



Dave Yost • Auditor of State

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
CUYAHOGA COUNTY**

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GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs			
Assistance Formula Grants	20.507		\$ 34,150,494
Federal Transit Administration Capital and Operating Demonstration Operating Assistance - Healthline	20.507	OH-95-X053	563,251
Federal Transit Administration Capital Improvement Grants	20.500		10,653,334
State of Good Repair Programs- Rail Formula	20.525	OH-54-0002	3,374,858
2013 Sec 5339 Bus and Bus Facilities	20.526	OH-34-0003	365,440
Sub-Total Federal Transit Cluster/Direct Programs			<u>\$ 49,107,377</u>
Federal Transit Cluster:			
Passed Through Ohio Department of Transportation:			
Federal Transit Administration Highway Planning and Construction Grants	20.507	0018-520-063	195,747
Federal Transit Administration Highway Planning and Construction Grants	20.507	0018-520-064	759,568
Subtotal Federal Transit Cluster/Passed Through the Ohio Department of Transportation			<u>\$ 955,315</u>
Transit Service Cluster Programs			
Job Access and Reverse Commute	20.516	OH-37-4059	1,235,327
New Freedom Program (Travel Trainer)	20.521	OH-57-0022	174,957
Sub-Total Transit Service Cluster Programs			<u>\$ 1,410,284</u>
Federal Highway Administration:			
Highway Planning and Construction Cluster:			
Passed Through Ohio Department of Transportation:			
Tiger II- Universtiy Circle	20.933	OH-79-0001	4,779,432
Tiger III- Universtiy Circle/Little Italy	20.933	OH-79-0003	6,690,462
Innovative Workforce Development	20.514	OH-26-7250	124,070
Red line/Healthline AA	20.522	OH-39-0005	466,375
Total Federal Highway Administration			<u>\$ 12,060,339</u>
Total U.S. Department of Transportation			<u>\$ 63,533,315</u>
U.S. Department of Homeland Security:			
Federal Emergency Management Agency	97.075	2012-RA-0039	30,434
Federal Emergency Management Agency	97.075	2011-RA-K0-0052	698,486
Federal Emergency Management Agency	97.072	HSTS0212HCAN503	466,817
Total U.S. Department of Homeland Security			<u>\$ 1,195,737</u>
Total Expenditures of Federal Awards			<u>\$ 64,729,052</u>

See accompanying notes to the schedule of expenditures of federal awards.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED DECEMBER 31, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the Greater Cleveland Regional Transit Authority's (the Authority's) federal award programs' expenses. The schedule has been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

NOTE B - SUBRECIPIENTS

The Authority passes certain federal awards received from the U.S. Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Authority reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, the government 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 C- 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.



Dave Yost • Auditor of State

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

Greater Cleveland Regional Transit Authority
Cuyahoga County
1240 West 6th 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, 2014 and 2013, 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 23, 2015.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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Entity's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 23, 2015



Dave Yost • Auditor of State

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

Greater Cleveland Regional Transit Authority
Cuyahoga County
1240 West 6th Street
Cleveland, Ohio 44113

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Greater Cleveland Regional Transit Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Greater Cleveland Regional Transit Authority's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. 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 its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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

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

We have also audited the financial statements of the Greater Cleveland Regional Transit Authority (the Authority) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's financial statements. We issued our unmodified report thereon dated June 23, 2015. We conducted our audit to opine on the Authority's financial statements. The accompanying schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

June 23, 2015

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**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF AUDITOR'S RESULTS
DECEMBER 31, 2014**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Cluster: CFDA #20.500, 20.507, 20.525, 20.526
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 1,941,872 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
DECEMBER 31, 2014 AND 2013**

Finding Number 2014-001

Noncompliance – Finding for Recovery – Repaid Under Audit

Certain Authority employees are covered under the Agreement between the Greater Cleveland Regional Transit Authority and Amalgamated Transit Union, Local 268 (hereinafter "the Agreement") for the period August 1, 2011 through July 31, 2014. This agreement was extended indefinitely during 2014, while negotiations on a new deal continued. With respect to Vacation Leave, Article 14 Section 2 states in part, "Provided the employee has worked in excess of 1,424 hours in the previous calendar year, his/her vacation shall be 120 hours with five years [but less than thirteen years] of continuous service."

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2014**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED) DECEMBER 31, 2014 AND 2013
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Finding Number 2014-001 (Continued)

Noncompliance – Finding for Recovery – Repaid Under Audit (Continued)

An employee of the Authority during fiscal year 2014 was covered by the Agreement. In 2013, the employee worked 1,895 hours, which entitled her to the full 120 hours of vacation leave in 2014.

The employee took and was paid for 176 hours of vacation in 2014, for a total of \$4,620 in vacation pay. Per the Agreement, the employee was only entitled to the 120 hours of vacation, totaling \$3,150. As a result, the employee was overpaid for vacation by \$1,470.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued for \$1,470 and in favor of the Greater Cleveland Regional Transit Authority's operating fund for \$1,470.

The employee repaid the vacation hours by accepting an adjustment to the 2015 vacation leave balance on April 15, 2015.

Additionally, we recommend the Authority implement additional checks of the leave balance system to ensure employees are accruing proper leave.

Officials' Response:

As stated in the finding above, the employee's 2015 vacation hours were adjusted to offset the overage in 2014.

It needs to be noted that this was entirely a result of the uniqueness of the issue which required a manual adjustment to one employee's record. Manual adjustments such as this are rarely used and no other manual adjustments were necessary, or made, for any other employee.

We are currently in process of reviewing our procedures to make sure that an error such as this can be prevented, or identified and corrected sooner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS DECEMBER 31, 2014
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None



Dave Yost • Auditor of State

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

Greater Cleveland Regional Transit Authority
Cuyahoga County
1240 West 6th 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 2014 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, 2014. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2014 Policy 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 Federal Funding Allocation Statistics form for the fiscal year ending December 31, 2014 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 2014 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, 2014 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 2014 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 2014 Reporting Manual. These standards and the 2014 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, 2014.

Greater Cleveland Regional Transit Authority
Cuyahoga County
Independent Auditor's Report on Compliance with
Requirements for Federal Funding Allocation Data
Page 3

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 that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 9, 2015

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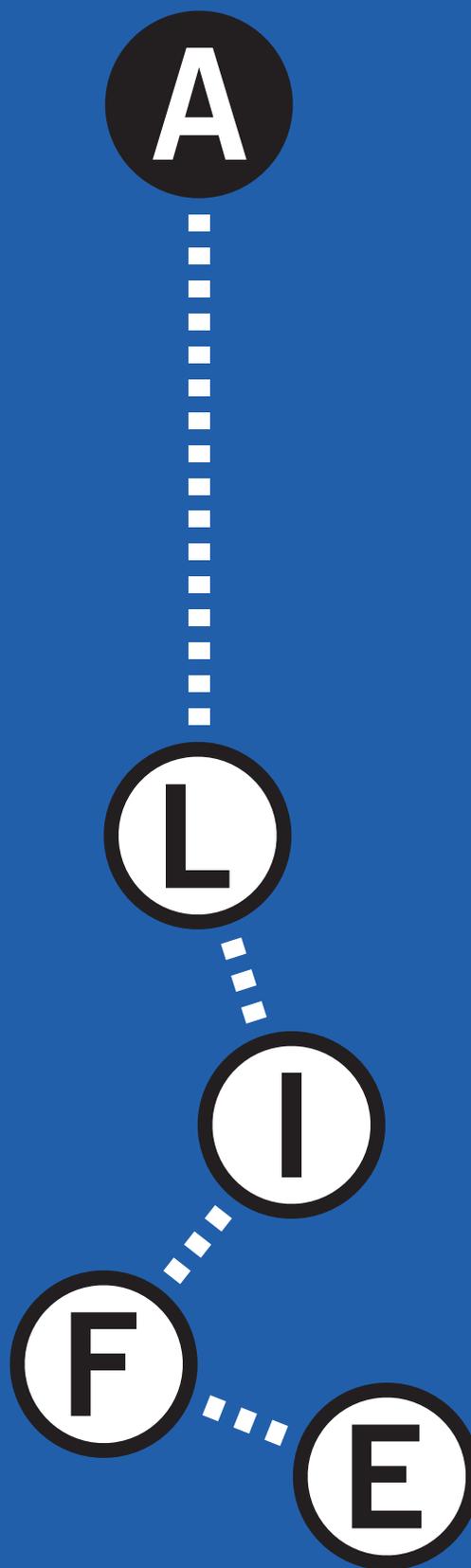
Greater Cleveland
Regional Transit
Authority

Comprehensive
Annual Financial Report

For the Year Ended
December 31, 2014
Cuyahoga County, Ohio



From point



RTA connects the dots.

**Comprehensive
Annual Financial Report
For the Year Ended December 31, 2014**



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

George F. Dixon, III
President
Board of Trustees

Joseph A. Calabrese
CEO, General Manager/
Secretary- Treasurer

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

2014

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Greater Cleveland
Regional Transit Authority
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Greater Cleveland Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



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

June 23, 2015

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

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the Greater Cleveland Regional Transit Authority (“GCRTA” or “Authority”) for the year ended December 31, 2014. This is the twenty-seventh such report issued by GCRTA. It has become the standard format used in presenting the results of the GCRTA's operations, financial position, cash flows and related statistical information.

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

Dave Yost, Auditor of State of Ohio, has issued an unmodified opinion on the GCRTA's financial statements for the year ended December 31, 2014. The Independent Auditor's Report is located at the front of the financial section of this report.

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

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

GCRTA takes great pride in the fact that each of the previously issued Comprehensive Annual Financial Reports earned the recognition of the Government Finance Officers Association (“GFOA”) in the form of its Certificate of Achievement for Excellence in Financial Reporting. This award evidences the fact that the previous CAFRs complied with stringent GFOA standards for professional financial reporting. GCRTA was the first public transit agency in Ohio to earn this important recognition and has consistently done so since 1988.

The GCRTA also submits its annual operating and capital budgets to the GFOA and has been doing so since 1990. Each of these budget documents has won the Distinguished

Budget Presentation Award, having satisfied the most stringent program criteria and proven its value as (1) a policy document, (2) an operations guide, (3) a financial plan, and (4) a communication device.

PROFILE OF GOVERNMENT AND REPORTING ENTITY

The Greater Cleveland Regional Transit Authority is an independent political subdivision of the State of Ohio. It was created in December 1974 by ordinance of the City of Cleveland, Ohio, and by resolution of the Board of County Commissioners of Cuyahoga County, Ohio. Operations at GCRTA began in September 1975. The GCRTA provides virtually all-mass transportation within the County. It is a multimodal system delivering bus, paratransit, heavy rail, light rail and bus rapid transit services.

A ten-member Board of Trustees (Board) establishes policy and sets direction for the management of the GCRTA. Four of the members are appointed by the Mayor of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County 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 GCRTA is considered to be a jointly governed organization.

Responsibility for the line administration rests with the CEO, General Manager/Secretary-Treasurer. He supervises five Deputy General Managers who head the Operations, Legal Affairs, Finance & Administration, Engineering & Project Management and the Human Resources divisions. Additionally, the Office of Management and Budget, Information Technology and the Office of Marketing and Communications function outside of the divisional configuration and report directly to the General Manager. The Internal Audit Department reports to the Board of Trustees and maintains a close working relationship with the General Manager. An organizational chart, which depicts these relationships, follows later in this introductory section.

The GCRTA had 2,217 employees as of December 31, 2014. The system delivered 17.6 million revenue miles of bus service and 3.4 million revenue miles on its heavy and light rail systems. The service fleet was composed of 411 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 141 Paratransit vehicles.

The annual cash-basis operating budget is proposed by management, at the department level, and adopted by the Board of Trustees after public discussion. The budget for each division and department is represented by 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 GCRTA also maintains an encumbrance accounting system for budgetary control. Unencumbered appropriations lapse at year-end. Encumbered appropriation balances are carried forward to the succeeding year and need not be reauthorized.

ECONOMIC CONDITION AND OUTLOOK

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

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 2005, manufacturing employment has increased from 11.4% of the total workforce to 12.9%, while wholesale and retail trade has decreased from 14.5% since 2005 to 13.2% in 2014. The professional and related services sector work force has steadily grown from 43.2% of the total workforce since 2005 to the present rate of 45.4%, of the workforce. Our local economy continues to grow, resulting in more of our workforce being employed. The County's 2014 unemployment was between 5.1-6.4%, compared to the national rate of 6.2%.

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

CURRENT YEAR REVIEW

In 2014, RTA continued its pursuit to provide Greater Clevelanders with unparalleled connectivity, along with high quality service design and delivery. This includes a two-fold plan to purchase new buses that will emit 30% fewer greenhouse gases and 85% less nitrous oxide pollution than the current diesel buses while contributing to RTA's sustainability commitment to the community-at-large. RTA launched a new website to more easily help current and potential customers ride RTA. Whether customers are looking to plan a route, check the status of major projects, or get the latest RTA news, the new website offers vast amounts of information. RTA launched an iWatch app that allows riders to text, call, or send emails anonymously to Transit Police in response to any safety concerns on RTA. As a result, 2014 was a great year for RTA, marked by ridership gains, increased service, infrastructure improvements, customer service enhancements, and a strong fiscal position.

RTA experienced a third consecutive year of system-wide ridership growth in 2014 delivering 49.3 million passenger trips, a slight increase above ridership in 2013. The Red Line rail service finished the year by serving 6.2 million customers, a slight decrease over 2013. Paratransit boasted a 6.7% gain; the HealthLine, a bus rapid transit line the runs along Euclid Avenue connecting the downtown Cleveland to the Louis Stokes Station at Windermere, gained over 4.7% and Light Rail saw a 4.1% decrease in ridership in 2014.

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

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

The Trolley service has four lines serving Downtown Cleveland. And the response has been overwhelming, serving more than 1.4 million customers with all four lines experiencing double-digit year-over-year growth.

During 2014, the Cedar/University Heights Red line station was opened. Also, GCRTA began operations of the Cleveland State line which was a part of a \$20 million Clifton Boulevard Transportation Enhancement project. This resulted in dedicated bus lanes and the opening of 19 new stations. This resulted in a naming rights agreement with the Cleveland State University through 2023.

In addition to the achievements noted above, GCRTA was recognized in many ways. A recent study conducted by the Institute for Transportation & Development Policy proves the growth extends beyond ridership-finding the HealthLine delivered more than \$5.8 billion in economic development, which translates to a staggering \$ 114.54 of economic development in the Euclid Corridor for every \$1 invested in the HealthLine project. As a result, it now boasts the best ROI for transit development in North America. These impressive stats have resulted in prestigious accolades, have drawn international attention, and have given RTA the opportunity to host informational tours with official representatives from Disney World, Brazil, France, and Australia, who are interested in replicating the HealthLine's success in their hometowns. The overwhelming growth of the HealthLine, in only five years, is a great sign of encouragement as we look toward the future development of Cleveland. GCRTA was a major contributor and a partner in the hosting of the 2014 Gay Games held in the City of Cleveland, and in attracting the 2016 Republican National Convention to Cleveland. In 2014, GCRTA also hosted Vice President Joe Biden at the Rail District to discuss infrastructure needs.

By all measurements, 2014 was a good year both for the region and GCRTA. The future also looks bright, with the final pieces in place to create a new economy in Northeast Ohio.

PRESENT AND FUTURE PLANS

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

Transit Centers - Transit centers are strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. GCRTA has existing Transit Centers at Fairview Park, Euclid, North Olmsted, Maple Heights, Parma Mall and the Stephanie Tubbs Jones center in downtown Cleveland.

Park-N-Ride Lots - Parking lots are strategically located at freeway or other major intersections. Commuters leave their cars and ride express service to and from their destinations. GCRTA provides more than 8,800 parking spaces at 21 of the rapid transit stations. In addition, the Authority operates five Park-N-Ride lots in Berea, Brecksville, Rocky River, Strongsville, and Westlake with more than 1,200 parking spaces combined. An expansion project, added 250 additional parking spaces at the Westlake Park-N-Ride Lot.

Paratransit Facility – The Paratransit Facility was built in 1983 and houses all Paratransit functions including scheduling, dispatching and both revenue and non-revenue repairs. An 18-month rehabilitation plan was completed in 2013.

CAPITAL IMPROVEMENT PLAN

The development of the 2014 budget included 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 2018. Totalling \$334.3 million, the CIP constitutes a significant public works effort aimed at remaking the transit network and positioning the Authority, not just for the short-term, but also for the long-term future. Significant capital improvements planned for the five-year period include:

Rail Projects - \$84.4 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 the Brookpark Road Heavy Rail substation for \$12.3 million, East 34th Station Reconstruction for \$7.5 million track, Blue Line expansion of \$10.1 million and track rehabilitation of \$17.6 million.

Bridge Rehabilitation and Other Facility Improvements - \$8.3 million

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

Bus Purchases, Paratransit Vehicles and Circulator Bus- \$92.2 million

The useful life of a 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 - \$1.4 million

The Authority will make an investment in the construction of Transit Centers over the next five years of \$1.4 million. These centers will be designed to provide our riders with convenient connections between local, regional and downtown transit lines. Comfortable waiting areas and time-coordinated service will make it easier for riders to transfer between routes.

Equipment and Other- \$16.7 million

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

Local Capital Projects - \$18.6 million

Classified as Routine Capital Projects (\$10.7 million) and Asset Maintenance Projects (\$7.9 million), these initiatives are funded entirely from local resources. Routine Capital Projects are typically equipment requested by various departments and not funded through grants. Asset Maintenance funds are used to maintain, rehabilitate, replace, or construct assets of a smaller scope or cost than those typically supported with grants. These projects are authorized within the Authority's Capital Fund and are supported with annual allocations of sales tax receipts.

Operating Expenses and Other Expenses - \$112.6 million

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

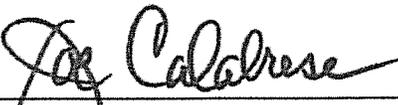
OTHER INFORMATION

Certificate of Achievement for Financial Reporting

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

Acknowledgments

The GCRTA expresses thanks to the staff of the Accounting Department directed by Rajan D. Gautam for their work in preparing this report. Marsha Laney Pettus, Theresa Johnson, David Reynolds, Zardik Haruthunian, John Togher, and Joseph Ivan assisted with this report. In addition, appreciation goes out to the Cuyahoga County Fiscal Officer for providing supporting demographics and other statistics.

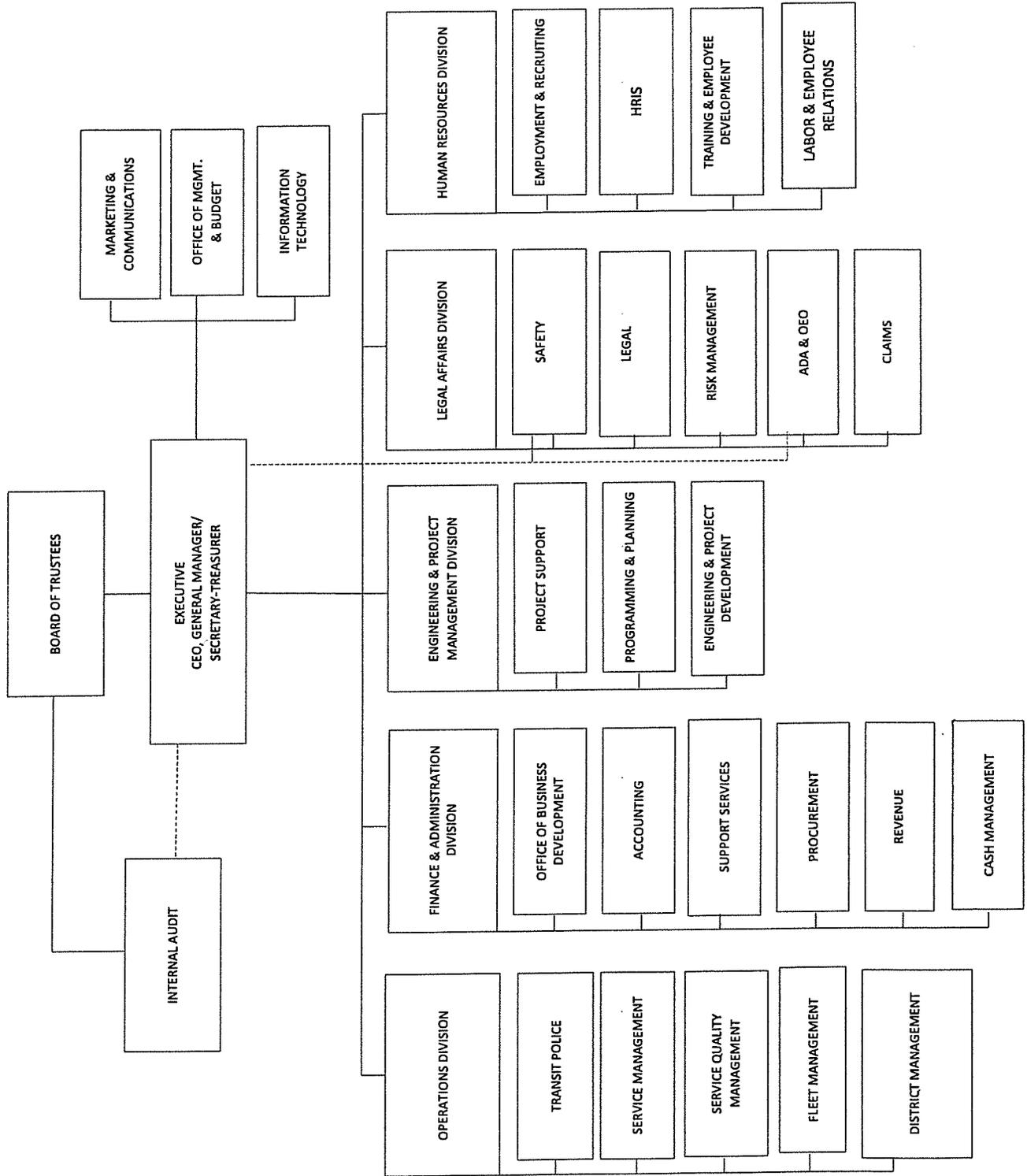


Joseph A. Calabrese
Chief Executive Officer,
General Manager/
Secretary-Treasurer



Loretta Kirk
Deputy General Manager,
Finance & Administration

Greater Cleveland Regional Transit Authority
 Organization Chart as of December 31, 2014



Board of Trustees and Executive Management Team

BOARD OF TRUSTEES

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

EXECUTIVE MANAGEMENT TEAM

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

Bruce Hampton
Deputy General Manager,
Human Resources

Loretta Kirk
Deputy General Manager,
Finance & Administration

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

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

Stephen Bitto
Executive Director,
Marketing & Communications

Michael York
Deputy General Manager,
Operations

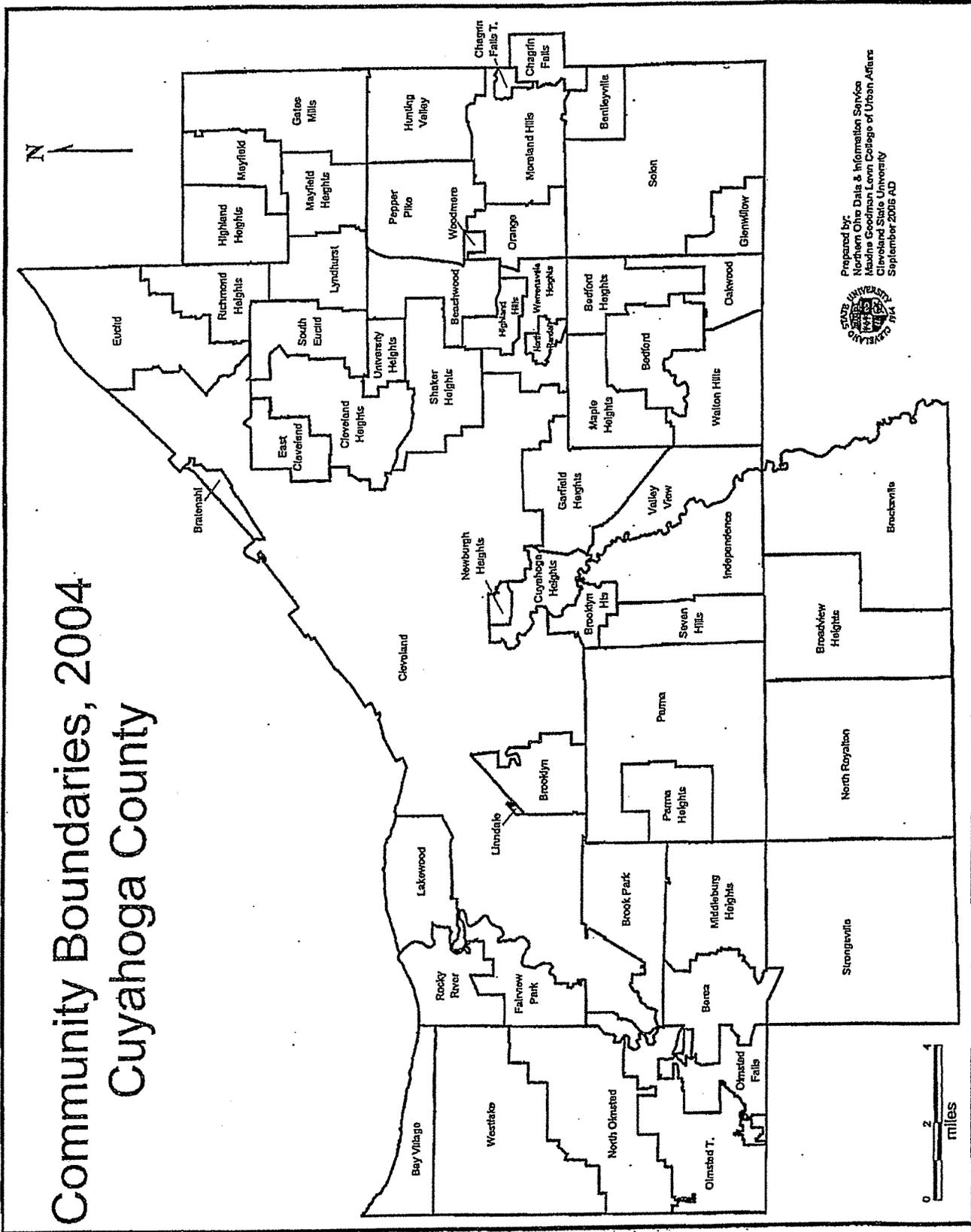
Gale Fisk
Executive Director,
Office of Management and Budget

Frank Polivka
Director,
Procurement

Anthony Garofoli
Executive Director,
Internal Audit

Pete Anderson
CIO,
Executive Director – Information Technology

Community Boundaries, 2004 Cuyahoga County



Prepared by:
Northern Ohio Data & Information Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
September 2005 AD



2014

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greater Cleveland Regional Transit Authority
Cuyahoga County
1240 West 6th 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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Cleveland Regional Transit Authority, Cuyahoga County as of December 31, 2014 and 2013, and the changes in its 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* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 23, 2015

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, 2014 and December 31, 2013. 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 has improved as a result of this year's operations. The Authority's net position increased by \$3.2 million (0.5%) in 2014 compared to 2013. Net position increased by \$7.7 million (1.2%) in 2013 compared to 2012.
- Current assets decreased by \$19.3 million (15.6%) in 2014 compared to 2013. Current assets increased by \$3.1 million (2.6%) in 2013 compared to 2012.
- Current liabilities increased by \$5.2 million (9.8%) in 2014 compared to 2013. Current liabilities increased by \$2.2 million (4.3%) in 2013 compared to 2012.
- The Authority's non-current liabilities decreased by \$15 million (8.4%) in 2014 compared to 2013. Non-current liabilities decreased by \$16 million (8.2%) in 2013 compared to 2012.

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 29 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

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

	December 31,		
	2014	2013	2012
Assets and Deferred Outflows of Resources:			
Current assets	\$ 104.8	\$ 124.1	\$ 121.0
Other noncurrent assets	38.1	40.6	57.0
Capital assets (net of accumulated depreciation)	721.9	708.8	707.8
Deferred Outflows of Resources	4.4	2.3	2.5
Total Assets and Deferred Outflows of Resources:	\$ 869.2	\$ 875.8	\$ 888.4
Liabilities and deferred Inflows of Resources:			
Current liabilities	\$ 58.4	\$ 53.2	\$ 51.0
Noncurrent liabilities	164.1	179.1	195.1
Deferred Inflows of Resources	6.5	6.5	6.5
Total Liabilities and Deferred Inflows of Resources:	222.5	232.3	252.6
Net position:			
Net Investment in Capital Assets	576.0	546.0	528.7
Restricted	35.3	49.2	43.3
Unrestricted	35.4	48.3	63.8
Total Net position	646.7	643.5	635.8
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 869.2	\$ 875.8	\$ 888.4

Net position serves as a useful indicator of financial position. The Authority's assets and deferred outflows of resources exceeded liabilities by \$646.7 million as of December 31, 2014, which is a \$3.2 million increase from year ended December 31, 2013. Assets and deferred outflows of resources exceeded liabilities by \$643.5 million for the year ended December 31, 2013, which was an increase of \$7.7 million from year ended, December 31, 2012.

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

During 2014, major construction projects totaling \$18.7 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2014 included the Cedar-University Rapid Station project with a cost of \$17.6 million and the Central Rail Maintenance Facility Improvement project with a cost of \$1.1 million.

The construction in progress balance at December 31, 2014 included costs associated with a portion of the following;

- 1.) The Little Italy-University Circle Red Line Station
- 2.) Van Aken-Lee Rail Station
- 3.) various other projects

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

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

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

Readers desiring more detailed information on the Authority's capital assets related activities should read Note 5 - Capital Assets on page 42, which is included in the notes to the basic financial statements.

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

Description

	Years Ended December 31,		
	2014	2013	2012
Operating revenues:			
Passenger fares	\$ 52.0	\$ 50.9	\$ 49.9
Advertising and concessions	1.7	1.5	1.3
Total operating revenues	<u>53.7</u>	<u>52.4</u>	<u>51.2</u>
Operating expenses, excluding depreciation:			
Labor and fringe benefits	(180.6)	(172.6)	(163.1)
Materials and supplies	(39.7)	(36.5)	(34.9)
Services	(16.2)	(14.4)	(15.2)
Utilities	(7.1)	(7.2)	(6.8)
Casualty and liability	(4.5)	(6.1)	(6.8)
Purchased transportation	(7.8)	(7.7)	(6.6)
Leases and rentals	(0.2)	(0.2)	0.0
Taxes	(1.6)	(1.5)	(1.3)
Miscellaneous	<u>(2.1)</u>	<u>(5.4)</u>	<u>(4.1)</u>
Total operating expenses before depreciation	(259.8)	(251.6)	(238.8)
Depreciation expense	<u>(48.5)</u>	<u>(48.8)</u>	<u>(47.9)</u>
Total operating expenses	<u>(308.3)</u>	<u>(300.4)</u>	<u>(286.7)</u>
Operating loss	<u>(254.6)</u>	<u>(248.0)</u>	<u>(235.5)</u>
Non-operating revenues (expenses):			
Sales and use tax revenue	201.5	190.7	182.3
Federal operating grants and reimbursements	10.9	9.2	10.4
State/local operating grants and reimbursements	2.3	3.0	3.0
Federal pass-through grants revenue	0.5	0.2	0.2
Federal pass-through expenses	(0.5)	(0.2)	(0.2)
Investment income (loss)	(0.4)	0.2	0.4
Gain (Loss) on commodity swap transactions	(4.1)	0.6	2.1
Interest expense	(5.5)	(6.4)	(7.0)
Other income	<u>1.9</u>	<u>7.7</u>	<u>0.1</u>
Total non-operating revenues	<u>206.6</u>	<u>205.0</u>	<u>191.3</u>
Net loss before capital grant revenue	<u>(48.0)</u>	<u>(43.0)</u>	<u>(44.2)</u>
Capital grants revenue:			
Federal	50.1	49.7	27.2
State	<u>1.1</u>	<u>1.0</u>	<u>0.6</u>
Total capital grants revenue	<u>51.2</u>	<u>50.7</u>	<u>27.8</u>
Increase (decrease) in net position	3.2	7.7	(16.4)
Net position, beginning of year	643.5	635.8	652.2
Net position, end of year	<u>\$ 646.7</u>	<u>\$ 643.5</u>	<u>\$ 635.8</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, 2014 increased by \$1.1 million (2.2%) compared with that from year ended December 31, 2013. This increase is a result of the growth in the economy and increased hiring in the area which led to an increase in total ridership from 49.2 million in year ended December 31, 2013 to 49.3 million in year ended December 31, 2014.

Passenger fare revenue for the year ended December 31, 2013 increased by \$1 million (2%) compared with that from year ended December 31, 2012. This increase is a result of an increase in employment in the area which led to an increase in total ridership from 48.2 million in year ended December 31, 2012 to 49.2 million in year ended December 31, 2013.

Sales and Use Tax – The dedicated 1% tax levied in Cuyahoga County is part of the 8.00% overall tax on retail sales which changed from 7.75% effective September 2013. Sales and use tax revenue accounted for 74.5% of the Authority's revenue for year ended December 31, 2014. Sales and use tax revenue accounted for 72.4% of the Authority's revenue for year ended December 31, 2013, and for 73.6% for year ended December 31, 2012.

Revenue received from sales and use tax for the year ended December 31, 2014 increased approximately \$10.8 million (5.7%) compared to an \$8.4 million (4.6%) increase in the year ended December 31, 2013 from the year ended December 31, 2012. This increase was a result of the expansion of the State of Ohio Medicaid program beginning in early 2014 which broadened the base for the Medicaid managed care premium tax; and increased spending in the economy.

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, 2014, 2013 and 2012, the Authority received approximately \$10.9 million, \$9.2 million and \$10.4 million respectively.

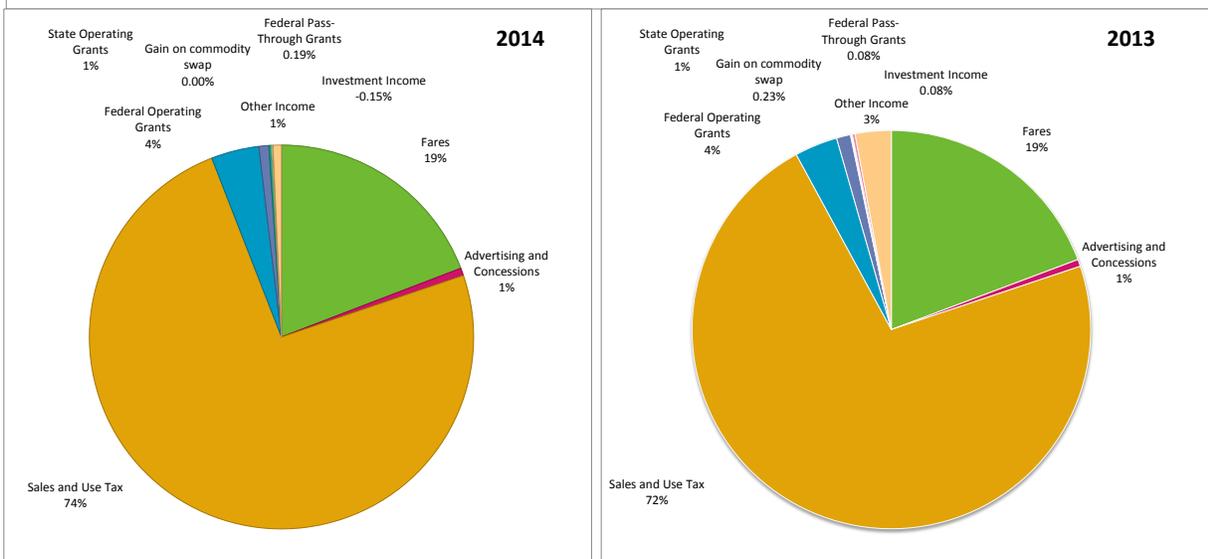
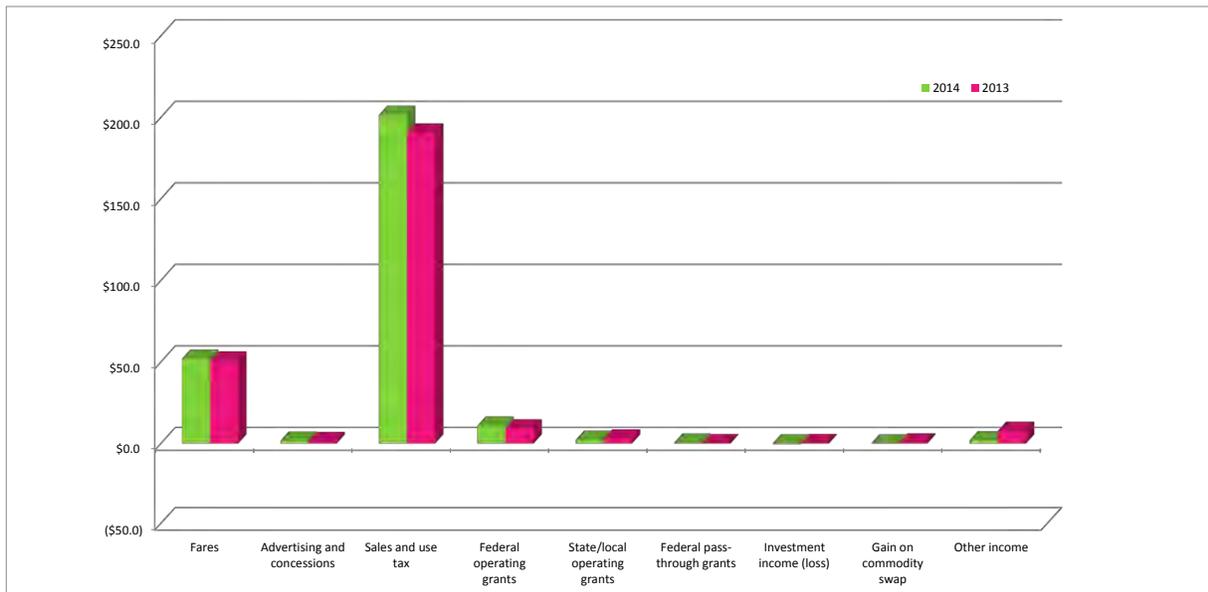
State/Local Operating Grants and Reimbursements – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. In the year ended December 31, 2014, the Authority received \$2.3 million in this category, a (23.3%) decrease from the year ended December 31, 2013. The Authority received \$3 million in this category in the year ended December 31, 2013, which is the same as the year ended December 31 2012.

Investment Income – Investment income decreased by \$597,381 (284.1%) in year ended December 31, 2014, compared to a decrease of \$222,611 (51.4%) in the year ended December 31, 2013. This decrease was a combined result of lower bank balances attributing to less investments and lower investment rates.

Other Income – Other income decreased by \$5,838,363 in the year ended December 31, 2014, compared to an increase of \$7,693,475 in the year ended December 31, 2013. This decrease was a result of the early termination of a lease agreement in the year ended December 31, 2013, which was originally recorded as deferred lease revenue and being amortized over the term of the lease.

Revenue Millions of Dollars

	<u>2014</u>	<u>2013</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fares	\$52.0	\$50.9	\$1.1	2.2 %
Advertising and concessions	1.7	1.5	0.2	13.3
Sales and use tax	201.5	190.7	10.8	5.7
Federal operating grants	10.9	9.2	1.7	18.5
State/local operating grants	2.3	3.0	(0.7)	(23.3)
Federal pass-through grants	0.5	0.2	0.3	150.0
Investment income (loss)	(0.4)	0.2	(0.6)	(300.0)
Gain on commodity swap	-	0.6	(0.6)	(100.0)
Other income	1.9	7.7	(5.8)	(75.3)
Total	<u>\$270.4</u>	<u>\$264.0</u>	<u>\$6.4</u>	<u>\$2.4 %</u>



Expenses

Labor and Fringe Benefits: The personnel and related costs increased by \$8 million (19.9%) in the year ended December 31, 2014, compared to that of the year ended December 31, 2013. During 2014, the number of personnel (fte's) increased to 2,108, compared to 2,033 for the year ended December 31, 2013. The personnel and related costs increased by \$9.5 million (5.8%) in the year ended December 31, 2013, compared to that of the year ended December 31, 2012. During 2013, the number of personnel (fte's) increased to 2,033, compared to the number of personnel totaling 1,982 in year ended December 31, 2012, which offset the cost of providing health care benefits.

Materials and Supplies: The costs in this category increased by \$3.2 million (8.5%) in the year ended December 31, 2014, compared to the year ended December 31, 2013. Due to the diesel fuel commodities program implemented over the years, the Authority has had significant cost savings in periods of rising fuel costs. During 2014, however, diesel cost prices were extremely volatile and dropped quite significantly compared to prior years and the outstanding contract prices.

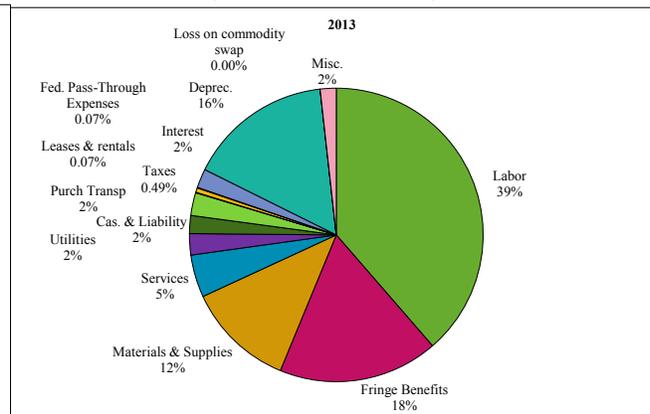
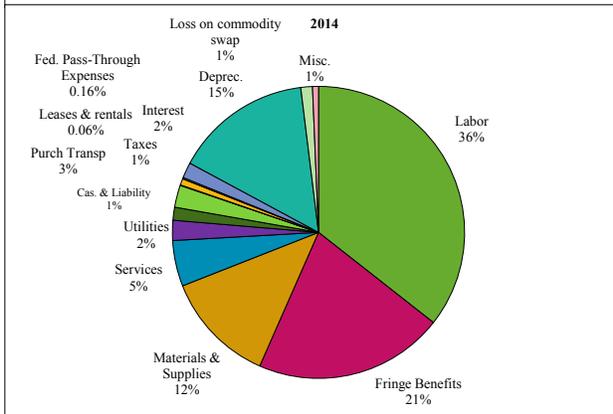
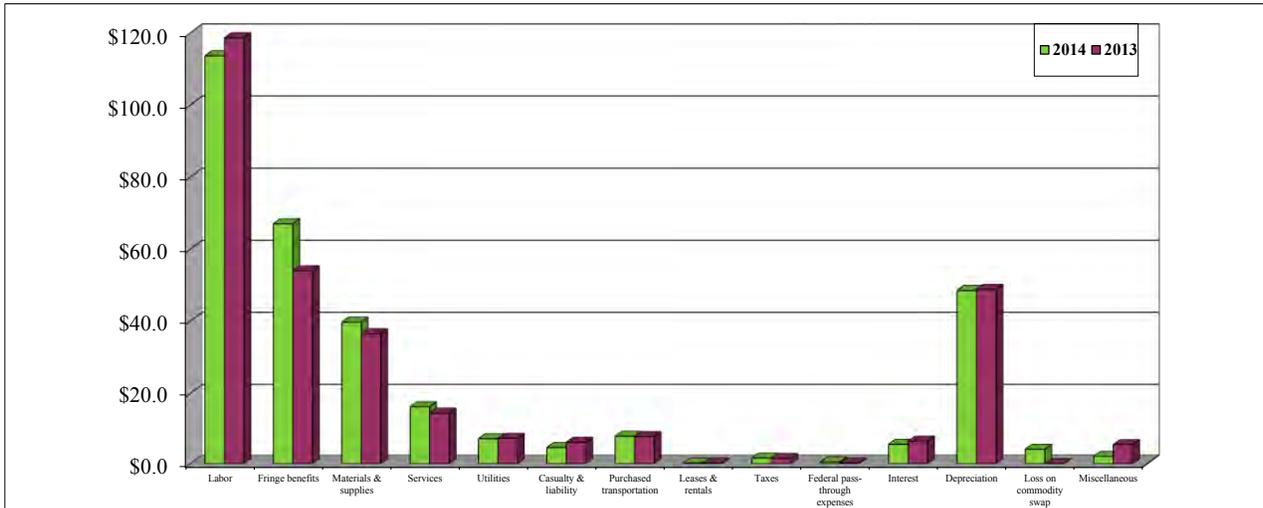
Services: The costs in this category increased by \$1.8 million (12.4%) in the year December 31, 2014, compared to the year ended December 31, 2013. The increase is due to increased costs for workers' compensation administration and maintenance contracts. The costs in this category decreased by \$.8 million (5.3%) in the year ended December 31, 2013, compared to the year ended December 31, 2012. The decrease is due to the decreased costs for workers' compensation administration and maintenance contracts.

Casualty and Liability: These costs decreased by \$1.5 million for year ended December 31, 2014 compared to the year ended December 31, 2013, which was due to lower claims in 2014 versus 2013. These costs decreased by \$.7 million in 2013 compared to 2012 due to lower claims in 2013. Casualty and liability claims are recorded based on actuarial studies performed for both 2014 and 2013.

Expenses by Object Class

Millions of Dollars

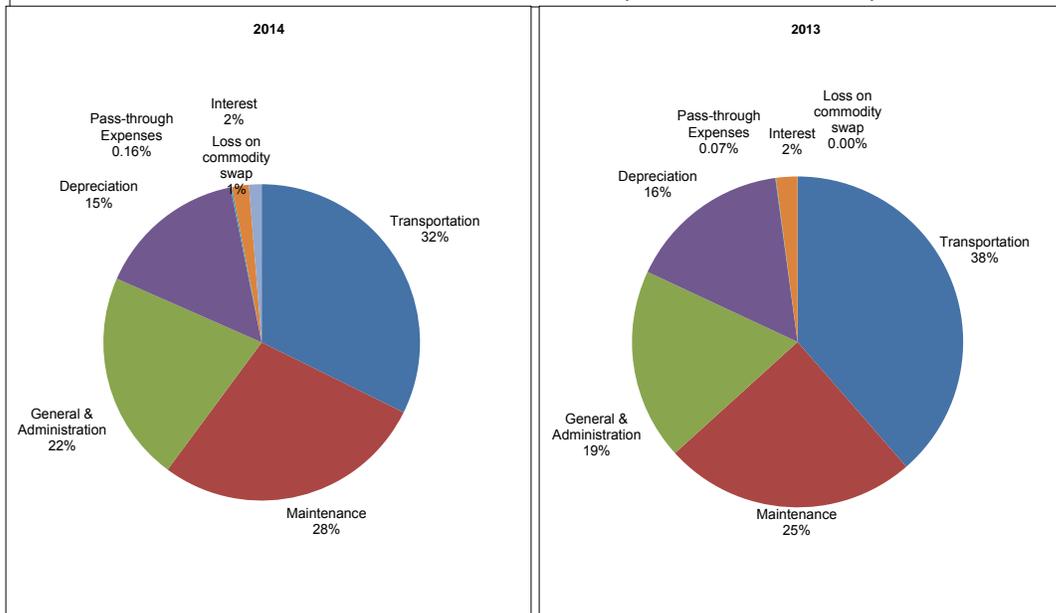
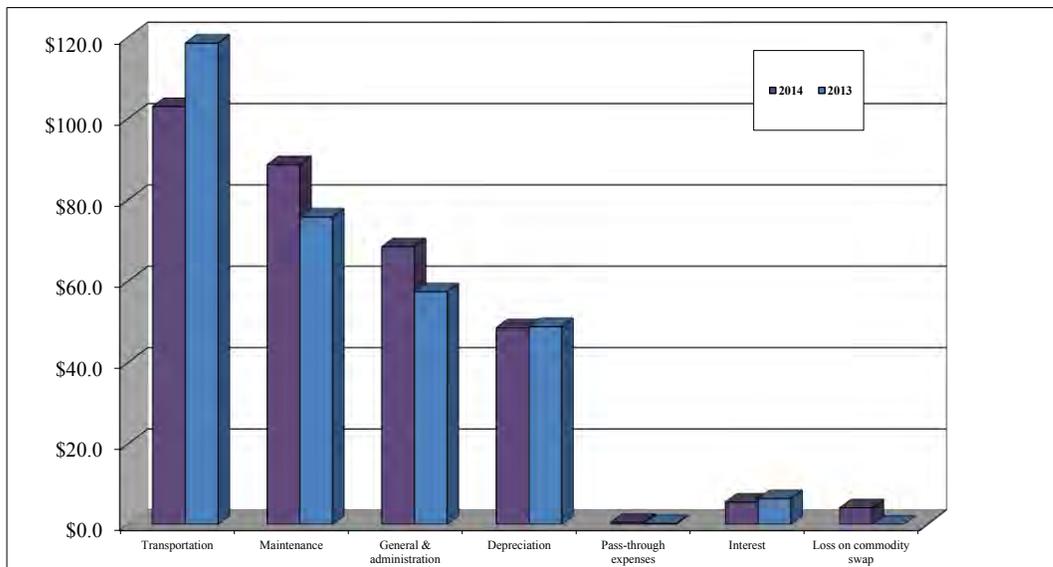
	<u>2014</u>	<u>2013</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Labor	\$113.6	\$118.6	(\$5.0)	(4.2) %
Fringe benefits	67.0	54.0	13.0	24.1
Materials & supplies	39.7	36.5	3.2	8.8
Services	16.2	14.4	1.8	12.5
Utilities	7.1	7.2	(0.1)	(1.4)
Casualty & liability	4.6	6.1	(1.5)	(24.6)
Purchased transportation	7.8	7.7	0.1	1.3
Leases & rentals	0.2	0.2	-	-
Taxes	1.6	1.5	0.1	6.7
Federal pass-through expenses	0.5	0.2	0.3	150.0
Interest	5.5	6.4	(0.9)	(14.1)
Depreciation	48.5	48.8	(0.3)	(0.6)
Loss on commodity swap	4.1	-	4.1	-
Miscellaneous	2.1	5.4	(3.3)	(61.1)
Total	<u>\$318.5</u>	<u>\$307.0</u>	<u>\$11.5</u>	<u>3.7 %</u>



Expenses by Function

Millions of Dollars

	<u>2014</u>	<u>2013</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Transportation	\$102.9	\$118.5	(\$15.6)	(13.2) %
Maintenance	88.6	75.7	12.9	17.0
General & administration	68.4	57.4	11.0	19.2
Depreciation	48.5	48.8	(0.3)	(0.6)
Pass-through expenses	0.5	0.2	0.3	150.0
Interest	5.5	6.4	(0.9)	(14.1)
Loss on commodity swap	4.1	-	4.1	-
Total	<u>\$318.5</u>	<u>\$307.0</u>	<u>\$11.5</u>	<u>3.8 %</u>



Debt Administration

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

On 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 5.00% per annum, and mature in various installments through December 1, 2025.

On May 31, 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 through December 1, 2031.

On September 12, 2008, the Authority issued \$27,390,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through 2016. Proceeds of the bonds were used for the advance refunding of \$27,555,000 of the 1998 capital improvement refunding bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. In addition, a \$175,000 principal payment was made in 2008.

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

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

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

The Authority had \$54.9 million of outstanding capital improvement bonds as of December 31, 2014, of which \$11.3 million is non-callable and \$43.6 million is callable. The Authority general obligation debt is rated 'Aa2' by Moody's Investors Service, Inc. and 'AAA' by Standard & Poors. The sales tax revenue bonds were rated AAA by S&P and Aa2 by Moody's Investors Service, Inc.

For more information, see Note 6 on page 44 of this report.

Total outstanding bonds payable as of December 31, 2014 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2014 Balance	Average Interest Rate
<u>General Obligation Improvement Bonds</u>					
2004	11/16/04	12/01/2024	\$ 67,235,000	\$ 11,515,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	2,460,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	29,680,000	4.57%
<u>General Obligation Improvement Refunding Bonds</u>					
Series 2008R (12/1/2008 Annually through 12/1/2016)				<u>11,310,000</u>	4.01%
Total General Obligation Bonds				54,965,000	
<u>Sales Tax Supported and Refunding Bonds</u>					
Series 2012	06/07/12	12/1/2031		39,270,000	5.01%
Series 2014A	04/16/14	12/1/2025		13,360,000	
Series 2014B	04/16/14	12/1/2020		<u>16,340,000</u>	
Total Sales Tax Supported Bonds				68,970,000	
Premium				<u>11,899,194</u>	
Total Bonds Payable				<u>\$ 135,834,194</u>	

During 2007, the Authority entered into a \$25,000,000 tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The lease has a maturity date of October 2021. For more information on the lease and its early discharge in April 2015, please see Note 7 on page 46 and Note 14 on page 54 of this report.

Total outstanding bonds payable as of December 31, 2013 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2013 Balance	Average Interest Rate
<u>General Obligation Improvement Bonds</u>					
2004	11/16/04	12/01/2024	\$ 67,235,000	\$ 18,610,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	31,270,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	31,385,000	4.57%
<u>General Obligation Improvement Refunding Bonds</u>					
Series 2008R (12/1/2008 Annually through 12/1/2016)				<u>16,645,000</u>	4.01%
Total General Obligation Bonds				97,910,000	
<u>Sales Tax Supported and Refunding Bonds</u>					
Series 2012	06/07/12	12/1/2031		40,135,000	5.01%
Premium				<u>10,893,217</u>	
Total Bonds Payable				<u>\$ 148,938,217</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. 6th Street, Cleveland, Ohio 44113.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statement of Net Position

For the Years ended December 31, 2014 and 2013

Assets and Deferred Outflows of Resources	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 4,649,684	\$ 16,303,575
Investments		100,396
Restricted for capital assets:		
Cash and cash equivalents	22,709,681	30,279,310
Investments	3,999,311	7,998,780
Restricted for debt service:		
Cash and cash equivalents		241,219
Receivables:		
Sales & use tax	54,073,150	49,696,413
Trade & accrued interest	4,684,544	2,020,590
Naming rights - current portion	493,900	340,000
State capital assistance	102,754	486,713
Federal capital assistance	3,000,448	4,977,179
Commodity swap transactions - current portion		477,582
Material & supplies inventory	10,523,017	10,613,272
Deposits	567,358	551,466
Total current assets	104,803,847	124,086,495
Non-current Assets:		
Restricted for capital assets:		
Investments	1,993,760	6,997,740
Restricted for debt service:		
Investments		1,500,440
Investments	29,983,045	26,702,378
Naming Rights	6,144,340	5,100,000
Commodity swap transactions		330,089
Total non-current assets	38,121,145	40,630,647
Capital assets:		
Land	37,812,954	37,818,536
Infrastructure	63,461,761	63,233,488
Right-of-ways	308,716,518	301,659,658
Buildings, improvements, furniture & fixtures	537,705,702	502,685,402
Transportation & other equipment	441,897,992	421,137,763
Bus rapid transit	163,026,991	162,343,991
Construction in progress	22,257,810	25,954,738
Total capital assets	1,574,879,728	1,514,833,576
Less : Accumulated depreciation	(853,019,480)	(806,013,529)
Capital assets - net	721,860,248	708,820,047
Total non-current assets and capital assets	759,981,393	749,450,694
Total Assets	\$ 864,785,240	\$ 873,537,189
Deferred Outflows of Resources:		
Deferred Outflows of Resources - Refunding	4,418,415	2,310,163
Total Assets and Deferred Outflows of Resources	\$ 869,203,655	\$ 875,847,352

The accompanying notes are an integral part of these financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statement of Net Position

(Continued)

For the Years ended December 31, 2014 and 2013

Total Liabilities and Net Position	<u>2014</u>	<u>2013</u>
Current liabilities:		
Accounts payable	\$ 6,978,477	\$ 9,815,035
Contracts & other payables	3,365,369	5,447,057
Contract retainers	2,069,258	1,194,975
Interest payable - bonds	608,598	717,196
Accrued wages & benefits	10,202,674	8,463,022
Current portion - compensated absences	3,439,420	1,147,340
Current portion - long-term debt	17,111,846	16,193,654
Current portion - self-insurance liabilities	8,188,860	8,100,343
Current portion - unearned revenue	2,370,729	2,134,595
Current portion - commodity transactions	4,056,213	
Total current liabilities	<u>58,391,444</u>	<u>53,213,217</u>
Non-current liabilities:		
Compensated absences	6,767,007	9,050,557
Long term debt	133,153,266	148,894,135
Self-insurance liabilities	15,207,884	15,043,495
Unearned revenue	6,144,340	5,100,000
Commodity transactions	1,831,049	
Other Long Term Liabilities	995,656	995,656
Total non-current liabilities	<u>164,099,202</u>	<u>179,083,843</u>
Total liabilities	<u>222,490,646</u>	<u>232,297,060</u>
Net Position:		
Net Investment in Capital Assets	576,013,551	546,042,422
Restricted for Capital Projects	33,960,795	47,975,909
Restricted for Debt Service	1,362,967	1,220,498
Unrestricted	35,375,696	48,311,463
Total net position	<u>646,713,009</u>	<u>643,550,292</u>
Total Liabilities and Net Position	<u>\$ 869,203,655</u>	<u>\$ 875,847,352</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Passenger fares	\$ 52,080,363	\$ 50,873,012
Advertising and concessions	1,652,603	1,493,047
Total operating revenues	<u>53,732,966</u>	<u>52,366,059</u>
Operating expenses, excluding depreciation:		
Labor and fringe benefits	180,653,901	172,575,412
Materials and supplies	39,672,658	36,545,909
Services	16,171,566	14,382,219
Utilities	7,059,271	7,234,501
Casualty and liability	4,592,944	6,102,243
Purchased transportation	7,810,111	7,652,753
Leases and rentals	175,974	182,430
Taxes	1,555,838	1,520,858
Miscellaneous	2,087,024	5,441,623
Total operating expenses before depreciation	<u>259,779,287</u>	<u>251,637,948</u>
Depreciation expense	<u>48,516,838</u>	<u>48,764,151</u>
Total operating expenses	<u>308,296,125</u>	<u>300,402,099</u>
Operating loss	(254,563,159)	(248,036,040)
Non-operating revenues (expenses):		
Sales and tax revenue	201,494,883	190,726,279
Federal operating grants and reimbursements	10,911,217	9,178,179
State/local operating grants and reimbursements	2,264,826	2,974,329
Federal pass-through grants revenue	528,680	186,580
Federal pass-through expense	(528,680)	(186,580)
Investment income (loss)	(387,117)	210,264
Gain (loss) on commodity swap	(4,112,634)	617,677
Interest expense	(5,520,943)	(6,431,529)
Other income	1,934,817	7,773,180
Total non-operating income	<u>206,585,049</u>	<u>205,048,379</u>
Net loss before capital grant revenue	(47,978,110)	(42,987,661)
Capital grants revenue:		
Federal	50,059,195	49,745,783
State	1,081,632	989,675
Total capital grants revenue	<u>51,140,827</u>	<u>50,735,458</u>
Increase in net position	3,162,717	7,747,797
Net position, beginning of year	<u>643,550,292</u>	<u>635,802,495</u>
Net position, ending of year	<u>\$ 646,713,009</u>	<u>\$ 643,550,292</u>

The accompanying notes are an integral part of these financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 51,311,147	\$ 53,526,517
Cash payments to suppliers for goods and services	(77,454,438)	(71,853,429)
Cash payments to employees for services and payroll taxes	(111,884,011)	(115,330,258)
Cash payments for employee benefits	(67,021,708)	(54,560,863)
Cash payments for casualty and liability	(4,340,038)	(5,597,951)
Net cash used in operating activities	<u>(209,389,048)</u>	<u>(193,815,984)</u>
Cash flows from noncapital financing activities:		
Sales and use taxes received	197,118,146	189,630,644
Grants, reimbursements, and special fare assistance:		
Federal	12,887,948	10,242,754
State and local	2,488,785	1,499,797
Other receipts	1,934,817	1,282,804
Net cash provided by noncapital financing activities	<u>214,429,696</u>	<u>202,655,999</u>
Cash flows from capital and related financing activities:		
Federal capital grant revenue	50,059,195	49,745,783
State capital grant revenue	1,081,632	989,675
Acquisition and construction of capital assets	(60,718,689)	(53,024,076)
Proceeds from new debt	29,700,000	-
Principal paid on bonds payable and other debt	(45,528,654)	(15,538,865)
Gain from capital sales/leaseback termination	-	6,490,376
Interest paid on bonds and other debt	(6,947,133)	(7,438,573)
Net cash used in capital and related financing activities	<u>(32,353,649)</u>	<u>(18,775,680)</u>
Cash flows from investing activities:		
Purchases of investments	(49,633,990)	(35,991,199)
Proceeds from maturities of investments	57,869,369	55,647,502
Proceeds from commodity transactions	-	554,038
Interest received from investments	168,381	210,264
Loss on fuel hedge investment	(555,498)	-
Net cash provided/(used) by investing activities	<u>7,848,262</u>	<u>20,420,605</u>
Net increase in cash and cash equivalents	(19,464,739)	10,484,940
Cash and cash equivalents, beginning of year	<u>46,824,104</u>	<u>36,339,164</u>
Cash and cash equivalents, end of year	<u>\$ 27,359,365</u>	<u>\$ 46,824,104</u>
Noncash investing and capital and related financing activities:		
Increase in fair value of investments	\$ <u>127,813</u>	\$ <u>70,756</u>
Decrease in long-term debt due to deferred refunding costs, premium, and amortization.	\$ <u>967,006</u>	\$ <u>1,073,953</u>

See accompanying notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

(Continued)

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (254,563,159)	\$ (248,036,040)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	48,516,838	48,764,151
Change in assets and liabilities:		
(Increase) decrease in other receivables	(2,663,954)	1,418,864
Increase in naming rights receivable	(1,198,240)	(260,000)
Increase in deposits	(15,892)	(62,361)
Increase in unearned revenue	1,280,474	330,956
(Increase) decrease in materials and supplies inventory	90,255	(1,193,222)
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other	(835,370)	5,221,668
Net cash used in operating activities	\$ <u>(209,389,048)</u>	\$ <u>(193,815,984)</u>

See accompanying notes to financial statements.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

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

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of 0.25, 0.5, 1, or 1.5% if approved by a majority of the electorate residing within the territorial boundaries of the Authority. Such a sales and use tax is in addition to the sales and use taxes levied by the State and the County. On July 22, 1975, the voters of the County approved a 1% sales and use tax with no limit on its duration.

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes have not been levied through 2014.

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 2014 and 2013.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to United States of America’s generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources.

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

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

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

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

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

Capital Assets – The Authority defines capital assets as assets with an initial cost of at least \$5,000 and an estimated useful life in excess of one year. Capital assets, which include property, facilities infrastructure, and equipment, are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements and interest are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Description	Years
Infrastructure	45
Buildings and improvements	20-60
Road Improvements	45
Transportation and other equipment	5-15
Furniture and fixtures	3-15
Rolling stock	7-25

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

Deferred Outflows of Resources - The Authority reports decreases in Net Position that relate to future periods as deferred outflows of resources in a separate section of its Statements of Net Position. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows at December 31, 2014 and 2013 amounted to \$4,418,415 and \$2,310,163 and respectively.

Deferred Inflows of Resources - The Authority reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to future periods. The Authority will not recognize the related revenues until a future event occurs.

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

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

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

Unrestricted – This consists of net position that does not meet the definition of “restricted” or “Net Investment in Capital Assets.”

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

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

Recognition of Revenue and Receivable – The federal government, through the Federal Transit Administration (FTA) and the Ohio Department of Transportation (ODOT), provides financial assistance and makes grants directly to the Authority for operations and acquisition of property and equipment.

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

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and 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 in the month the vendor submits the tax to the State of Ohio. There is a three-month delay between the collection of the Sales and Use Tax to the State of Ohio and the remittance to the Authority.

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

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

In addition, the Authority has agreements with local companies under its “Commuter Advantage” Program, where the companies’ employees can sign up to purchase monthly passes using pre-tax dollars. In 2014, approximately 14,030 employees from 737 local organizations participated in the program. In 2013, approximately 13,386 employees from 694 local organizations participated in the program.

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

Compensated Absences – The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service up to a maximum of 50 days. The sick leave liability includes employees who are currently eligible to receive termination benefits, based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified by in the Authority’s termination policies.

	2014	2013
Beginning Balance	\$ 10,197,897	\$ 10,079,566
Incurred	8,096,548	8,047,877
Payments	<u>(8,088,018)</u>	<u>(7,929,546)</u>
Balance, End of Year	<u>\$ 10,206,427</u>	<u>\$ 10,197,897</u>
Due Within One Year	<u>\$ 3,439,420</u>	<u>\$ 1,147,340</u>

Self-Insurance 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.

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3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following is a listing of deposits and investments held by the Authority at December 31, 2014 and 2013:

	2014	2013
Demand deposits	\$ 27,174,071	\$ 46,638,809
Cash on hand	185,295	185,295
Investments	<u>35,976,116</u>	<u>43,299,734</u>
Total	<u>\$ 63,335,482</u>	<u>\$ 90,123,838</u>
Demand deposits – bank balance	<u>\$ 30,347,156</u>	<u>\$ 18,410,131</u>

The deposits and investments of the Authority at December 31, 2014 and 2013 are reflected in the financial statements as follows:

	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 4,649,684	\$ 16,303,575
Investments		100,396
Restricted Assets:		
Cash and cash equivalents	22,709,682	30,520,529
Investments	3,999,311	7,998,780
Noncurrent Assets:		
Investments	31,976,805	35,200,558
Total	<u>\$ 63,335,482</u>	<u>\$ 90,123,838</u>

The deposits and investments of the Authority are governed by the provisions of the Bylaws of the Authority and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic savings and loan associations are eligible to hold public deposits. The provisions also permit the Authority to invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool (STAROhio), and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding 30 days.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned by the bank. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities, the face value of which is at least 105% of the total value of public monies on deposit at the institution. At December 31, 2014, \$29,597,156 of the Authority's bank balance of \$30,347,156 was uninsured and uncollateralized as defined by the GASB. At December 31, 2013, \$18,160,131 of the Authority's bank balance of \$18,410,131 was uninsured and

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uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio Law.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset, or index, or both; separate from the financial instrument contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. As of December 31, 2014 and 2013, the Authority has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the qualified trustee.

Interest Rate Risk

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

As of December 31, 2014, the Authority's investment maturities were as follows:

Investment	Fair value	Investment maturities in years	
		Less than one year	One to three years
U.S. Government Agency Securities	\$ 31,976,805	\$	\$ 31,976,805
Commercial Paper	3,999,311	3,999,311	
Total	\$ 35,976,116	\$ 3,999,311	\$ 31,976,805

As of December 31, 2013, the Authority's investment maturities were as follows:

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

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Credit Risk

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

As of December 31, 2014, the credit quality ratings of the Authority's investments were as follows:

Investment	Fair value	Rating	Rating organization
U.S. government agency securities	\$ 31,976,805	AAA	Moody
Commercial Paper	<u>3,999,311</u>	A	S & P
	<u>\$ 35,976,116</u>		

As of December 31, 2013, the credit quality ratings of the Authority's investments were as follows:

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

Concentration of Credit Risk

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

More than 5% of the Fund's investments are in Society General North America Corporation Commercial Paper, Federal National Mortgage Association, Federal Home Loan Bank, and Federal Farm Credit Banks. At December 31, 2014, these investments were 11%, 33%, 50% and 6% respectively.

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4. NAMING RIGHTS

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

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

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

In 2014, the Authority entered into a contract with Cleveland State University (CSU) to secure naming rights for the RTA’s West Shore Express Line. The contract will be for a term of 10 years with three (3) six-year options for a total amount of \$1,688,240. The annual payment in 2014 is \$150,000.

A “naming rights receivable” has been recorded, of which there is a current and noncurrent portion. The current portion of \$493,900 represents the amount due in the next year from the contracted parties. The long-term portion of revenue has been deferred on the Statements of Net Position.

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5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 37,818,536	\$ 3,708	\$ 9,290	\$ 37,812,954
Construction in Progress	25,954,738	14,988,211	18,685,139	22,257,810
Total Capital Assets Not Being Depreciated	63,773,274	14,991,919	18,694,429	60,070,764
Capital Assets Being Depreciated:				
Infrastructure	63,233,488	228,273		63,461,761
Right-of-Ways	301,659,658	7,056,860		308,716,518
Building, Furniture & Fixtures	502,685,402	35,020,300		537,705,702
Transportation and Other Equipment	421,137,763	22,271,122	1,510,893	441,897,992
Bus Rapid Transit	162,343,991	683,000		163,026,991
Total Capital Assets Being Depreciated	1,451,060,302	65,259,555	1,510,893	1,514,808,964
Less Accumulated Depreciation:				
Infrastructure	18,050,572	1,462,011		19,512,583
Right-of-Ways	169,671,018	7,112,125		176,783,143
Building, Furniture & Fixtures	272,465,305	16,609,598		289,074,903
Transportation and Other Equipment	327,276,898	19,722,131	1,510,893	345,488,136
Bus Rapid Transit	18,549,736	3,610,979		22,160,715
Total Accumulated Depreciation	806,013,529	48,516,844	1,510,893	853,019,480
Total Capital Assets Being Depreciated, Net	645,046,773	16,742,711		661,789,484
Total Capital Assets, Net	\$ 708,820,047	\$ 31,734,630	\$ 18,694,429	\$ 721,860,248

Remaining costs to complete construction projects, as of December 31, 2014, which will extend over a period of several years, total \$78.1 million. Approximately \$77.4 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 2014 include the Central Rail Maintenance Facility Improvement project and the Cedar-University Rapid Station. Major projects in progress in 2014 include the Little Italy- University Circle Red Line Station and the Van Aken-Lee Rail Station.

For the year ended December 31, 2014, capitalized interest was \$297,419.

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

	Balance January 1, 2013	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 36,924,163	\$ 894,373	\$	\$ 37,818,536
Construction in Progress	23,014,713	27,546,373	24,606,348	25,954,738
Total Capital Assets Not Being Depreciated	59,938,876	28,440,746	24,606,348	63,773,274
Capital Assets Being Depreciated:				
Infrastructure	63,192,222	41,266		63,233,488
Right-of-Ways	274,724,664	26,934,994		301,659,658
Building, Furniture & Fixtures	492,407,055	10,351,998	73,651	502,685,402
Transportation and Other Equipment	413,275,412	8,584,448	722,097	421,137,763
Bus Rapid Transit	162,343,991			162,343,991
Total Capital Assets Being Depreciated	1,405,943,344	45,912,706	795,748	1,451,060,302
Less Accumulated Depreciation:				
Infrastructure	16,711,563	1,339,009		18,050,572
Right-of-Ways	162,951,751	6,719,267		169,671,018
Building, Furniture & Fixtures	256,743,371	15,795,586	73,652	272,465,305
Transportation and Other Equipment	306,696,198	21,302,797	722,097	327,276,898
Bus Rapid Transit	14,942,243	3,607,493		18,549,736
Total Accumulated Depreciation	758,045,126	48,764,151	795,749	806,013,529
Total Capital Assets Being Depreciated, Net	647,898,217	(2,851,445)		645,046,773
Total Capital Assets, Net	\$ 707,837,093	\$ 25,589,301	\$ 24,606,348	\$ 708,820,047

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

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6. LONG-TERM DEBT

Long-term bonds and capital lease payable at December 31, 2014 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due Within One Year
Series 2004-GO Bonds	4.23	\$ 18,610,000		\$ 7,095,000	\$ 11,515,000	\$ 5,620,000
Series 2006-GO Bonds	4.51	31,270,000		28,810,000	2,460,000	1,200,000
Series 2008-GO Bonds	4.57	31,385,000		1,705,000	29,680,000	1,770,000
Series 2008B-GO Bonds	4.01	16,645,000		5,335,000	11,310,000	5,535,000
Series 2012-Sales Tax Revenue Bonds	5.01	40,135,000		865,000	39,270,000	890,000
Series 2014A-Sales Tax Revenue Bonds	4.50	0	13,360,000		13,360,000	0
Series 2014B-Sales Tax Revenue Bonds	1.51	0	16,340,000		16,340,000	300,000
Premium		10,893,217	1,972,983	967,006	11,899,194	
Total Bonds Payable		148,938,217	31,672,983	44,777,006	135,834,194	15,315,000
Capital Lease Payable		16,149,572	0	1,718,654	14,430,918	1,796,846
Total Long-Term Debt		\$ 165,087,789	\$ 31,672,983	\$ 46,495,660	\$ 150,265,112	\$ 17,111,846

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

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

On November 16, 2004, the Authority issued \$67,235,000 of general obligation capital improvement and refunding bonds. Of the \$67,235,000, \$38,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 2.0% to 5.0% per annum, and mature in various installments through December 1, 2024. Proceeds of \$32,178,171 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt. The amount of the defeased debt at December 31, 2014 is \$0.

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On March 7, 2006, the Authority issued \$38,490,000 of general obligation capital improvement and refunding bonds. Of the \$38,490,000, \$25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of previous issues. The bonds bear interest at rates ranging from 4.0% to 5.0% per annum, and mature in various installments through December 1, 2025. Proceeds of \$14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt. There was no defeased debt for December 31, 2014.

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

On September 12, 2008, the Authority issued \$27,390,000, of general obligation capital improvement refunding bonds bearing interest at an average rate of 4.01% and payable through December 1, 2016. Proceeds of the bonds were used for the advance refunding of \$27,555,000 of the 1998 capital improvement refunding bonds. In addition, a \$175,000 principal payment was made in 2008. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The amount of the defeased debt at December 31, 2014 is \$0.

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

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 annual requirements to pay principal and interest on the bonds outstanding at December 31, 2014 are as follows:

Year	Bonds	
	Principal	Interest
2015	\$ 15,315,000	\$ 5,355,430
2016	15,985,000	4,690,963
2017	10,595,000	3,986,426
2018	10,875,000	3,710,062
2019	8,540,000	3,365,515
2020-2024	41,210,000	11,159,885
2025-2029	17,805,000	3,051,800
2030-2031	3,610,000	277,400
Total	\$ 123,935,000	\$ 35,597,481

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7. CAPITAL LEASE OBLIGATION

During 2007, the Authority entered into a tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. This lease meets the criteria of a capital lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2014:

Year	Amounts
2015	\$ 2,426,108
2016	2,426,108
2017-2020	9,704,430
2021-2024	2,426,108
Total Minimum Lease Payments	16,982,754
Less: Amount Representing Interest	(2,551,836)
Present Value of Minimum Lease Payments	\$ 14,430,918

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

Capital Assets:	
Transportation and Other Equipment	\$ 15,525,559
Less Accumulated Depreciation:	
Transportation and Other Equipment	(7,222,242)
Capital Assets, Net	<u>\$ 8,303,317</u>

8. PURCHASED TRANSPORTATION SERVICES

The Greater Cleveland Regional Transit Authority has a contract with a local taxi company to provide transit services within Cuyahoga County for elderly and handicapped persons. Expenses under this contract amounted to \$7,810,111 and \$7,652,753 in 2014 and 2013, respectively.

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
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9. GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE

Grants, reimbursements, and special fare assistance are included in the Non-operating revenues (expenses) and the Capital grant revenue categories on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
FEDERAL:		
FTA Capital Grants	\$ 50,059,195	\$ 49,745,783
FTA Maintenance Assistance	9,978,271	7,736,655
FTA Operating Grants	932,946	1,441,524
Pass-Through Grants	<u>528,680</u>	<u>186,580</u>
Total	<u>\$ 61,499,092</u>	<u>\$ 59,110,542</u>
STATE:		
ODOT Capital Grants	\$ 1,081,632	\$ 989,675
ODOT Fuel Tax Reimbursement	1,275,196	1,439,796
ODOT Operating Grants	<u>989,630</u>	<u>1,534,533</u>
Total	<u>\$ 3,346,458</u>	<u>\$ 3,964,004</u>

10. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expense under the terms of the grant. At December 31, 2014 and 2013, there were no questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future.

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

11. FUEL PRICE RISK MANAGEMENT

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

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Futures Contracts – The Authority’s Board limits contracts in-place to 90% of projected consumption within a fiscal year. Heating oil #2 futures contracts were utilized to manage price volatility through December 2017. The initial value of each contract is zero. Upon entering into these contracts, the broker requires a margin to be deposited into the account. The account is marked-to-market each night, with cash settlements occurring daily. Depending on the daily adjustment to the account, the Authority may be requested to make an incremental cash deposit the following day (to continue to meet the required margin requirements) or may receive a cash withdrawal from the brokerage account (if the cash balance in the brokerage account exceeds the margin requirement). The outstanding contracts are being reported at fair market value of the investments, which resulted in a loss of \$6,694,933, and a loss on commodity transactions shown on the Statement of Revenues, Expenses, and Changes in Net Position, of \$4,112,634, for a net loss of \$10,807,567.

Fuel Price Swap Agreements – The Authority has also entered into fuel swap agreements or contracts to manage the price volatility of diesel fuel. These agreements require no initial cash investment and only require settlements on specified dates. The Authority entered into 30 transactions, which represent 131 fuel swap agreements in 2014 and 17 transactions, which represents 65 fuel swap agreements in 2013, which allowed the Authority to plan and manage fuel costs.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

The Authority entered into commodity transaction agreements for New York Mercantile Exchange (NYMEX) New York Harbor No. 2 heating oil with various counterparties, as shown below as of December 31, 2014:

NYMEX					
Execution Date	Maturity Date	Gallons	Total Quality (Gallons)	Contract Price Range (Per Gallon)	Fair Market Value As of 12/31/14
2/28/2013	3/31/2015	42,000	546,000	\$ 2.792-2.872	\$ (571,670)
3/5/2013	1/31/2015	42,000	42,000	\$ 2.857	(42,966)
3/21/2013	4/30/2015	42,000	42,000	\$ 3	(42,718)
4/12/2013	5/31/2015	42,000	42,000	\$ 3	(41,769)
4/17/2013	7/31/2015	42,000	84,000	\$ 2.777-2.7826	(80,342)
6/21/2013	12/31/2015	42,000	42,000	\$ 3	(33,163)
11/5/2013	1/31/2016	42,000	210,000	\$ 2.7475-2.7675	(182,616)
2/14/2014	6/30/2016	42,000	210,000	\$ 2.6655-2.8451	(238,665)
8/12/2014	4/30/2015	42,000	126,000	\$ 2.844-2.865	(130,633)
8/19/2014	4/30/2016	42,000	756,000	\$ 2.7975-2.8443	(712,106)
8/20/2014	7/31/2016	42,000	210,000	\$ 2.76-2.7715	(170,835)
8/21/2014	12/31/2016	42,000	84,000	\$ 3	(61,127)
8/25/2014	4/30/2016	42,000	546,000	\$ 2.7975-2.8365	(518,221)
8/28/2014	10/31/2016	42,000	126,000	\$ 3	(96,793)
9/2/2014	2/15/2015	42,000	42,000	\$ 2.8435	(42,416)
9/8/2014	10/31/2015	42,000	168,000	\$ 2.796-2.8075	(157,618)
9/15/2014	12/15/2015	42,000	42,000	\$ 3	(28,421)
9/22/2014	8/31/2015	42,000	42,000	\$ 3	(31,193)
9/25/2014	11/30/2015	42,000	126,000	\$ 2.725-2.7275	(90,514)
9/26/2014	1/31/2017	42,000	42,000	\$ 3	(28,358)
10/1/2014	1/31/2016	42,000	252,000	\$ 2.694-2.7165	(205,825)
10/2/2014	7/31/2016	42,000	252,000	\$ 2.629-2.6705	(176,396)
10/6/2014	1/31/2016	42,000	126,000	\$ 2.6665-2.672	(94,996)
10/9/2014	4/30/2016	42,000	126,000	\$ 2.5915-2.615	(83,609)
10/10/2014	7/31/2016	42,000	126,000	\$ 2.5895-2.594	(80,753)
10/14/2014	10/31/2016	42,000	126,000	\$ 2.55-2.56	(93,779)
10/15/2014	1/31/2016	42,000	126,000	\$ 2.535-2.545	(63,319)
10/21/2014	4/30/2016	42,000	126,000	\$ 2.4825-2.6705	(76,658)
10/22/2014	7/31/2016	42,000	126,000	\$ 2.495-2.5015	(68,910)
10/31/2014	10/31/2016	42,000	126,000	\$ 2.52-2.525	(56,662)
12/1/2014	1/31/2017	42,000	210,000	\$ 2.282-2.3255	(59,346)
12/3/2014	4/30/2017	42,000	126,000	\$ 2.3215-2.325	(33,961)
12/5/2014	12/31/2017	42,000	252,000	\$ 2.2885-2.3295	(60,762)
12/8/2014	7/31/2015	42,000	126,000	\$ 2.027-2.0476	(27,817)
12/9/2014	9/30/2016	42,000	21,000	\$ 2.082-2.18	(40,992)
					\$ (4,525,929)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

The Authority entered into commodity transaction agreements for Platts USG Ultra Low Sulfur Diesel with various counterparties, as shown below as of December 31, 2014:

PLATTS USG ULTRA LOW SULFUR DIESEL					
Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/14
12/16/2011	12/31/2015	42,000	504,000	\$ 2.70-2.7975	\$ (446,153)
8/19/2014	12/31/2015	42,000	504,000	\$ 2.8410-2.8610	(501,942)
8/20/2014	12/31/2015	42,000	504,000	\$ 2.79-2.8440	(413,238)
					<u>\$ (1,361,333)</u>

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

NYMEX					
Execution Date	Maturity Date	Gallons	Total Quality (Gallons)	Contract Price Range (Per Gallon)	Fair Market Value As of 12/31/13
6/1/2012	4/30/2014	42,000	126,000	\$ 2.6925-2.7250	\$ 43,365
6/6/2012	12/31/2014	42,000	504,000	\$ 2.7535-2.7840	130,239
6/7/2012	5/30/2014	42,000	42,000	\$ 2.7475	12,029
6/8/2012	6/30/2014	42,000	42,000	\$ 2.7435	11,806
6/11/2012	10/31/2014	42,000	168,000	\$ 2.7425-2.7460	44,356
2/28/2013	3/31/2015	42,000	546,000	\$ 2.7904-2.8720	36,653
3/5/2013	1/31/2015	42,000	168,000	\$ 2.8570-2.9560	20,294
3/6/2013	4/30/2014	42,000	42,000	\$ 2.9340	4,599
3/15/2013	3/31/2014	42,000	42,000	\$ 2.9420	4,696
3/21/2013	4/30/2015	42,000	42,000	\$ 2.8200	4,196
3/25/2013	6/30/2014	42,000	126,000	\$ 2.8915-2.9105	15,800
4/12/2013	5/31/2015	42,000	42,000	\$ 2.7980	4,175
4/17/2013	7/31/2015	42,000	210,000	\$ 2.7725-2.7826	36,254
4/19/2013	4/30/2014	42,000	126,000	\$ 2.8127-2.8198	29,849
5/24/2013	7/31/2014	42,000	252,000	\$ 2.849-2.8875	43,520
6/21/2013	12/31/2015	42,000	42,000	\$ 2.7040	5,015
11/5/2013	1/31/2016	42,000	210,000	\$ 2.7475-2.7675	17,536
					<u>\$ 464,382</u>

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

The Authority entered into commodity transaction agreements for Platts USG Ultra Low Sulfur Diesel with various counterparties, as shown below as of December 31, 2013:

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

Payments between the swap parties is the difference between the swap price per gallon and the unweighted arithmetic mean of each of the closing settlement prices quoted by the NYMEX, on each NYMEX trading day, during the settlement period for the No. 2 heating oil futures or Platts USG Ultra Low Sulfur Diesel. As of December 31, 2014 and 2013, the swap agreements had a fair market value of (\$5,887,262) and \$807,671 respectively, which is shown as "Commodity Transactions" on the Statements of Net Position, and is estimated by a mathematical approximation of the market, derived from a proprietary model as of a given date, and based on certain assumptions regarding past, present and future market conditions.

The derivatives are subject to the following risks:

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

Credit Risk – The Authority is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any derivative has a positive market value, then the Authority is exposed to the actual risk that the counterparty will not fulfill its obligations. As of December 31, 2011 and 2010, the counterparties had ratings of A3/A-/A- and A3/BBB+/A from Moody's, Standard & Poor's and Fitch, respectively. To mitigate the potential for credit risk, the Authority uses two banks so that no one bank holds all of the commodity swaps. The Authority incurred no additional debt in 2014.

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

12. RETIREMENT BENEFITS

Public Employees Retirement System of Ohio

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

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

Member-Directed Plan - A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member-directed plan,

**GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

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

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

	Contribution Rate as a % of Covered Salaries	Contributions		
		2014	2013	2012
		By statutory authority	14.0-18.10%	\$ 18,326,694
Less healthcare portion	4.0%	(5,155,299)	(5,004,399)	(4,831,938)
Required employer contribution		13,171,395	12,787,094	12,329,862
By employees	10.0-12.1%	13,090,428	12,664,738	12,207,917
Total pension contributions		\$ 26,261,823	\$ 25,451,832	\$ 24,537,779

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer unit and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
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OPERS' Post-Employment Healthcare Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the plan was 4.0% for 2014. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.0% for 2013. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the healthcare coverage provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The statutory healthcare contribution requirement from the GCRTA for the years ended December 31, 2014 and 2013 (which is included in the GCRTA's total OPERS contribution) was \$5,155,299 and \$5,004,399, respectively.

The HealthCare Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six-year period beginning January 1, 2006 with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the healthcare plan.

Supplemental Retirement Benefit Plan – GCRTA pays supplemental retirement benefits to various classifications of individuals under several different arrangements. This plan is not governed under ERISA (Employee Retirement Income Security Act of 1974). An actuarial study is performed every two years; the last study completed for the year ended December 31, 2012. Based on the last study available, there were 1,345 participants in pay status and 1,682 active employees and benefit payments of \$72,948.

As of December 31, 2014, the Supplemental Pension Fund liability was determined to be \$997,961 based on the 2012 actuarial study. The market value of associated assets totaled \$1,234,542 and \$1,192,986 as of December 31, 2014 and 2013, respectively.

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 \$19,209,995 per year. Neither threshold was exceeded.

The Authority is also an authorized self-insured employer in the State of Ohio and administers its own workers' compensation claims. Excess workers' compensation insurance coverage protects the Authority in excess of a self-insured retention of \$750,000 for each additional accident and each employee by disease.

The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2014 and 2013, was \$6.3

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

and \$6.5 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.

	2014	2013	2012
Balance, Beginning of Year	\$ 23,143,838	\$ 22,639,546	\$ 21,586,613
Incurring Claims	25,137,946	21,161,043	22,335,423
Payments	<u>(24,885,040)</u>	<u>(20,656,751)</u>	<u>(21,282,490)</u>
Balance, End of Year	<u>\$ 23,396,744</u>	<u>\$ 23,143,838</u>	<u>\$ 22,639,546</u>
Due Within One Year	<u>\$ 8,188,860</u>	<u>\$ 8,100,343</u>	<u>\$ 7,923,841</u>

14. SUBSEQUENT EVENTS

In April 2015, the Authority issued \$51,425,000 of Sales Tax Supported Capital Improvement Refunding Bonds. The proceeds of the Series 2015 bonds have been used for a partial refunding of 2008 debt and an advance discharge of a capital lease obligation with the remaining balance earmarked to finance future capital improvement projects.

2014

STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	56-61
Revenue Capacity This schedule contains information to help the reader assess the Authority's most significant local revenue source and the sales tax.	62
Debt Capacity 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.	63-67
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.	68-70
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the Authority	71-74

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Investment in Capital Assets	\$530,319	\$539,310	\$565,353	\$574,960	\$574,797	\$588,533	\$569,852	\$546,456	\$546,042	\$576,014
Restricted	9,411	8,825	6,676	21,659	18,700	16,269	20,739	25,516	49,197	35,324
Unrestricted	20,871	35,624	36,060	20,434	16,313	43,446	61,689	63,830	48,311	35,375
Total Net Position	\$560,601	\$583,759	\$608,089	\$617,053	\$609,810	\$648,248	\$652,280	\$635,802	\$643,550	\$646,713

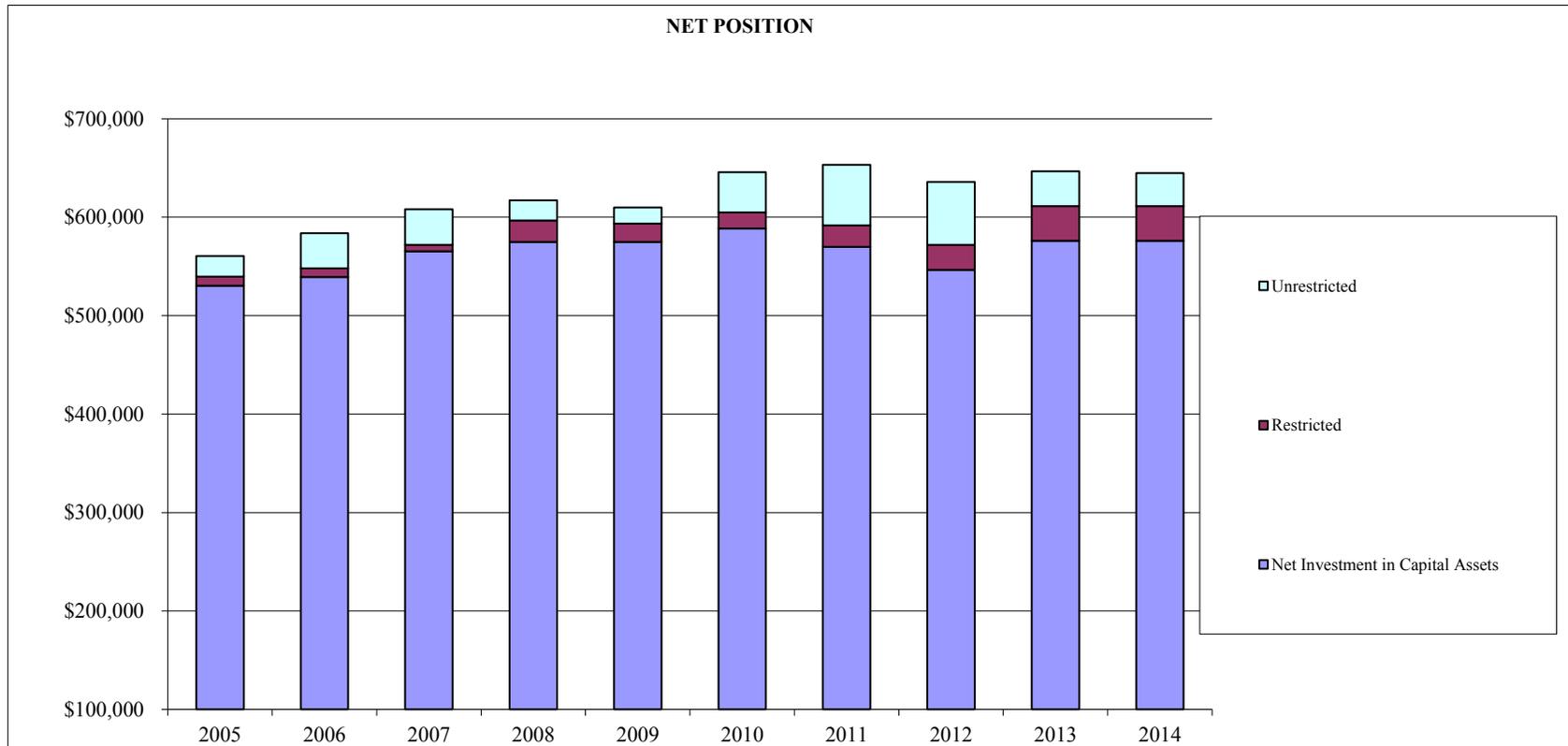


TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues:										
Passenger Fares	\$38,569	\$40,924	\$43,230	\$47,671	\$50,128	\$46,959	\$49,731	\$49,896	\$50,873	52,080
Advertising and Concessions	1,658	1,525	1,317	1,382	1,115	968	946	1,350	1,493	1,653
Total Operating Revenues	40,227	42,449	44,547	49,053	51,243	47,927	50,677	51,246	52,366	53,733
Operating Expenses	231,566	228,845	238,499	252,035	244,996	216,476	226,033	238,884	251,638	259,779
Depreciation Expense	40,670	43,199	43,458	45,531	50,053	47,963	48,016	47,961	48,764	48,517
Operating Loss	(232,009)	(229,595)	(237,410)	(248,513)	(243,806)	(216,512)	(223,372)	(235,599)	(248,036)	(254,563)
Non-operating Revenues (Expenses)										
Sales and use tax revenue	167,127	170,477	175,051	168,304	154,914	165,026	175,902	182,355	190,726	201,495
Federal Funds	20,801	20,801	22,625	23,189	22,553	34,117	20,456	10,368	9,178	10,911
Other State and Local Funds	4,623	5,181	4,364	4,689	15,875	6,578	2,070	2,957	2,975	2,265
Federal pass-through grants revenue	0	0	667,621	3,939	11,573	4,491	502	262	187	529
Investment Income	1,538	2,782	2,595	2,186	460	417	377	433	210	(387)
Gain (Loss) on Commodity Transactions	0	0	0	0	0	4,662	2,519	2,108	618	(4,112)
Interest Expense	(6,698)	(7,883)	(6,960)	(8,329)	(8,711)	(7,997)	(7,227)	(6,991)	(6,432)	(5,521)
Federal pass-through expenses	0	0	(667,621)	(3,939)	(11,573)	(4,491)	(502)	(261)	(187)	(529)
Other Income	4,014	3,353	1,635	2,037	2,473	1,787	2,518	80	7,773	1,934
Total Non-operating Revenues (Expenses)	191,405	194,711	199,310	192,076	187,564	204,590	196,615	191,311	205,048	206,585
Net Loss before Capital Grants Revenue	(40,604)	(34,884)	(38,100)	(56,437)	(56,242)	(11,922)	(26,757)	(44,288)	(42,988)	(47,978)
Capital Grants Revenue	48,633	58,762	62,431	65,401	48,998	50,360	30,788	27,811	50,736	51,140
Change in Net Position	\$8,029	\$23,878	\$24,331	\$8,964	(\$7,244)	\$38,438	\$4,031	(\$16,477)	\$7,748	\$3,162

TABLE 3

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

YEAR	OPERATING	SALES AND USE TAXES	FEDERAL OPERATING GRANTS AND REIMBURSEMENTS	STATE/LOCAL OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE	INVESTMENT INCOME/(LOSS)	PASS-THROUGH GRANTS REVENUE	OTHER	CAPITAL GRANT INCOME	TOTAL
2005	\$ 40,228	\$ 167,127	\$ 20,802	\$ 4,623	\$ 1,538		\$ 4,014	\$ 48,633	\$ 286,965
2006	\$ 42,449	\$ 170,477	\$ 20,081	\$ 5,181	\$ 2,782		\$ 3,353	\$ 58,762	\$ 303,085
2007	\$ 44,547	\$ 175,051	\$ 22,625	\$ 4,364	\$ 2,595	\$ 667	\$ 1,635	\$ 62,431	\$ 313,915
2008	\$ 49,053	\$ 168,304	\$ 23,189	\$ 4,689	\$ 2,186	\$ 3,939	\$ 2,037	\$ 65,401	\$ 318,798
2009	\$ 51,243	\$ 154,914	\$ 22,553	\$ 15,875	\$ 460	\$ 11,573	\$ 2,473	\$ 48,998	\$ 308,089
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

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

TRANSPORTATION INDUSTRY (1):							
OPERATING AND OTHER MISCELLANEOUS REVENUE				OPERATING ASSISTANCE			
YEAR	FARES	OTHER	TOTAL	STATE & LOCAL	FEDERAL	TOTAL	TOTAL REVENUES
2005	32.4%	15.7%	48.1%	44.6%	7.3%	51.9%	100.0%
2006	33.2%	15.2%	48.4%	43.9%	7.7%	51.6%	100.0%
2007	31.4%	14.1%	45.5%	47.0%	7.5%	54.5%	100.0%
2008	21.4%	19.0%	40.4%	42.2%	17.4%	59.6%	100.0%
2009	21.5%	18.3%	39.8%	41.2%	19.0%	60.2%	100.0%
2010	—	—	32.8%	26.0%	41.2%	67.2%	100.0%
2011 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

OPERATING AND OTHER MISCELLANEOUS REVENUE				OPERATING ASSISTANCE			
YEAR	FARES	OTHER(2)	TOTAL	STATE & LOCAL(3)	FEDERAL	TOTAL	TOTAL REVENUES
2005	16.2%	3.0%	19.2%	72.1%	8.7%	80.8%	100.0%
2006	16.7%	3.2%	19.9%	71.9%	8.2%	80.1%	100.0%
2007	17.2%	2.2%	19.4%	71.6%	9.0%	80.6%	100.0%
2008	19.1%	2.3%	21.4%	69.3%	9.3%	78.6%	100.0%
2009	19.3%	1.6%	20.9%	65.9%	13.2%	79.1%	100.0%
2010	18.4%	1.2%	19.6%	67.1%	13.3%	80.4%	100.0%
2011	17.7%	1.9%	19.6%	62.6%	17.8%	80.4%	100.0%
2012	18.4%	1.0%	19.4%	66.8%	13.8%	80.6%	100.0%
2013	16.6%	2.7%	19.3%	62.0%	18.7%	80.7%	100.0%
2014	16.2%	1.1%	17.3%	63.3%	19.4%	82.7%	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 ADMINISTRATIVE</u>	<u>DEPRECIATION</u>	<u>TOTAL OPERATING EXPENSES</u>	<u>INTEREST</u>	<u>FEDERAL PASS-THROUGH EXPENSES</u>	<u>TOTAL EXPENSES</u>
2005	\$ 96,065	\$ 73,387	\$ 62,114	\$ 40,670	\$ 272,236	\$ 6,698		\$ 278,934
2006	\$ 97,454	\$ 74,345	\$ 57,047	\$ 43,199	\$ 272,045	\$ 7,883		\$ 279,928
2007	\$ 98,065	\$ 77,489	\$ 63,613	\$ 43,458	\$ 282,625	\$ 6,960	\$ 667	\$ 290,252
2008	\$ 106,447	\$ 76,923	\$ 68,664	\$ 45,531	\$ 297,565	\$ 8,329	\$ 3,939	\$ 309,833
2009	\$ 102,421	\$ 80,586	\$ 61,989	\$ 50,053	\$ 295,049	\$ 8,711	\$ 11,573	\$ 315,333
2010	\$ 81,013	\$ 69,206	\$ 66,258	\$ 47,963	\$ 264,440	\$ 7,997	\$ 4,491	\$ 276,928
2011	\$ 91,767	\$ 73,242	\$ 61,023	\$ 48,017	\$ 274,049	\$ 7,227	\$ 502	\$ 281,778
2012	\$ 100,331	\$ 78,831	\$ 59,722	\$ 47,961	\$ 286,845	\$ 6,991	\$ 261	\$ 294,097
2013	\$ 118,471	\$ 75,718	\$ 57,449	\$ 48,764	\$ 300,405	\$ 6,431	\$ 187	\$ 307,020
2014	\$ 107,067	\$ 88,889	\$ 63,823	\$ 48,517	\$ 308,296	\$ 5,521	\$ 529	\$ 314,346

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**								
2005	66.9	%	10.1	%	5.8	%	3.2	%	2.5	%	13.8	%	-2.3	%	100.0	%
2006	66.1	%	11.3	%	5.9	%	3.2	%	2.5	%	13.4	%	-2.4	%	100.0	%
2007	65.8	%	11.6	%	6.1	%	3.4	%	2.4	%	13.0	%	-2.3	%	100.0	%
2008	63.9	%	12.8	%	6.3	%	3.4	%	2.2	%	13.7	%	-2.3	%	100.0	%
2009	64.8	%	11.3	%	6.6	%	3.5	%	2.3	%	14.0	%	-2.5	%	100.0	%
2010	65.2	%	10.7	%	6.6	%	3.4	%	2.6	%	13.8	%	-2.3	%	100.0	%
2011	65.0	%	11.4	%	6.6	%	3.3	%	2.6	%	13.3	%	-2.2	%	100.0	%
2012	65.0	*	11.4	*	6.6	*	3.3	*	2.6	*	13.3	*	-2.2	*	100.0	*
2013	65.0	*	11.4	*	6.6	*	3.3	*	2.6	*	13.3	*	-2.2	*	100.0	*
2014	65.0	*	11.4	*	6.6	*	3.3	*	2.6	*	13.3	*	-2.2	*	100.0	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:																
YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**								
2005	69.6	%	12.8	%	4.6	%	4.2	%	3.1	%	2.7	%	3.0	%	100.0	%
2006	72.5	%	12.8	%	4.0	%	4.8	%	2.7	%	1.3	%	1.9	%	100.0	%
2007	71.8	%	12.9	%	4.5	%	3.9	%	3.5	%	1.3	%	2.1	%	100.0	%
2008	68.0	%	14.3	%	4.1	%	4.8	%	4.7	%	1.7	%	2.4	%	100.0	%
2009	70.1	%	14.5	%	4.8	%	4.0	%	3.7	%	1.8	%	1.1	%	100.0	%
2010	72.5	%	10.0	%	5.2	%	4.1	%	3.8	%	2.2	%	2.2	%	100.0	%
2011	68.1	%	15.4	%	5.7	%	3.2	%	4.3	%	2.3	%	1.0	%	100.0	%
2012	68.2	%	14.6	%	6.4	%	2.8	%	2.8	%	2.8	%	2.4	%	100.0	%
2013	68.6	%	14.5	%	5.7	%	2.9	%	2.4	%	3.0	%	2.9	%	100.0	%
2014	69.5	%	15.3	%	6.2	%	2.7	%	1.8	%	3.0	%	1.5	%	100.0	%

* 2011 Statistics used going forward due to no data existing after that time.

** Excludes Depreciation and Interest

Source:

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

TABLE 7

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

2007 to 2014

Industry	2007		2008		2009		2010	
	Amounts Collected	Percentage of Total						
Motor Vehicle and Parts Dealers	\$22,982,011	13.13 %	\$21,024,631	12.49 %	\$19,784,983	12.77 %	\$20,335,975	12.32 %
Miscellaneous Store Retailers	21,090,490	12.05	20,339,983	12.09	16,591,094	10.71	17,476,357	10.59
General Merchandise Stores	16,102,299	9.20	14,909,507	8.86	14,290,752	9.22	14,643,737	8.87
Information (Including Telecommunications)	15,512,742	8.86	16,392,222	9.74	15,612,141	10.08	15,143,351	9.18
Accommodation and Food Services	13,151,754	7.51	13,229,392	7.86	12,751,878	8.23	12,995,998	7.88
Building Material and Garden Equipment and Supplies	11,781,820	6.73	10,529,030	6.26	9,170,330	5.92	9,308,831	5.64
Administrative and Support Services; Waste Management and Remediation Services	6,991,202	3.99	6,868,125	4.08	5,829,327	3.76	6,185,129	2.61
Health and Personal Care Stores	6,513,076	3.72	6,408,850	3.81	6,494,361	4.19	6,281,865	2.65
Clothing and Clothing Accessories Stores	6,888,226	3.93	6,544,877	3.89	6,135,132	3.96	6,783,966	2.86
Real Estate, and Rental and Leasing of Property	6,739,951	3.85	5,829,350	3.46	4,683,991	3.02	4,881,232	2.06
Other Industries	<u>\$47,297,836</u>	27.03 %	<u>\$46,227,920</u>	27.46 %	<u>\$43,569,964</u>	28.14 %	<u>\$50,989,893</u>	28.14 %
Total Sales Tax Collection	<u>\$175,051,407</u>	100.00 %	<u>\$168,303,887</u>	100.00 %	<u>\$154,913,953</u>	100.00 %	<u>\$165,026,334</u>	100.00 %
Industry	2011		2012		2013		2014	
	Amounts Collected	Percentage of Total						
Motor Vehicle and Parts Dealers	\$22,852,212	12.99 %	\$23,022,352	12.63 %	\$24,889,779	13.05 %	\$30,949,341	13.05 %
Miscellaneous Store Retailers	18,487,401	10.51	19,596,461	10.75	15,105,521	7.92	18,808,492	7.93
General Merchandise Stores	15,195,963	8.64	15,320,790	8.40	16,135,443	8.46	20,087,254	8.47
Information (Including Telecommunications)	15,711,967	8.93	15,819,592	8.68	17,565,890	9.21	21,953,991	9.25
Accommodation and Food Services	13,977,667	7.95	14,733,174	8.08	15,239,030	7.99	18,971,924	8.00
Building Material and Garden Equipment and Supplies	9,764,911	5.55	10,815,046	5.93	9,803,331	5.14	12,236,587	5.16
Administrative and Support Services; Waste Management and Remediation Services	7,062,839	4.02	7,628,146	4.18	8,248,401	4.32	10,259,089	4.32
Health and Personal Care Stores	6,288,287	3.57	6,767,410	3.71	5,395,933	2.83	6,711,283	2.83
Clothing and Clothing Accessories Stores	7,168,223	4.08	7,632,916	4.19	7,850,868	4.12	9,764,650	4.12
Real Estate, and Rental and Leasing of Property	5,120,250	2.91	5,072,860	2.78	5,848,775	3.07	7,274,513	3.07
Other Industries	<u>\$54,272,006</u>	30.85 %	<u>\$55,945,959</u>	30.67 %	<u>\$64,643,308</u>	33.89 %	<u>\$80,201,920</u>	33.81 %
Total Sales Tax Collection	<u>\$175,901,726</u>	100.00 %	<u>\$182,354,706</u>	100.00 %	<u>\$190,726,279</u>	100.00 %	<u>\$237,219,044</u>	100.00 %

Source: Ohio Department of Taxation

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OVERALL DEBT LIMITATION:										
Total Of All GCRTA Debt Outstanding	\$144,841	\$161,080	\$151,473	\$176,340	\$166,328	\$155,220	\$142,080	\$169,733	\$154,195	\$138,366
Exempt Debt	144,841	161,080	151,473	176,340	166,328	155,220	142,080	169,733	154,195	138,366
Net Indebtedness (Voted and Unvoted)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assessed Valuation Of County - (Collection Year)	\$30,647,572	\$30,646,005	\$33,158,047	\$31,732,264	\$31,497,061	\$29,633,695	\$29,826,341	\$29,796,665	\$27,652,473	\$27,694,841
Overall Debt Limitation (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation)	1,532,379	1,532,300	1,657,902	1,586,613	1,574,853	1,481,685	1,491,317	1,489,833	1,382,624	1,384,742
Net Indebtedness (Voted and Unvoted)	0	0	0	0	0	0	0	0	0	0
Overall Debt Margin	\$1,532,379	\$1,532,300	\$1,657,902	\$1,586,613	\$1,574,853	\$1,481,685	\$1,491,317	\$1,489,833	\$1,382,624	\$1,384,742
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
UNVOTED DEBT LIMITATION:										
Unvoted Debt Limitation - 0.1% of County Assessed Valuation	\$30,648	\$30,646	\$33,158	\$31,732	\$31,497	\$29,634	\$29,826	\$29,797	\$27,652	\$27,695
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(14,506)	(14,755)	(16,618)	(16,586)	(16,365)	(16,365)	(18,377)	(18,902)	(20,788)	(20,676)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	(\$14,506)	(\$14,755)	(\$16,618)	(\$16,586)	(\$16,365)	(\$16,365)	(\$18,377)	(\$18,902)	(\$20,788)	(\$20,676)

TABLE 9

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS (IN THOUSANDS EXCEPT PER CAPITA AMOUNTS)
(UNAUDITED)

YEAR	POPULATION (1)	ASSESSED VALUE (2)	GENERAL BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
2005	1,336	\$ 30,647,572	\$ 144,841	0.47	\$ 108.41
2006	1,314	\$ 30,646,005	\$ 161,080	0.53	\$ 122.58
2007	1,296	\$ 33,158,047	\$ 176,340	0.53	\$ 136.06
2008	1,284	\$ 31,732,264	\$ 176,340	0.56	\$ 137.34
2009	1,276	\$ 31,497,060	\$ 166,328	0.53	\$ 130.35
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

Sources:

(1) Estimates – Various Sources.

(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 OBLIGATION BONDS	STATE INFRASTRUCTURE LOAN	CAPITAL LEASE	NOTES	SALES TAX REVENUE	TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME*	BONDED DEBT PER CAPITA*
2005	\$ 144,841	\$ 5,051	\$	\$	\$	149,892	4.69	\$ 108.41
2006	\$ 161,080	\$ 4,580	\$	\$	\$	165,660	5.11	\$ 122.58
2007	\$ 176,340	\$ 4,088	\$ 25,000	\$	\$	205,428	6.16	\$ 136.06
2008	\$ 176,340	\$ 3,575	\$ 23,684	\$	\$	203,599	6.27	\$ 137.34
2009	\$ 166,328	\$ 3,303	\$ 22,308	\$ 8,000	\$	199,939	5.99	\$ 130.35
2010	\$ 155,220	\$ 2,460	\$ 20,870	\$	\$	178,550	5.35	\$ 121.27
2011	\$ 142,080	\$	\$ 19,366	\$	\$	161,446	4.75	\$ 111.87
2012	\$ 110,955	\$	\$ 17,793	\$	\$ 40,985	169,733	4.93	\$ 86.35
2013	\$ 97,910	\$	\$ 16,150	\$	\$ 40,135	154,195	4.53	\$ 77.52
2014	\$ 54,965	\$	\$ 14,431	\$	\$ 68,970	138,366	3.92	\$ 43.62

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

	PERSONAL INCOME	POPULATION
2005	\$ 31,937	1,336
2006	\$ 32,421	1,314
2007	\$ 33,345	1,296
2008	\$ 32,464	1,284
2009	\$ 33,353	1,276
2010	\$ 33,353	1,280
2011	\$ 33,979	1,270
2012	\$ 34,458	1,285
2013	\$ 33,981	1,263
2014	\$ 35,333	1,260

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (IN THOUSANDS)
 DECEMBER 31, 2014
 (UNAUDITED)

	GROSS DEBT	PERCENT APPLICABLE	ENTITY SHARE
Greater Cleveland Regional Transit Authority	\$138,366	100.00%	\$138,366
Cuyahoga County	314,245	100.00%	\$314,245
Cities Wholly with the County	901,353	100.00%	\$901,353
Village Wholly with the County	31,875	100.00%	\$31,875
Townships Wholly with the County	1,855	100.00%	\$1,855
All School Districts Wholly with in the County	811,541	100.00%	\$811,541
Olmsted Falls S.D.	17,167	96.48%	\$16,563
Strongsville S.D.	83,817	99.78%	\$83,633
Chagrin Falls S.D.	21,545	63.17%	\$13,610
Total Overlapping Debt			<u>\$2,313,040</u>

Cuyahoga County Budget Commission

TABLE 12

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

(UNAUDITED)

YEAR	GROSS		NET REVENUE AVAILABLE FOR				TOTAL	COVERAGE
	REVENUES (1)	EXPENSES (2)	DEBT SERVICE	PRINCIPAL	INTEREST			
2005	\$ 238,331	\$ 231,566	\$ 6,765	\$ 7,687	\$ 6,698	\$ 14,385	0.47 %	
2006	\$ 244,324	\$ 228,845	\$ 15,479	\$ 8,802	\$ 6,981	\$ 15,783	0.98 %	
2007	\$ 250,816	\$ 239,166	\$ 11,650	\$ 9,607	\$ 7,012	\$ 16,619	0.70 %	
2008	\$ 253,398	\$ 255,974	\$ (2,576)	\$ 9,968	\$ 7,194	\$ 17,162	(0.15) %	
2009	\$ 259,092	\$ 256,569	\$ 2,523	\$ 10,012	\$ 7,700	\$ 17,712	0.14 %	
2010	\$ 265,006	\$ 220,968	\$ 44,038	\$ 11,108	\$ 7,565	\$ 18,673	2.36 %	
2011	\$ 255,021	\$ 226,534	\$ 28,487	\$ 14,643	\$ 7,668	\$ 22,311	1.28 %	
2012	\$ 249,808	\$ 235,431	\$ 14,377	\$ 15,562	\$ 7,630	\$ 23,192	0.62 %	
2013	\$ 264,033	\$ 251,848	\$ 12,185	\$ 15,539	\$ 7,634	\$ 23,173	0.52 %	
2014	\$ 266,368	\$ 260,695	\$ 5,673	\$ 17,112	\$ 5,985	\$ 23,097	0.24 %	

(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> <u>POPULATION</u>	<u>MSA (1)</u>	<u>PERSONAL</u>	<u>PER CAPITA</u>
			<u>INCOME</u> <u>(IN THOUSANDS)</u>	<u>PERSONAL</u> <u>INCOME</u>
2005	1,335,317	1,830,011	\$ 31,936,777	\$ 23,917
2006	1,314,241	1,812,162	\$ 32,421,011	\$ 24,669
2007	1,295,958	1,794,211	\$ 33,344,999	\$ 25,730
2008	1,283,925	1,783,918	\$ 32,464,044	\$ 25,285
2009	1,275,709	1,783,918	\$ 33,353,412	\$ 26,145
2010	1,280,122	1,775,884	\$ 33,353,412	\$ 26,055
2011	1,270,294	1,766,669	\$ 33,979,191	\$ 26,263
2012	1,285,279	1,779,827	\$ 33,458,329	\$ 26,810
2013	1,263,154	1,761,898	\$ 33,981,368	\$ 26,902
2014	1,259,828	1,759,382	\$ 35,333,174	\$ 28,402

AGE DISTRIBUTION (2)

	<u>NUMBER</u>	<u>PERCENTAGE</u>
Under 5 years	71,380	5.7%
5 – 9 yrs	72,560	5.8
10 – 14 yrs	72,510	5.8
15 – 19 yrs	80,840	6.5
20 – 24 yrs	88,700	7.1
25 – 34 yrs	151,900	12.2
35 – 44 yrs	144,500	11.6
45 – 54 yrs	171,380	13.8
55 – 59 yrs	96,410	7.8
60 – 64 yrs	83,320	6.7
65 – 74 yrs	111,650	9.1
75 – 84 yrs	60,380	4.9
85 yrs and over	36,850	3.0
TOTAL	1,242,380	100.0%
Median age		39
Males		589,430
Females		652,950

DISTRIBUTION OF FAMILIES BY INCOME BRACKET (2)

<u>INCOME (2)</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>
\$0 – 19,999	126,964	23.7%
\$20,000 – 29,999	63,041	11.8
\$30,000 – 49,999	105,757	19.8
\$50,000 – 99,999	147,300	27.5
\$100,000 -199,999	73,285	13.7
OVER \$200,000	18,552	3.5
TOTAL	534,899	100.0%
MEDIAN FAMILY INCOME \$	43,861	

Source:

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

(continued)

TABLE 13 (continued)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS (continued)

LAST TEN YEARS (continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Civilian Labor Force	654,900	652,400	653,700	644,200	625,600	631,700	624,600	621,500	621,800	624,300
Total Employed	619,800	619,300	616,500	604,200	571,100	577,900	577,000	579,100	577,500	584,400
Total Unemployed	35,100	33,100	37,200	40,000	54,500	53,800	47,600	42,400	44,300	39,900
Unemployment Rate	5.4%	5.1%	5.7%	6.2%	8.7%	8.5%	7.6%	6.8%	7.1%	6.4%

EMPLOYMENT BY SECTOR (2):

(Amounts in 000's)

YEAR	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		FEDERAL, STATE AND LOCAL GOVERNMENT		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1	68.2	9.0	23.4	3.1	43.1	5.7	757.2*	100.0
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1	65.9	8.7	23.6	3.1	42.5	5.6	757.7*	100.0
2007	81.4	10.9	107.9	14.4	335.3	44.7	98.4	13.1	61.1	8.1	24.1	3.2	41.8	5.6	750.0*	100.0
2008	79.8	10.9	105.6	14.4	330.0	44.9	98.2	13.3	57.1	7.8	23.5	3.2	40.5	5.5	734.7*	100.0
2009	65.8	9.6	97.3	14.1	319.1	46.4	95.9	13.9	53.9	7.8	21.2	3.1	35.1	5.1	688.3*	100.0
**2010	65.8	9.6	97.3	14.1	319.1	46.4	95.9	13.9	53.9	7.8	21.2	3.1	35.1	5.1	688.3*	100.0
2011	76.3	12.8	81.3	13.7	267.9	45.1	80.7	13.6	50.6	8.5	26.9	4.5	10.8	1.8	594.5	100.0
2012	73.2	12.5	81.2	13.8	252.8	43.1	77.9	13.3	48.4	8.2	26.2	4.5	26.7	4.6	586.4*	100.0
2013	72.7	12.7	76.6	13.4	253.9	44.3	74.1	12.9	45.5	7.9	25.8	4.6	24.0	4.2	572.6*	100.0
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

Sources:

- (1) Ohio Department of Jobs and Family Services
- (2) U.S. Deptment of Commerce - American Fact Finder
- * 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

2014 AND 2005

2014			
Employer	Nature of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	32,251	5.1%
University Hospitals Health System	Health Care	14,518	2.3%
U.S. Office of Personnel Management	Federal Government	11,254	1.8%
Progressive Corporation	Insurance & financial company	8,379	1.3%
Cuyahoga County	County Government	7,776	1.2%
Cleve. Metropolitan School District	Education	6,953	1.1%
City of Cleveland	Municipal Government	6,757	1.1%
Metro Health Systems	Health Care	5,823	0.9%
KeyCorp	Financial Services	4,812	0.8%
Group Management Services, Inc.	Professional Employer Organization	4,795	0.8%
	Total	103,318	15.5%
	Total County Employment	624,300	
2005			
			Percentage of Total County
Cleveland Clinic Health System	Health Care	27,755	4.2%
University Hospitals Health System	Health Care	16,611	2.5%
U.S. Office of Personnel Management	Federal Government	9,916	1.5%
Cuyahoga County	County Government	9,142	1.4%
Progressive Corporation	Insurance	9,017	1.4%
City of Cleveland	Municipal Government	8,136	1.2%
Cleveland Municipal School District	Public School District	7,472	1.1%
KeyCorp	Financial Services	6,397	1.0%
PNC Corporation	Financial Services	6,051	0.9%
Metro Health Systems	Health Care	5,503	0.8%
	Total	106,000	16.2%
	Total County Employment	655,600	

Sources: Crain's Cleveland Business - Book of Lists 2015
 Ohio Labor Market Information <http://ohiolmi.com> (Data Tab-Employment and Wages by Industry Query-
 Cuyahoga County - 2013 CAFR - Statistical Section

TABLE 15
GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012**	2013	2014*
SYSTEM RIDERSHIP:										
Motor Bus	44,533,491	44,577,504	46,335,972	46,623,903	38,214,315	35,895,427	37,198,763	33,857,969	34,325,962	34,426,847
Heavy Rail	7,472,908	7,029,344	7,306,663	7,639,381	4,491,171	3,657,501	5,687,891	6,240,495	6,423,366	6,203,837
Light Rail	3,089,707	2,844,207	3,198,883	3,261,923	2,365,851	2,315,662	2,745,106	2,856,379	2,897,940	2,779,158
Demand Responsive BRT (Bus Rapid)**	335,970	343,443	481,112	385,310	410,770	550,711	579,072	647,031	704,502	751,529
								4,629,200	4,854,519	5,084,513
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus	166,238	166,754	164,548	166,364	142,631	122,662	124,343	113,662	93,675	94,320
Heavy Rail	18,733	18,892	20,397	20,914	17,816	11,405	18,495	21,493	17,529	16,997
Light Rail	9,506	10,030	11,044	11,432	9,804	7,592	9,560	9,838	7,908	7,614
Demand Responsive BRT (Bus Rapid)**	1,530	1,550	1,661	1,778	1,867	1,769	1,868	2,067	2,284	2,373
								15,541	13,248	13,930
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus	86,751	80,134	79,029	71,674	65,803	51,308	48,983	39,810	41,440	45,486
Heavy Rail	3,566	3,593	3,584	3,443	5,381	2,796	5,233	5,759	6,887	7,225
Light Rail	2,661	2,459	2,446	2,464	2,380	2,025	2,042	2,008	2,331	2,465
Demand Responsive BRT (Bus Rapid)**	7,941	8,200	9,259	8,072	12,752	15,322	16,161	15,160	15,604	16,682
								2,096	2,007	1,978
REVENUE MILES:										
Motor Bus	21,698,089	20,377,376	20,204,755	18,664,990	17,042,385	13,310,980	12,616,043	12,224,802	12,968,260	14,660,952
Heavy Rail	2,373,093	1,960,534	2,112,786	2,046,862	1,789,025	953,985	1,766,922	1,989,328	2,414,910	2,534,838
Light Rail	1,005,741	869,868	805,600	799,595	756,929	661,218	715,539	699,039	785,351	830,016
Demand Responsive BRT (Bus Rapid)**	2,023,190	2,081,941	2,368,174	2,106,558	3,395,154	4,285,442	4,560,276	4,821,868	4,978,261	5,187,971
								688,062	648,031	641,081
PASSENGER MILES:										
Motor Bus	210,122,020	215,657,817	178,890,562	174,137,020	132,223,514	136,352,946	139,878,118	144,368,655	144,546,103	144,877,313
Heavy Rail	49,849,158	29,481,680	53,399,727	54,293,150	31,419,638	25,889,384	39,448,214	43,551,128	44,109,511	41,266,566
Light Rail	18,302,619	16,548,377	19,212,211	19,271,305	13,642,884	13,611,220	16,762,697	16,938,794	17,332,817	16,450,357
Demand Responsive BRT (Bus Rapid)**	2,264,463	2,356,610	2,576,273	2,856,607	4,187,788	3,940,975	4,134,106	4,572,942	4,964,438	5,695,765
								11,748,318	12,837,586	13,277,273

(Continued)

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

	2005	2006	2007	2008	2009	2010	2011	2012**	2013	2014*
ENERGY CONSUMPTION:										
Motor Bus	4,793,246	5,266,709	5,393,502	5,322,578	4,998,777	3,882,866	4,429,201	3,901,523	3,992,940	4,066,716
(gallons of fuel)										
(lbs. of natural gas)	1,390,926	1,064,151	434,773	230,813	55,495	—				
Heavy Rail	29,381,337	28,047,493	29,758,170	28,414,691	26,150,410	24,000,051	26,024,462	25,319,115	25,091,622	24,651,213
(kilowatt hours)										
Light Rail	10,383,138	11,964,612	12,542,075	11,422,839	11,286,050	12,975,110	11,912,103	9,836,196	12,982,816	11,821,324
(kilowatt hours)										
Demand Responsive	271,723	283,029	318,960	307,883	463,192	531,510	573,563	634,019	650,749	608,858
(gallons of fuel)										
BRT (Bus Rapid)**								297,054	306,899	299,018
(gallons of fuel)										
FLEET REQUIREMENT										
DURING PEAK HOURS:										
Motor Bus	518	514	522	469	424	322	310	303	350	350
Heavy Rail	22	22	22	22	22	22	18	20	20	20
Light Rail	17	17	17	17	17	17	13	13	14	14
Demand Responsive	75	68	74	73	122	102	116	134	131	139
BRT (Bus Rapid)**								16	16	16
TOTAL ACTIVE VEHICLES										
DURING PERIOD:										
Motor Bus	654	663	620	556	506	405	403	399	391	391
Heavy Rail	60	60	60	60	60	60	44	60	60	60
Light Rail	48	48	48	48	48	48	33	48	48	48
Demand Responsive	75	77	77	86	129	120	120	146	146	158
BRT (Bus Rapid)**	---	---	---	---	---	---	---	21	21	21
NUMBER OF EMPLOYEES:	2,643	2,644	2,653	2,577	2,374	2,115	2,103	1,982	2,033	2,108

(Concluded)

Source:

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

*2014 data is preliminary

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

TABLE 16

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
OPERATING INFORMATION-CAPITAL ASSETS
FISCAL YEAR 2004 THROUGH FISCAL YEAR 2013 (IN THOUSANDS)
(UNAUDITED)

YEAR	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capital Assets Not Being Depreciated										
Land	\$ 27,454	\$ 32,365	\$ 32,903	\$ 34,665	\$ 38,563	\$ 38,671	\$38,510	\$36,924	\$37,818	\$37,813
Construction in Progress	63,169	92,090	141,258	19,680	25,671	36,649	20,849	23,015	25,955	22,258
Total Capital Assets Not Being Depreciated	<u>90,623</u>	<u>124,455</u>	<u>174,161</u>	<u>54,345</u>	<u>64,234</u>	<u>75,320</u>	<u>59,359</u>	<u>59,939</u>	<u>63,773</u>	<u>60,071</u>
Capital Assets Being Depreciated:										
Infrastructure	54,316	54,339	55,883	58,189	62,285	62,879	63,009	63,192	63,233	63,461
Right of Ways	251,540	251,668	266,911	270,116	272,712	272,723	274,334	274,725	301,660	308,716
Building, Furniture & Fixtures	421,230	429,803	439,884	442,177	445,019	454,569	481,619	492,407	502,685	537,706
Transportation and Other Equipment	373,103	389,577	398,111	419,449	430,335	411,981	405,618	413,275	421,138	441,898
Bus Rapid Transit				157,845	162,440	162,334	162,353	162,344	162,344	163,027
Total Capital Assets Being Depreciated	<u>1,100,189</u>	<u>1,125,387</u>	<u>1,160,789</u>	<u>1,347,776</u>	<u>1,372,791</u>	<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>
Less Accumulated Depreciation:										
Infrastructure	7,991	9,127	10,298	11,481	12,715	14,045	15,376	16,712	18,051	19,513
Right of Ways	117,220	123,437	129,861	136,439	143,051	149,682	156,323	162,952	169,671	176,783
Building, Furniture & Fixtures	159,165	172,464	185,914	199,129	212,919	226,864	241,529	256,743	272,465	289,075
Transportation and Other Equipment	230,721	242,346	264,318	274,720	288,002	272,139	285,804	306,696	327,277	345,488
Bus Rapid Transit				557	4,119	7,727	11,334	14,942	18,549	22,160
Total Accumulated Depreciation:	<u>515,097</u>	<u>547,374</u>	<u>590,391</u>	<u>622,326</u>	<u>660,806</u>	<u>670,457</u>	<u>710,366</u>	<u>758,045</u>	<u>806,013</u>	<u>853,019</u>
Net Capital Assets Being Depreciated	<u>585,092</u>	<u>578,013</u>	<u>570,398</u>	<u>725,450</u>	<u>711,985</u>	<u>694,029</u>	<u>676,567</u>	<u>647,898</u>	<u>645,047</u>	<u>661,789</u>
Net Capital Assets, End of Year	<u>\$ 675,715</u>	<u>\$ 702,468</u>	<u>\$ 744,559</u>	<u>\$ 779,795</u>	<u>\$ 776,219</u>	<u>\$ 769,349</u>	<u>\$ 735,926</u>	<u>\$ 707,837</u>	<u>\$ 708,820</u>	<u>\$ 721,860</u>

TABLE 17
GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
FAREBOX RECOVERY PERCENTAGE
LAST TEN YEARS
(UNAUDITED)

<u>YEAR</u>	<u>PERCENTAGE</u>
2005	17.4%
2006	18.5
2007	18.7
2008	19.5
2009	20.9
2010	22.4
2011	22.5
2012	21.8
2013	21.1
2014	20.6

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

FARE STRUCTURE
DECEMBER 31, 2014

Cash Fares		Monthly Passes	
Bus	\$2.25	Bus/Rapid/Paratransit	\$85.00
Rapid	\$2.25	Park-N-Ride Bus	\$95.00
Park-N-Ride Bus	\$2.50	Senior/Disabled	\$38.00
Trolley	\$0.00		
Student Fare	\$1.50	7 Day Passes	
Senior/Disabled	\$1.00	Bus/Rapid/Paratransit	\$22.50
Paratransit	\$2.25	Park-N-Ride Bus	\$25.00
Out of County	\$3.50	Senior/Disabled	\$10.00
Farecards - 5 Trip		All Day Passes	
Bus/Rapid/Paratransit	\$11.25	Individual	\$5.00
Park-N-Ride Bus	\$12.50	Senior/Disabled/Child	\$2.50
Senior/Disabled	\$5.00	Student	\$4.00
Trolley	\$0.00		
Student	\$7.50	Cleveland Passes	
		One Day	\$5.00
		Two Day	\$10.00
		Four Day	\$20.00

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

Greater Cleveland
Regional Transit
Authority

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Cleveland, Ohio 44113-1302

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Dave Yost • Auditor of State

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 23, 2015**