             | 15,541      | 13,248      | 16,671      | 14,541      | 14,445      | 14,212      | 13,202     | 8,591      |
| <b>AVERAGE WEEKDAY MILES OPERATED:</b>   |             |             |             |             |             |             |             |             |            |            |
| Motor Bus                                | 51,308      | 48,983      | 39,810      | 41,440      | 42,561      | 43,691      | 42,744      | 47,722      | 45,054     | 44,404     |
| Heavy Rail                               | 2,796       | 5,233       | 5,759       | 6,887       | 7,395       | 7,379       | 7,813       | 7,485       | 7,531      | 6,808      |
| Light Rail                               | 2,025       | 2,042       | 2,008       | 2,331       | 2,523       | 2,561       | 2,320       | 2,015       | 1,933      | 1,941      |
| Demand Responsive                        | 15,322      | 16,161      | 15,160      | 15,604      | 16,682      | 16,614      | 16,738      | 21,329      | 21,844     | 21,841     |
| BRT (Bus Rapid)**                        |             |             | 2,096       | 2,007       | 2,025       | 1,835       | 1,821       | 1,852       | 1,661      | 1,523      |
| <b>REVENUE MILES:</b>                    |             |             |             |             |             |             |             |             |            |            |
| Motor Bus                                | 13,310,980  | 12,616,043  | 12,224,802  | 12,968,260  | 13,236,263  | 13,416,573  | 13,188,669  | 12,823,852  | 12,257,437 | 12,162,044 |
| Heavy Rail                               | 953,985     | 1,766,922   | 1,989,328   | 2,414,910   | 2,432,606   | 2,528,661   | 2,661,224   | 2,611,263   | 2,113,189  | 2,396,274  |
| Light Rail                               | 661,218     | 715,539     | 699,039     | 785,351     | 830,016     | 844,272     | 776,474     | 683,721     | 682,556    | 677,411    |
| Demand Responsive                        | 4,285,442   | 4,560,276   | 4,821,868   | 4,978,261   | 5,187,971   | 5,311,937   | 5,343,934   | 5,446,387   | 5,581,907  | 5,120,710  |
| BRT (Bus Rapid)**                        |             |             | 688,062     | 648,031     | 641,081     | 604,862     | 595,789     | 593,086     | 548,234    | 512,882    |
| <b>PASSENGER MILES:</b>                  |             |             |             |             |             |             |             |             |            |            |
| Motor Bus                                | 136,352,946 | 139,878,118 | 144,368,655 | 144,546,103 | 144,877,313 | 143,016,054 | 124,284,327 | 112,204,045 | 97,776,046 | 91,902,658 |
| Heavy Rail                               | 25,889,384  | 39,448,214  | 43,551,128  | 44,109,511  | 41,266,566  | 43,869,205  | 41,530,858  | 37,907,589  | 42,165,745 | 36,529,680 |
| Light Rail                               | 13,611,220  | 16,762,697  | 16,938,794  | 17,332,817  | 16,450,357  | 15,113,234  | 14,721,876  | 12,789,989  | 9,580,135  | 8,974,467  |
| Demand Responsive                        | 3,940,975   | 4,134,106   | 4,572,942   | 4,964,438   | 7,274,713   | 5,989,622   | 4,993,531   | 4,892,499   | 4,402,093  | 4,594,269  |
| BRT (Bus Rapid)**                        |             |             | 11,748,318  | 12,837,586  | 13,277,273  | 10,538,255  | 11,641,456  | 10,429,796  | 10,019,677 | 6,889,599  |

**TABLE 15**  
**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**OPERATING STATISTICS (1)**  
**LAST TEN YEARS (Continued)**  
**(UNAUDITED)**

|  | 2010       | 2011       | 2012**     | 2013       | 2014       | 2015***    | 2016  | 2017  | 2018  | 2019* |
|--|------------|------------|------------|------------|------------|------------|-------|-------|-------|-------|
| <b>ENERGY CONSUMPTION:</b>             |            |            |            |            |            |            |       |       |       |       |
| Motor Bus                              |            |            |            |            |            |            |       |       |       |       |
| (gallons of fuel)                      | 3,882,866  | 4,429,201  | 3,901,523  | 3,992,940  | 4,066,716  | 3,188,219  | N/A   | N/A   | N/A   | N/A   |
| (gallons of compressed natural gas)*** |            |            |            |            |            | 304,409    | N/A   | N/A   | N/A   | N/A   |
| Heavy Rail                             |            |            |            |            |            |            |       |       |       |       |
| (kilowatt hours)                       | 24,000,051 | 26,024,462 | 25,319,115 | 25,091,622 | 24,651,213 | 22,660,795 | N/A   | N/A   | N/A   | N/A   |
| Light Rail                             |            |            |            |            |            |            |       |       |       |       |
| (kilowatt hours)                       | 12,975,110 | 11,912,103 | 9,836,196  | 12,982,816 | 11,821,324 | 12,157,153 | N/A   | N/A   | N/A   | N/A   |
| Demand Responsive                      |            |            |            |            |            |            |       |       |       |       |
| (gallons of fuel)                      | 531,510    | 573,563    | 634,019    | 650,749    | 608,858    | 664,335    | N/A   | N/A   | N/A   | N/A   |
| BRT (Bus Rapid)**                      |            |            |            |            |            |            |       |       |       |       |
| (gallons of fuel)                      |            |            | 297,054    | 306,899    | 299,018    | 278,075    | N/A   | N/A   | N/A   | N/A   |
| <b>FLEET REQUIREMENT</b>               |            |            |            |            |            |            |       |       |       |       |
| <b>DURING PEAK HOURS:</b>              |            |            |            |            |            |            |       |       |       |       |
| Motor Bus                              | 322        | 310        | 303        | 350        | 350        | 350        | 350   | 286   | 275   | 255   |
| Heavy Rail                             | 22         | 18         | 20         | 20         | 20         | 20         | 20    | 20    | 20    | 24    |
| Light Rail                             | 17         | 13         | 13         | 14         | 14         | 13         | 13    | 13    | 13    | 9     |
| Demand Responsive                      | 102        | 116        | 134        | 131        | 137        | 147        | 148   | 148   | 142   | 142   |
| BRT (Bus Rapid)**                      |            |            | 16         | 16         | 16         | 16         | 14    | 13    | 13    | 11    |
| <b>TOTAL ACTIVE VEHICLES</b>           |            |            |            |            |            |            |       |       |       |       |
| <b>DURING PERIOD:</b>                  |            |            |            |            |            |            |       |       |       |       |
| Motor Bus                              | 405        | 403        | 399        | 391        | 391        | 375        | 378   | 361   | 334   | 350   |
| Heavy Rail                             | 60         | 44         | 60         | 60         | 60         | 40         | 40    | 40    | 40    | 40    |
| Light Rail                             | 48         | 33         | 48         | 48         | 48         | 34         | 48    | 34    | 34    | 32    |
| Demand Responsive                      | 120        | 120        | 146        | 146        | 158        | 159        | 166   | 166   | 160   | 160   |
| BRT (Bus Rapid)**                      |            |            | 21         | 21         | 21         | 21         | 24    | 21    | 24    | 21    |
| <b>NUMBER OF EMPLOYEES:</b>            | 2,115      | 2,103      | 2,188      | 2,033      | 2,073      | 2,257      | 2,215 | 2,196 | 2,139 | 2,074 |

Source:

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

\*2019 data is preliminary

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

\*\*\*2015 is the first year for CNG

N/A - No longer required or tracked by NTD for Energy Consumption category

TABLE 16

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**OPERATING INFORMATION-CAPITAL ASSETS**  
**FISCAL YEAR 2010 THROUGH FISCAL YEAR 2019 (IN THOUSANDS)**  
**(UNAUDITED)**

| YEAR                                       | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capital Assets Not Being Depreciated       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                                       | \$ 38,671         | \$38,510          | \$36,924          | \$37,818          | \$37,813          | \$37,813          | \$37,813          | \$37,514          | \$37,514          | \$38,181          |
| Construction in Progress                   | 36,649            | 20,849            | 23,015            | 25,955            | 22,258            | 59,522            | 74,819            | 61,415            | 73,096            | 79,550            |
| Total Capital Assets Not Being Depreciated | <u>75,320</u>     | <u>59,359</u>     | <u>59,939</u>     | <u>63,773</u>     | <u>60,071</u>     | <u>97,335</u>     | <u>112,632</u>    | <u>98,929</u>     | <u>110,610</u>    | <u>117,731</u>    |
| Capital Assets Being Depreciated:          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Infrastructure                             | 62,879            | 63,009            | 63,192            | 63,233            | 63,461            | 63,461            | 63,461            | 65,654            | 65,976            | 66,999            |
| Right of Ways                              | 272,723           | 274,334           | 274,725           | 301,660           | 308,716           | 309,264           | 309,454           | 314,759           | 321,173           | 321,359           |
| Building, Furniture & Fixtures             | 454,569           | 481,619           | 492,407           | 502,685           | 537,706           | 546,140           | 548,211           | 578,819           | 551,853           | 569,171           |
| Transportation and Other Equipment         | 411,981           | 405,618           | 413,275           | 421,138           | 441,898           | 470,713           | 486,818           | 501,862           | 489,597           | 480,082           |
| Bus Rapid Transit                          | 162,334           | 162,353           | 162,344           | 162,344           | 163,027           | 163,102           | 163,516           | 163,605           | 163,663           | 163,663           |
| Total Capital Assets Being Depreciated     | <u>1,364,486</u>  | <u>1,386,933</u>  | <u>1,405,943</u>  | <u>1,451,060</u>  | <u>1,514,808</u>  | <u>1,552,680</u>  | <u>1,571,460</u>  | <u>1,624,699</u>  | <u>1,592,262</u>  | <u>1,601,274</u>  |
| Less Accumulated Depreciation:             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Infrastructure                             | 14,045            | 15,376            | 16,712            | 18,051            | 19,513            | 21,076            | 22,522            | 23,612            | 22,816            | 24,233            |
| Right of Ways                              | 149,682           | 156,323           | 162,952           | 169,671           | 176,783           | 183,671           | 190,045           | 196,441           | 202,941           | 209,413           |
| Building, Furniture & Fixtures             | 226,864           | 241,529           | 256,743           | 272,465           | 289,075           | 307,161           | 325,074           | 343,871           | 329,942           | 348,425           |
| Transportation and Other Equipment         | 272,139           | 285,804           | 306,696           | 327,277           | 345,488           | 359,502           | 369,831           | 381,692           | 368,761           | 375,654           |
| Bus Rapid Transit                          | 7,727             | 11,334            | 14,942            | 18,549            | 22,160            | 25,784            | 29,413            | 33,047            | 36,683            | 40,319            |
| Total Accumulated Depreciation:            | <u>670,457</u>    | <u>710,366</u>    | <u>758,045</u>    | <u>806,013</u>    | <u>853,019</u>    | <u>897,194</u>    | <u>936,885</u>    | <u>978,663</u>    | <u>961,143</u>    | <u>998,044</u>    |
| Net Capital Assets Being Depreciated       | <u>694,029</u>    | <u>676,567</u>    | <u>647,898</u>    | <u>645,047</u>    | <u>661,789</u>    | <u>655,486</u>    | <u>634,575</u>    | <u>646,036</u>    | <u>631,119</u>    | <u>603,230</u>    |
| Net Capital Assets, End of Year            | <u>\$ 769,349</u> | <u>\$ 735,926</u> | <u>\$ 707,837</u> | <u>\$ 708,820</u> | <u>\$ 721,860</u> | <u>\$ 752,821</u> | <u>\$ 747,207</u> | <u>\$ 744,965</u> | <u>\$ 741,729</u> | <u>\$ 720,961</u> |

Source: Greater Cleveland Regional Transit 2019 Financial Statements

TABLE 17

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**  
**FAREBOX RECOVERY PERCENTAGE**  
**LAST TEN YEARS**  
**(UNAUDITED)**

| YEAR | PERCENTAGE |
|------|------------|
| 2010 | 22.4       |
| 2011 | 22.5       |
| 2012 | 21.8       |
| 2013 | 21.1       |
| 2014 | 20.6       |
| 2015 | 19.5       |
| 2016 | 18.5       |
| 2017 | 16.6       |
| 2018 | 19.2       |
| 2019 | 15.6       |

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

**FARE STRUCTURE**  
**DECEMBER 31, 2019**

| Cash Fares      |        |
|-----------------|--------|
| Bus/Rapid/BRT   | \$2.50 |
| Senior/Disabled | \$1.25 |
| Park-N-Ride Bus | \$2.75 |
| Trolley         | \$0.00 |
| Student Fare    | \$1.75 |
| Paratransit     | \$2.75 |
| Out of County   | \$3.75 |

| Monthly Passes  |          |
|-----------------|----------|
| Bus/Rapid/BRT   | \$95.00  |
| Senior/Disabled | \$48.00  |
| Park-N-Ride Bus | \$105.00 |
| Paratransit     | \$110.00 |

| 7 Day Passes    |         |
|-----------------|---------|
| Bus/Rapid/BRT   | \$25.00 |
| Senior/Disabled | \$12.50 |
| Park-N-Ride Bus | \$27.50 |
| Paratransit     | \$30.00 |

| Daily Passes          |        |
|-----------------------|--------|
| Bus/Rapid/BRT         | \$5.50 |
| Senior/Disabled/Child | \$2.75 |
| Student K-12          | \$4.50 |
| Paratransit           | \$7.50 |

| Cleveland Passes |         |
|------------------|---------|
| One Day          | \$5.50  |
| Two Day          | \$11.00 |
| Four Day         | \$22.00 |

| Farecards - 5 Trip |         |
|--------------------|---------|
| Bus/Rapid/BRT      | \$12.50 |
| Senior/Disabled    | \$6.25  |
| Paratransit        | \$13.75 |
| Park-N-Ride Bus    | \$13.75 |
| Student K-12       | \$8.75  |
| Trolley            | \$0.00  |

Up to three children under 6 yrs. of age with adult ride free  
 Paratransit fare media rates changed effective August 15, 2017.



Greater Cleveland Regional Transit Authority  
1240 West Sixth Street  
Cleveland, Ohio 44113-1302

[rideRTA.com](http://rideRTA.com)

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# OHIO AUDITOR OF STATE KEITH FABER



**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/27/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)