RTA

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GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012 | CUYAHOGA COUNTY

Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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

2012
INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greater Cleveland Regional Transit Authority, Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011

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

Christopher P Morrill

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Greater Cleveland Regional Transit Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twenty-fourth 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.

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

June 28, 2013

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, 2012. This is the twenty-fifth 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, 2012. The Independent Auditor's Report is located at the front of the financial section of this report.

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

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

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

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

PROFILE OF GOVERNMENT AND REPORTING ENTITY

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

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

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

The GCRTA had 2,188 employees as of December 31, 2012. The system delivered 17.7 million revenue miles of bus service and 2.7 million revenue miles on its heavy and light rail systems. The service fleet was composed of 381 motor bus coaches, 44 heavy rail cars, 33 light rail cars, and 126 demand responsive vehicles.

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

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

ECONOMIC CONDITION AND OUTLOOK

The GCRTA's service area is contiguous with the boundaries of Cuyahoga County, Ohio. The County includes the City of Cleveland, two townships, and fifty-six other jurisdictions. This is the largest metropolitan area in Ohio and one of the largest counties in the United States. The population of this area is approximately 1.3 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 2003, manufacturing employment has increased from 11.9% of the total workforce to 12.5%, while wholesale and retail trade has significantly decreased from 15.3% since 2003 to 13.8% in 2012. The professional and related services sector work force has steadily grown from 41.6% of the total workforce since 2003 to the present rate of 43.1%, of the workforce. Our local economy continues to grow, resulting in more of our workforce being employed. The County's 2012 unemployment was between 9.0-12.0%, compared to the national rate of 11%.

Real property, consisting of agricultural, commercial, industrial, residential real property is reappraised every six years. The current assessed value is estimated to be $29 billion. This process is the foundation for property taxation, and it sets the debt limitation for GCRTA.

CURRENT YEAR REVIEW

Drivers in Northeast Ohio faced many obstacles in 2012 affecting their driving habits and their parking in their favorite spot in downtown Cleveland. The opening of the Horseshoe Casino in downtown Cleveland in May 2012 quickly limited the available parking spaces. Construction and the repaving of several of the roadways led to major traffic delays in getting to and from work. This includes the Innerbelt Bridge Project and the repaving of Interstate 90 in Cleveland, along with 30 other highway projects, making it difficult in getting to and from work. With the average price of gasoline at an all time high, limited parking and the congestive traffic, people of Northeast Ohio were ready to ride RTA.

In 2012, ridership was up. RTA provided 48.2 million passenger trips, an increase of more than 2 million over 2011. Overall, ridership grew by 4.3 percent in 2012. This is on top of a 3.6 percent increase in 2011. The Red Line rail service had 500,000 more riders, representing a 9.1 percent gain. The Blue and Green Lines rail service also grew by 4.1 percent, and the bus routes collectively increased by 3.5 percent. Since its introduction in 2008, the Healthline has had healthy growth. In 2012, the Healthline posted its fourth consecutive annual increase, up 3.0 percent. Finally, the Paratransit Service was even more vital to those needing assistance, increasing by 11.96 percent.

GCRTA's Downtown Trolleys continue to be a major draw with the public. With all the new investment in Downtown Cleveland, time was right for the expansion of the trolley service for employees, residents and tourists. In September, three new trolley lines were introduced. The new C-Line Trolley offers late night service to the Horseshoe Casino and entertainment establishments. The new L-Line Trolley offers weekend service for visitors to the Rock Hall and other attractions. And to help alleviate growing parking concerns, the Nine Twelve Trolley was created. This line offers a shuttle during morning and evening rush periods between the Muny Parking Lot and offices along E. 9th Street. These new lines are the result of a strong private-public partnership, with funding support from 12 local organizations.

Besides the new Trolleys, GCRTA expanded service on 31 other routes and lines in December. The frequency on all rail lines was increased, with the Red Line operating at an 8-minute frequency and the Blue and Green Lines making stops at stations every 10-minutes during peak rush hour periods. Changes to peak and non-peak frequency improved rail service by 30 percent. Collectively, the bus route modifications have resulted in another 5 percent in service enhancement.

GCRTA continued to ensure public transportation remained attractive by making a number of investments in 2012. In September, ground broke on a new Cedar–University Rapid Station. Construction will span two years and cost $18.5 million. When completed, it will be one of GCRTA's most vital stops, serving thousands of daily commuters traveling to and from the growing University Circle area. Plans also progressed on a new University Circle – Little Italy station. Construction is expected to start in 2013. The new station will serve as a gateway to the historic Little Italy neighborhood and will be funded through a $12.5 million Federal Transportation Administration (FTA) grant.

In October, the redesigned Buckeye-Woodhill Rapid Station officially opened. The new station offers riders ADA accessibility, added parking, and glass covered platforms for safety and protection against the elements.

Another important project also began to take shape in 2012. The $9.5 million Bus Rapid Transit Line (West Shore Express) will feature bus only lanes and consolidated stops to accelerate travel on the near west side of town.

GCRTA ended 2012 fiscally sound. This was accomplished through tight fiscal management, with actual 2012 expenses being $3 million less than those incurred in 2006. The transit authority continues to find ways to create added efficiencies through TransitStat, which has saved more than $48 million in operating costs over the past five years. Additional cost savings have been realized through GCRTA's Energy Price Risk Management Program from initiatives like fuel hedging.

GCRTA has established a comprehensive set of financial policies and monitors its performance against those financial policies. For 2012, none of the financial policies had a significant impact on the financial statements.

GCRTA was recognized in 2012 for other reasons as well. The Healthline's success made Cleveland a destination for 17 transit delegations from cites as close as Detroit and continents as far away as Australia. As an honor to the entire GCRTA team, Build Up Greater Cleveland named the Authority's CEO, Joseph Calabrese, the recipient of the Senator Voinvich Award as the Outstanding Public Works Employee of the year.

By all measurements, 2012 was a good year both for the region and GCRTA. The future also looks bright, with the final pieces in place to create a new economy in Northeast Ohio.

PRESENT AND FUTURE PLANS

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

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

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

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

CAPITAL IMPROVEMENT PLAN

The development of the 2013 budget included preparation of a five-year Capital Improvement Plan ("CIP"). This document is an outline for rebuilding and expanding service by the Authority. Totaling $387.6 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 - $117.6 million

This commitment of funds includes the replacement of several substations, stations and track rehabilitation, bridges, train control systems, rail vehicles overhaul, signage and rail expansion. Rail projects include the rehabilitation of the rail infrastructure totaling $32.9 million, overhaul of the light rail vehicles of $5.5 million, upgrade of signal system of $.3 million, replacement of electrical substations of $14.2 million, track rehabilitation of $20.7 million and the extension of the blue line of $44.0 million.

Local Capital Projects - $16.9 million

Classified as Routine Capital Projects ($9.7 million) and Asset Maintenance Projects ($7.2 million), these initiatives are funded entirely from local resources. Routine Capital Projects are typically equipment requested by various departments and not funded through grants. Asset Maintenance funds are used to maintain, rehabilitate, replace, or construct assets of a smaller scope or cost than those typically supported with grants. These projects are authorized within the Authority's Capital Fund and are supported with annual allocations of sales tax receipts.

Bridge Rehabilitation and Other Improvements - $17.1 million

Funding has been provided for the rehabilitation of four track bridges of $10.0 million and replacement of escalators and Bus & Rail State of Good Repair of $7.1 million.

Bus Purchases, Paratransit Vehicles and Circulator Bus- $107.4 million

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

Transit Centers and Shelters and Other - $2.5 million

The Authority will make an investment in the construction of Transit Centers over the next five years of $1.4 million and enhancements to the Park and Ride facilities of $1.1 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- $22.6 million

This project calls for the upgrade to the Management Information System of $5.4 million, purchase of event recorders, bus cameras, driver security enclosures, warning lights of $4.8 million, Fare Equipment Lease of $12.1 million and various other purchases of $.3 million.

Operating Expenses and Other Expenses - $103.5 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 $85.0 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 $2.0 million for Job Access Reverse Commute Program (JARC) expenses and $.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.

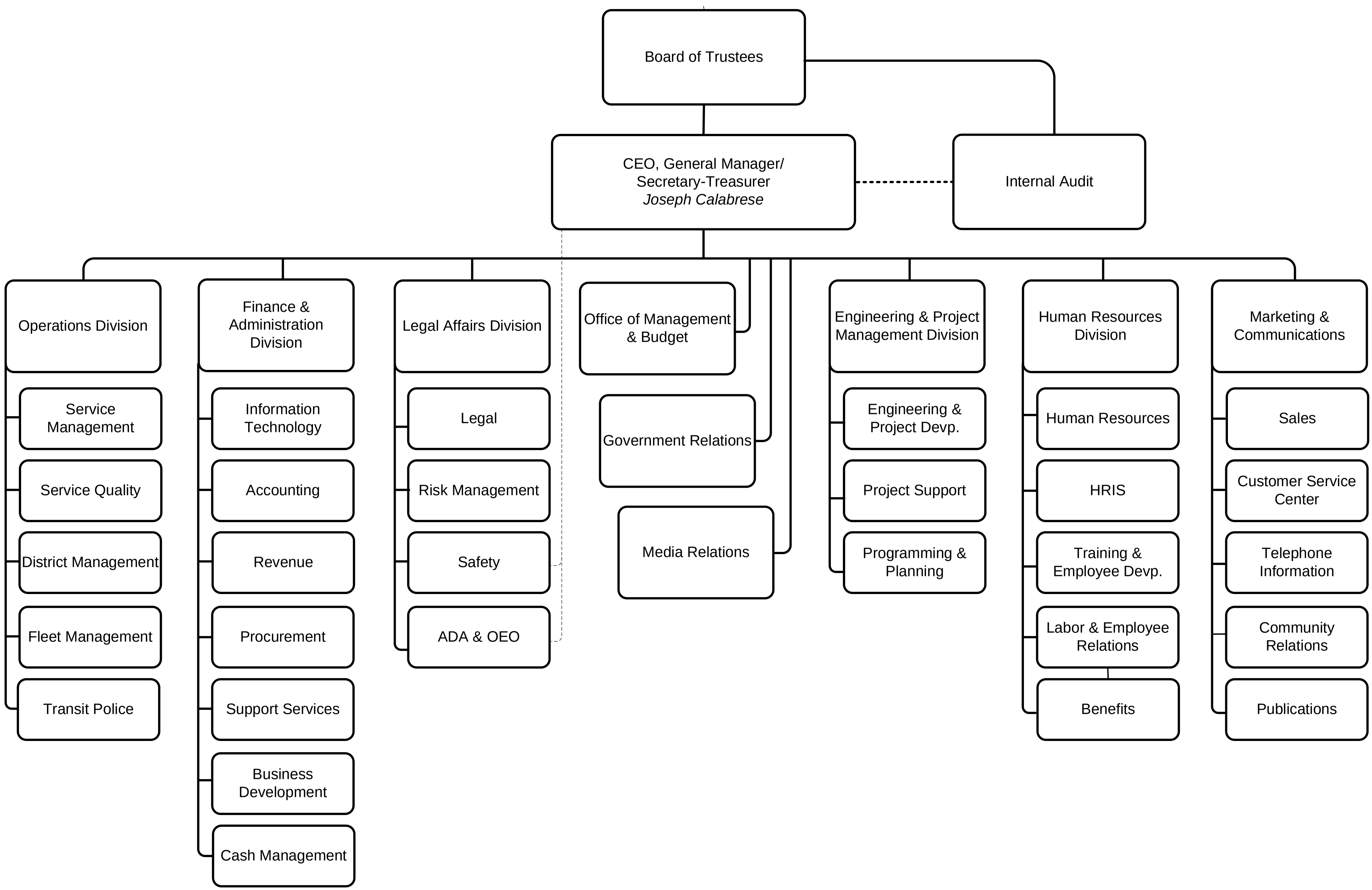
Acknowledgments

The GCRTA expresses thanks to the staff of the Accounting Department in preparing this report. In addition, appreciation goes out to the Cuyahoga County Auditors for providing supporting demographics and other statistics.

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

Loretta Kirk
Deputy General Manager,
Finance & Administration

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
Organization Chart As Of December 31, 2012



Organizational chart depicting company functions.

Board of Trustees and Executive Management Team

BOARD OF TRUSTEES

President	George F. Dixon, III
Vice President	Dennis M. Clough
Trustees	Jesse O. Anderson Bill Cervenik Mark 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

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

Stephen J. Bitto
Director,
Marketing & Communications

Gale Fisk
Executive Director,
Office of Management and Budget

Anthony Garofoli
Executive Director,
Internal Audit

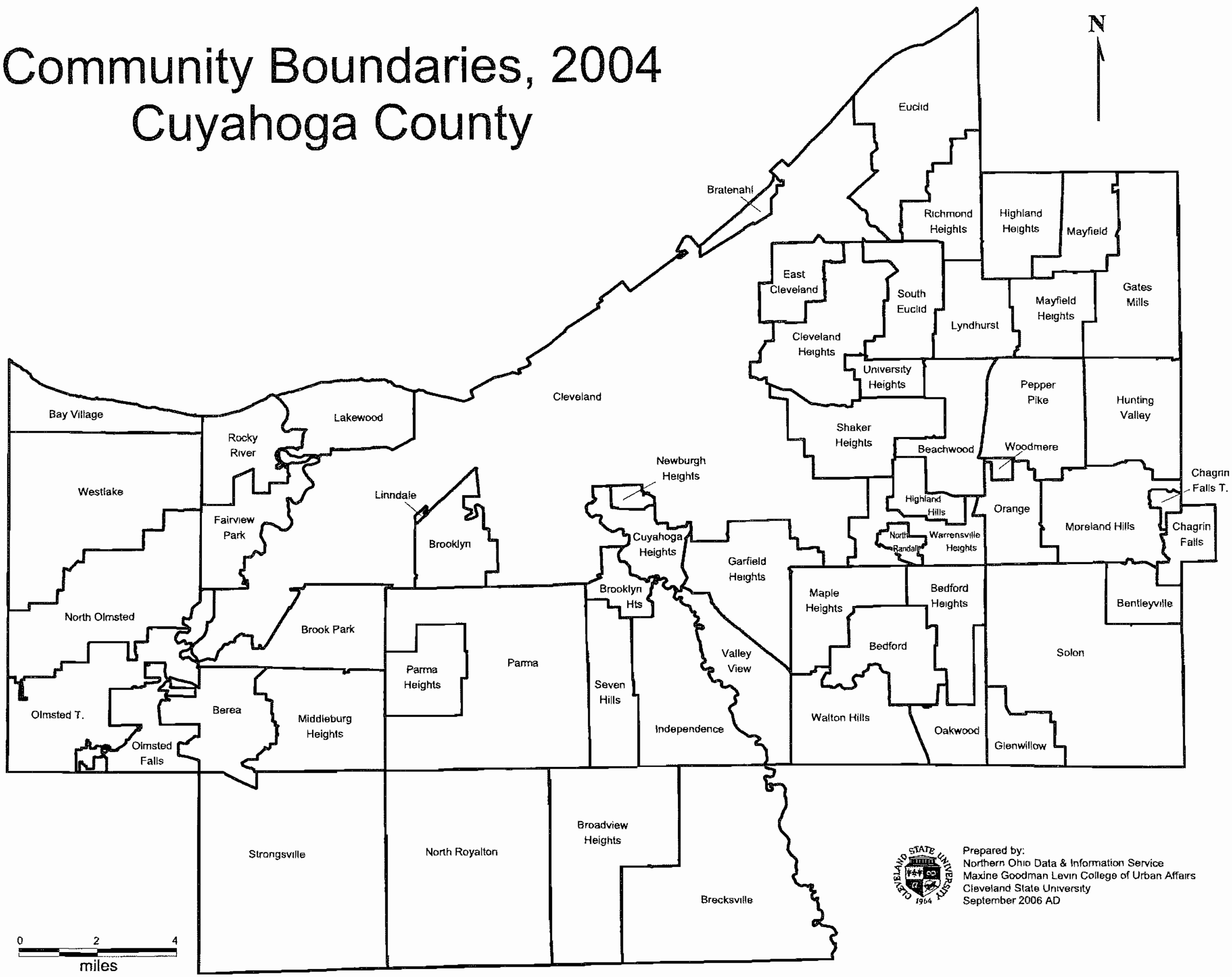
Loretta Kirk
Deputy General Manager,
Finance & Administration

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

Michael York
Deputy General Manager,
Operations

Frank Polivka
Director,
Procurement

Community Boundaries, 2004
Cuyahoga County



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

2012

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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 year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Authority as of and for the year ended December 31, 2011 were audited by other auditors, whose report dated June 28, 2012, expressed an unmodified opinion on those statements and included an emphasis of matter paragraph that described the change in the Authority's accounting principles discussed in Note 2 to the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 statistical section information present additional analysis and are not a required part of the financial statements.

Neither we nor the other auditors subjected the introductory section and statistical section information to the auditing procedures applied in the audit of the 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 28, 2013, 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 28, 2013

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, 2012 and December 31, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, as well as, activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights

- The Authority's net position decreased by $16.5 million (2.5%) in 2012 compared to 2011. Net position increased by $4.0 million (.6%) in 2011 compared to 2010.

- Current assets increased by $4.9 million (4.2%) in 2012 compared to 2011. Current assets decreased by $.8 million (.7%) in 2011 compared to 2010.

- Current liabilities increased by $1.7 million (3.5%) in 2012 compared to 2011. Current liabilities decreased by $3.8 million (7.2%) in 2011 compared to 2010.

- The Authority's non-current liabilities increased by $14.4 million (7.97%) in 2012 compared to 2011. Non-current liabilities decreased by $17.1 million (8.4%) in 2011 compared to 2010.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are;

1. the Comparative Balance Sheets
2. the Comparative Statements of Revenues, Expenses, and the Changes in Net position
3. the Comparative Statements of Cash Flows

These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as a single enterprise fund with revenues recognized when earned and measurable, not when 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 Comparative Balance Sheets present information on all the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the categories reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets and deferred outflows of resources without a corresponding increase to liabilities and deferred inflows of resources result in increased net position, which indicates improved financial position.

The Comparative 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 Comparative Statements of Cash Flows allow financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories;

1) Cash flows from operating activities
2) Cash flows from non-capital financing activities
3) Cash flows from capital and related financing activities
4) Cash flows from investing activities

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

The basic financial statements can be found beginning on page 33 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

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

	December 31, 2012	December 31, 2011	December 31, 2010
Assets and Deferred Outflows of Resources:			
Current assets	$ 121.0	$ 116.1	$ 116.9
Other noncurrent assets	57.0	37.0	19.6
Capital assets (net of accumulated depreciation)	707.8	735.9	769.3
Deferred Outflows of Resources	2.5	0.5	0.9
Total Assets and Deferred Outflows of Resources:	$ 888.4	$ 889.5	$ 906.7
Liabilities and Deferred Inflows of Resources:			
Current liabilities	$ 51.0	$ 49.3	$ 53.1
Noncurrent liabilities	195.1	180.7	197.3
Deferred Inflows of Resources	6.5	7.2	8.1
Total Liabilities and Deferred Inflows of Resources:	252.6	237.2	258.5
Net position:			
Net Investment in Capital Assets	546.5	569.9	588.5
Restricted	25.5	20.7	16.3
Unrestricted	63.8	61.7	43.4
Total Net position	635.8	652.3	648.2
Total Liabilities, Deferred Inflows of Resources, and Net position	$ 888.4	$ 889.5	$ 906.7

Net position serves as a useful indicator of financial position. The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $635.8 million as of December 31, 2012, which is a $16.5 million decrease from year ended, December 31, 2011. Assets exceeded liabilities by $652.3 million for the year ended December 31, 2011, which was an increase of $4.0 million from year ended, December 31, 2010.

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

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

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

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

During 2011, major construction projects totaling $22.9 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2011 included:

1.) the Puritas Rapid Transit Station Reconstruction, with a cost of $9.6 million, and
2.) the East 55th Street Station Rehabilitation, with a cost of $9.4 million
3.) the Paratransit Garage Rehabilitation, with a cost of $3.9 million

The construction in progress balance at December 31, 2011, included costs associated with a portion of the following;

4.) the Buckeye-Woodhill project
5.) the Mayfield Road Rapid Station
6.) the University Circle Station
7.) various other projects

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

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

Description

	Years Ended December 31,		
	2012	2011	2010
Operating revenues:			
Passenger fares	$ 49.9	$ 49.7	$ 46.9
Advertising and concessions	1.3	0.9	1.0
Total operating revenues	51.2	50.6	47.9
Operating expenses, excluding depreciation:			
Labor and fringe benefits	(163.1)	(151.8)	(155.2)
Materials and supplies	(34.9)	(34.9)	(23.7)
Services	(15.2)	(12.8)	(11.3)
Utilities	(6.8)	(7.0)	(8.7)
Casualty and liability	(6.8)	(9.6)	(8.3)
Purchased transportation	(6.6)	(5.1)	(4.6)
Leases and rentals	0.0	(0.4)	(0.2)
Taxes	(1.3)	(1.4)	(1.4)
Miscellaneous	(4.1)	(3.0)	(3.1)
Total operating expenses before depreciation	(238.8)	(226.0)	(216.5)
Depreciation expense	(47.9)	(48.0)	(48.0)
Total operating expenses	(286.7)	(274.0)	(264.5)
Operating loss	(235.5)	(223.4)	(216.6)
Non-operating revenues (expenses):			
Sales and use tax revenue	182.3	175.9	165.0
Federal operating grants and reimbursements	10.4	20.4	34.1
State/local operating grants and reimbursements	3.0	2.1	6.6
Federal pass-through grants revenue	0.2	0.5	4.5
Federal pass-through expenses	(0.2)	(0.5)	(4.5)
Investment income	0.4	0.4	0.4
Gain on commodity swap transactions	2.1	2.5	4.7
Interest expense	(7.0)	(7.2)	(8.0)
Other income	0.1	2.5	1.8
Total non-operating revenues	191.3	196.6	204.6
Net loss before capital grant revenue	(44.2)	(26.8)	(12.0)
Capital grants revenue	27.8	30.8	50.4
Increase in net position	(16.4)	4.0	38.4
Net position, beginning of year	652.2	648.2	609.8
Net position, end of year	$ 635.8	$ 652.2	$ 648.2

FINANCIAL OPERATING RESULTS

Revenues

Ridership and Passenger Fares – Farebox receipts and special transit fares are included within this caption. Passenger fare revenue for the year ended December 31, 2012 increased by $.2 million (.4%) compared with that from year ended December 31, 2011. This increase is a result of the growth in the economy and increased hiring in the area which led to an increase in total ridership from 46.2 million in year ended December 31, 2011 to 48.2 million in year ended December 31, 2012.

Passenger fare revenue for the year ended December 31, 2011 increased by $2.8 million (5.9%) compared with that from year ended December 31, 2010. This increase is a result of an increase in employment in the area which led to an increase in total ridership from 42.4 million in year ended December 31, 2010 to 46.2 million in year ended December 31, 2011.

Sales and Use Tax – The dedicated 1% tax levied in Cuyahoga County is part of the 7.75% overall tax on retail sales which changed from 7% effective July 2003. Sales and use tax revenue accounted for 73.6% of the Authority's revenue for year ended December 31, 2012. Sales and use tax revenue accounted for 69.7% of the Authority's revenue for year ended December 31, 2011, and for 62.3% for year ended December 31, 2010.

Revenue received from sales and use tax for year ended December 31, 2012 increased by $6.4 million (3.6%) compared to a $10.9 million (6.6%) increase in year ended December 31, 2011 from year ended December 31, 2010. The increase is attributable to the increased spending in the economy.

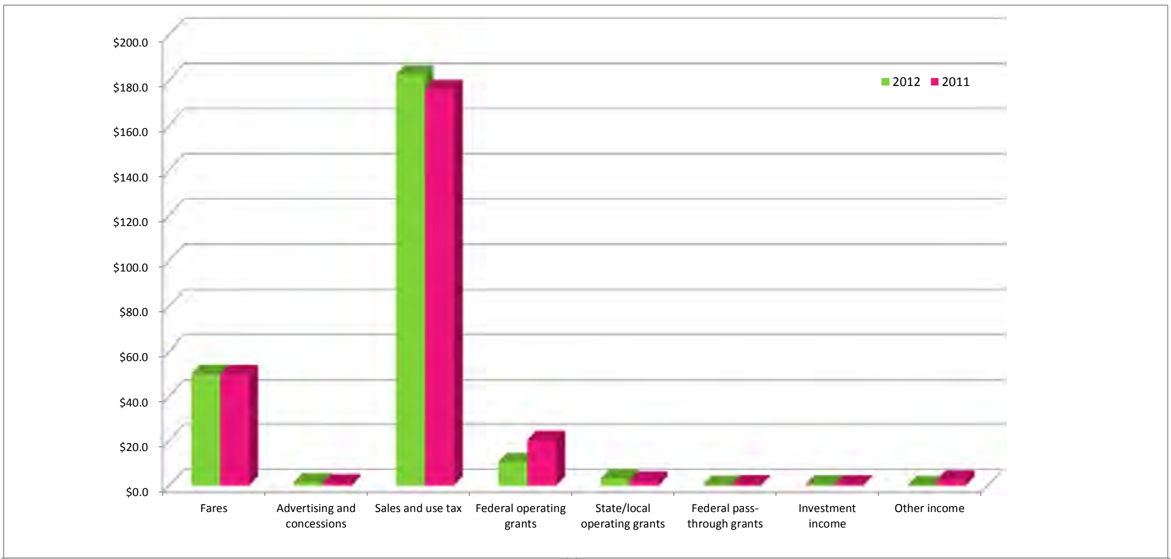
Federal Operating Grants and Reimbursements – The Authority received approximately $10.4 million for year ended December 31, 2012. In year ended, December 31, 2011, the Authority received $20.4 million, and in year ended December 31, 2010, the Authority received $34.1 million in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

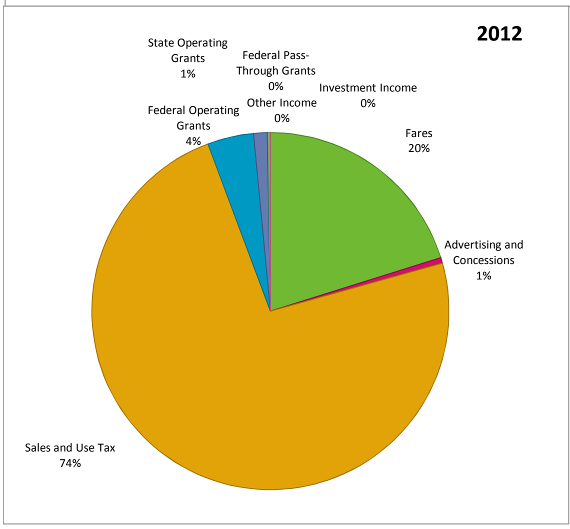
State/Local Operating Grants and Reimbursements – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. In year ended December 31, 2012, the Authority received $3 million in this category, a (42.9%) increase from year ended December 31, 2011. The Authority received a $2.1 million (68.2%) decrease in reimbursement funds in December 31, 2011 as compared to December 2010. During 2010, the Authority received $4.5 million in additional operating assistance.

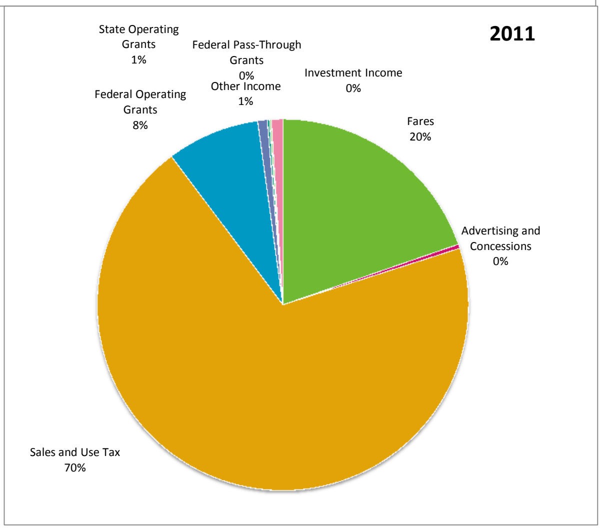
Investment Income – Investment income increased by $55,550 (14.7%) in year ended December 31, 2012, compared to a decrease of $39,671 (9.5%) in year ended December 31, 2011. This increase was a combined result of higher bank balances attributing to more investments and higher investment rates.

Revenue
Millions of Dollars

	2012	2011	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Fares	$49.9	$49.8	$0.1	0.2 %
Advertising and concessions	1.3	0.9	0.4	44.4
Sales and use tax	182.3	175.9	6.4	3.6
Federal operating grants	10.4	20.4	(10.0)	(49.0)
State/local operating grants	3.0	2.1	0.9	42.9
Federal pass-through grants	0.2	0.5	(0.3)	(60.0)
Investment income	0.4	0.4	-	-
Other income	0.1	2.5	(2.4)	(96.0)
Total	**$247.6**	**$252.5**	**($4.9)**	**(1.9) %**







Expenses

Labor and Fringe Benefits: The personnel related costs increased by $11.3 million (7.5%) in the year ended December 31, 2012, compared to that of the year ended December 31, 2011. During 2012, the number of personnel increased to 2,188, compared to the number of personnel totaling 2,103 in year ended December 31, 2011, with an increase in the costs of providing health care benefits. Costs decreased by $3.42 million (2.2%) in the year ended December 31, 2011, compared to that of the year ended December 31, 2010, due to the decrease in personnel to 2,103 compared to 2,115 in the year ended December 31, 2010, which is offset by a decrease in the costs of providing healthcare benefits.

Materials and Supplies: These costs have remained relatively the same in the year ended December 31, 2012, compared to the year ended of December 31, 2011. The reason is due to the diesel fuel commodities program implemented over the years resulting in significant savings in 2012. These costs have increased $11.2 million (47.1%) in the year ended December 31, 2011 compared to that of the year ended December 31, 2010. This increase is primarily due to the implementation of the fuel hedging program.

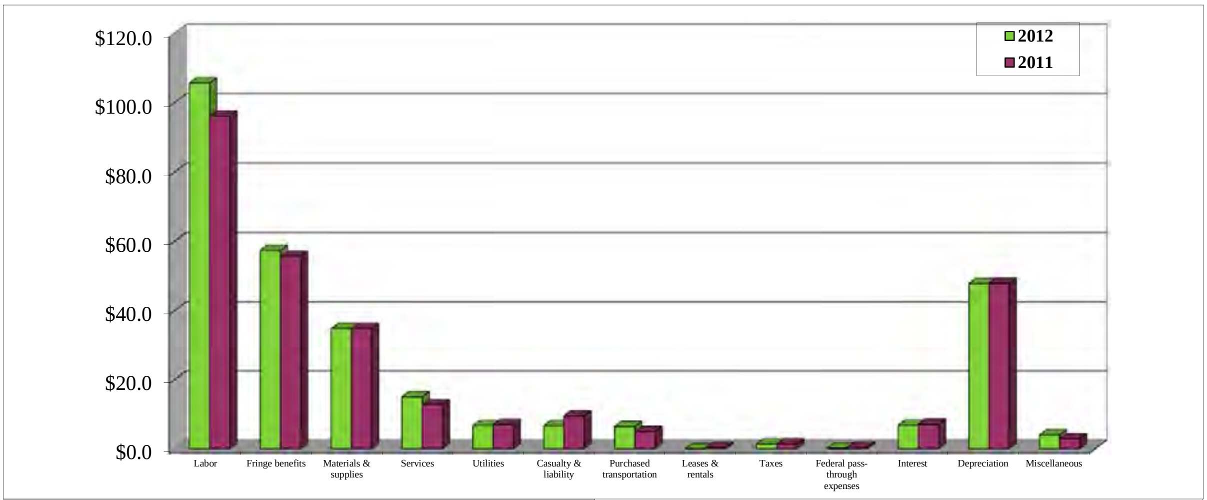
Services: The costs in this category increased by $2.4 million (18.9%) in the year ended December 31, 2012, compared to that of the year ended December 31, 2011. The increase is due to the increased costs for workers' compensation administration, the Oracle system upgrade, and maintenance contracts. The costs in this category increased by $1.5 million (3.5%) in the year ended December 31, 2011 compared to that of the year ended December 31, 2010. The increase is due to increased personnel and higher costs for workers' compensation administration and maintenance contracts.

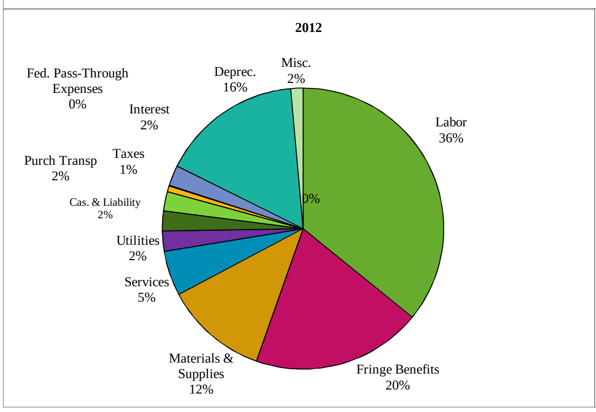
Casualty and Liability: These costs decreased by $2.8 million for year ended December 31, 2012 compared to that of year ended December 31, 2011, which was due to lower claims in 2012 versus 2011. These costs increased by $1.4 million in 2011 compared to 2010 due to higher claims in 2011. Casualty and liability claims are recorded based on actuarial studies performed for both 2012 and 2011.

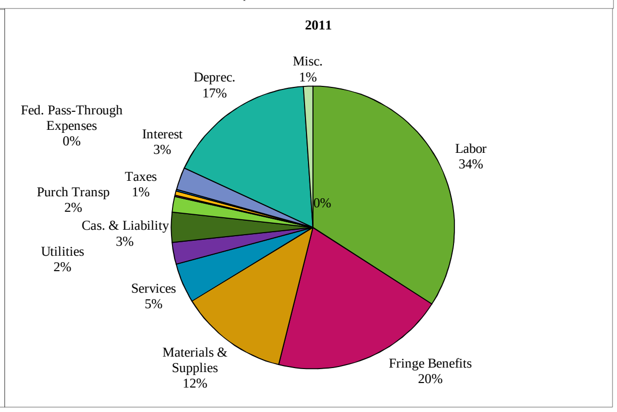
Expenses by Object Class

Millions of Dollars

	2012	2011	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Labor	$105.6	$96.1	$9.5	9.9 %
Fringe benefits	57.5	55.7	1.8	3.2
Materials & supplies	34.9	34.9	-	0.0
Services	15.2	12.8	2.4	18.8
Utilities	6.8	7.0	(0.2)	(2.9)
Casualty & liability	6.8	9.6	(2.8)	(29.5)
Purchased transportation	6.6	5.1	1.5	28.8
Leases & rentals	0.0	0.4	(0.4)	(94.4)
Taxes	1.3	1.4	(0.1)	(4.3)
Federal pass-through expenses	0.3	0.5	(0.2)	(47.8)
Interest	6.9	7.2	(0.3)	(4.2)
Depreciation	47.9	48.0	(0.1)	(0.2)
Miscellaneous	4.1	3.0	1.1	36.7
Total	**$293.9**	**$281.7**	**$12.2**	**4.3 %**



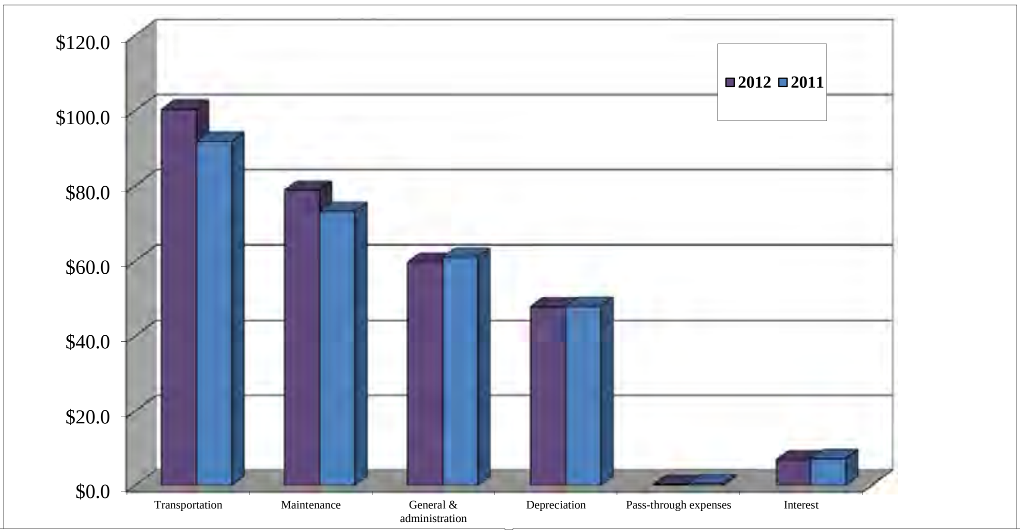


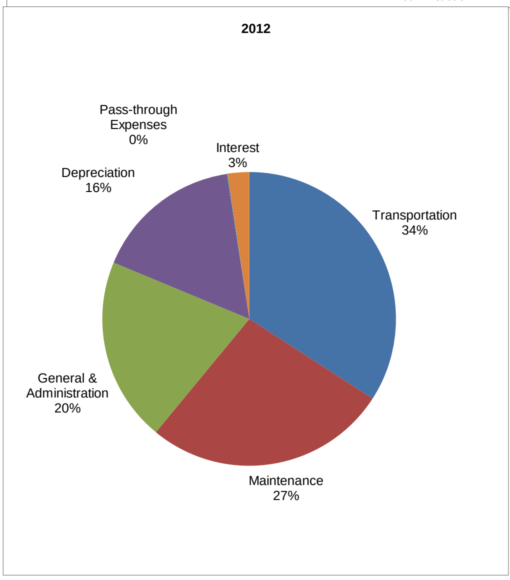


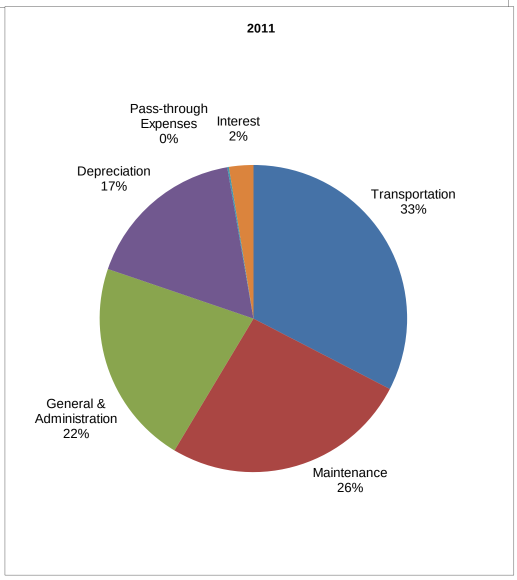
Expenses by Function

Millions of Dollars

	2012	2011	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Transportation	$100.3	$91.8	$8.5	9.3 %
Maintenance	78.8	73.2	5.6	7.7
General & administration	59.7	61.0	(1.3)	(2.1)
Depreciation	47.9	48.0	(0.1)	(0.2)
Pass-through expenses	0.3	0.5	(0.2)	(47.8)
Interest	6.9	7.2	(0.3)	(4.2)
Total	**$293.9**	**$281.7**	**$12.2**	**4.3 %**







Debt Administration

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

On 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.

On June 6, 2002, the Authority issued $17,540,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 3.75% and payable through 2011. A portion of the proceeds of the bonds was used for the advance refunding of $16,470,000 of the 1996 capital improvement bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt.

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

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 3.0% to 4.68% per annum, and mature in various installments through December 1, 2031.

The Authority had $111.0 million of outstanding capital improvement bonds as of December 31, 2012, of which $21.8 million is non-callable and $89.2 million is callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

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

Total outstanding bonds as of December 31, 2012 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2012 Balance	Average Interest Rate
General Obligation Improvement Bonds					
2004	11/16/04	12/01/2024	$ 67,235,000	$ 23,780,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	32,360,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	33,025,000	4.57%
General Obligation Improvement Refunding Bonds					
Series 2008R (12/2008 annually thru 2016)				21,790,000	4.01%
Total General Obligation Bonds				110,955,000	
Sales Tax Supported and Refunding Bonds					
Series 2012	6/7/12	12/1/2031		40,985,000	5.01%
Deferred Refunding				(2,526,167)	
Premium				11,967,170	
Long-term Bonds				$ 161,381,003	

At December 31, 2012, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $10.4 million.

During 2007, the Authority entered into a $25,000,000 tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The lease has a maturity date of October 2021. For more information on the lease, please see Note 7 on page 50 of this report.

The Authority had $142.1 million of outstanding capital improvement bonds as of December 31, 2010, of which $26.8 million is non-callable and $115.3 million is callable. The Authority general obligation debt is rated ‘A3’ by Moody’s Investors Service, Inc. and ‘A’ by Fitch IBCA, Inc.

Total outstanding bonds and loan as of December 31, 2011 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2011 Balance	Average Interest Rate
General Obligation Improvement Bonds					
2004	11/16/04	12/01/2024	$ 67,235,000	$ 47,315,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	33,410,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	34,600,000	4.57%
General Obligation Improvement Refunding Bonds					
Series 2008R (12/2008 annually thru 2016)				26,755,000	4.01%
Total General Obligation Bonds				142,080,000	
Deferred Refunding				(514,409)	
Premium				5,142,780	
Long-term Bonds				$ 146,708,371	

At December 31, 2011, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $15.7 million.

Request for Information

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

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Balance Sheets

December 31, 2012 and 2011

Assets and Deferred Outflows of Resources	**2012**	**2011**
Current assets:		
Cash and cash equivalents	$ 9,145,749	$ 22,760,118
Investments	2,997,000	—
Restricted for capital assets:		
Cash and cash equivalents	24,542,509	7,359,464
Investments	11,996,155	19,991,255
Restricted for debt service:		
Cash and cash equivalents	2,650,906	1,731,945
Receivables:		
Sales and use tax	48,600,778	47,465,322
Trade and accrued interest	3,439,454	2,464,283
Naming rights - current portion	280,000	250,000
State capital assistance	575,820	287,170
Federal capital assistance	6,041,754	2,529,934
Commodity swap transactions - current portion	791,611	854,957
Material and supplies inventory	9,420,050	9,830,815
Deposits	489,105	538,859
Total current assets	120,970,891	116,064,122
Noncurrent assets:		
Restricted for capital assets:		
Investments	17,024,190	2,021,780
Restricted for debt service:		
Investments	1,506,660	—
Investments	33,544,898	28,271,106
Naming rights	4,900,000	5,180,000
Other assets	—	1,555,989
Commodity Transactions	79,699	—
Capital assets:		
Land	36,924,163	38,509,955
Infrastructure	63,192,222	63,009,145
Right-of-ways	274,724,664	274,334,542
Building, furniture and fixtures	492,407,055	481,619,014
Transportation and other equipment	413,275,412	405,617,593
Bus Rapid Transit	162,343,990	162,353,185
Construction in progress	23,014,713	20,849,120
Total capital assets	1,465,882,219	1,446,292,554
Less accumulated depreciation	(758,045,126)	(710,366,400)
Capital assets – net	707,837,093	735,926,154
Total noncurrent assets and capital assets	764,892,542	772,955,029
Total Assets	$ 885,863,433	$ 889,019,151
Deferred Outflows of Resources		
Deferred Outflows of Resources - Refunding	2,526,167	514,409
Total Assets and Deferred Outflows of Resources	$ 888,389,600	$ 889,533,560

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Balance Sheets

(Continued)

December 31, 2012 and 2011

Total Liabilities, Deferred Inflows of Resources, and Net Position	**2012**	**2011**
Current liabilities:		
Accounts payable	$ 7,781,950	$ 6,721,574
Contracts and other payables	8,845,847	5,760,097
Contract retainers	485,854	444,569
Interest payable - bonds	767,003	720,854
Accrued wages & benefits	5,897,061	7,995,700
Current portion - compensated absences	1,726,730	1,009,844
Current portion - long-term debt	15,538,865	14,157,330
Current portion - self-insurance liabilities	7,923,841	8,151,777
Current portion - unearned revenue	2,003,639	4,335,356
Total current liabilities	50,970,790	49,297,101
Noncurrent liabilities:		
Compensated absences	8,352,836	9,330,250
Long-term debt	166,161,742	152,431,217
Self-insurance liabilities	14,715,705	13,434,836
Unearned revenue	4,900,000	4,376,145
Commodity Transactions	—	94,101
Other long-term liabilities	995,656	995,656
Total noncurrent liabilities	195,125,939	180,662,205
Total liabilities	246,096,729	229,959,306
Deferred Inflows of Resources		
Deferred Inflows of Resources - Sales/Leaseback	6,490,376	7,294,232
Total Liabilities and Deferred Inflows of Resources	252,587,105	237,253,538
Net position:		
Net Investment in Capital Assets	546,456,091	569,852,016
Restricted for Capital Projects	24,441,600	19,517,121
Restricted for Debt Service	1,074,864	1,221,711
Unrestricted	63,829,940	61,689,174
Total net position	635,802,495	652,280,022
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 888,389,600	$ 889,533,560

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, 2012 and 2011

		2012		2011
Operating revenues:				
Passenger fares	$	49,896,346	$	49,731,427
Advertising and concessions		1,349,823		945,902
Total operating revenues		51,246,169		50,677,329
Operating expenses, excluding depreciation:				
Labor and fringe benefits		163,115,907		151,778,455
Materials and supplies		34,946,170		34,919,642
Services		15,234,648		12,811,746
Utilities		6,768,594		7,011,071
Casualty and liability		6,771,375		9,612,316
Purchased transportation		6,568,163		5,129,180
Leases and rentals		22,483		361,501
Taxes		1,339,153		1,424,754
Miscellaneous		4,117,223		2,983,879
Total operating expenses before depreciation		238,883,716		226,032,544
Depreciation expense		47,961,078		48,016,476
Total operating expenses		286,844,794		274,049,020
Operating loss		(235,598,625)		(223,371,691)
Non-operating revenues (expenses):				
Sales and use tax revenue		182,354,706		175,901,726
Federal operating grants and reimbursements		10,367,772		20,455,642
State/local operating grants and reimbursements		2,957,682		2,069,611
Federal pass-through grants revenue		261,090		501,816
Federal pass-through expenses		(261,090)		(501,816)
Investment income		432,875		377,325
Gain on commodity swap		2,108,072		2,519,218
Interest expense		(6,990,709)		(7,226,588)
Other income		79,705		2,517,966
Total non-operating income		191,310,102		196,614,900
Net loss before capital grant revenue		(44,288,522)		(26,756,791)
Capital grants revenue:				
Federal		27,162,635		30,497,274
State		648,360		290,895
Total capital grants revenue		27,810,995		30,788,169
Increase (Decrease) in net position		(16,477,527)		4,031,378
Net position, beginning of year		652,280,022		648,248,644
Net position, end of year	$	635,802,495	$	652,280,022

The accompanying notes are an integral part of these financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2012 and 2011

		2012		2011
Cash flows from operating activities:				
Cash received from customers	$	50,183,137	$	50,554,726
Cash payments to suppliers for goods and services		(67,394,070)		(62,930,741)
Cash payments to employees for services		(105,347,508)		(95,729,493)
Cash payments for employee benefits		(58,771,576)		(56,370,342)
Cash payments for casualty and liability		(5,718,442)		(7,188,861)
Net cash used in operating activities		(187,048,459)		(171,664,711)
Cash flows from noncapital financing activities:				
Sales and use taxes received		181,219,250		173,242,328
Grants, reimbursements, and special fare assistance:				
Federal		10,367,772		21,548,058
State and local		2,957,682		1,760,082
Other receipts		79,705		3,033,459
Net cash provided by noncapital financing activities		194,624,409		199,583,927
Cash flows from capital and related financing activities:				
Federal capital grant revenue		23,650,615		32,643,779
State capital grant revenue		359,710		479,572
Acquisition and construction of capital assets		(13,751,370)		(20,308,422)
Proceeds from new debt		42,390,000		0
Principal paid on bond maturities and other debt		(34,102,330)		(14,643,418)
Interest paid on bonds and other debt		(7,630,452)		(7,668,270)
Net cash (used in) provided by capital and related financing activities		10,916,173		(9,496,759)
Cash flows from investing activities:				
Purchases of investments		(127,304,280)		(158,462,064)
Proceeds from maturities of investments		110,587,692		142,287,463
Proceeds from commodity transactions		2,279,228		2,140,367
Interest received from investments		432,875		377,325
Net cash (used in) provided by investing activities		(14,004,485)		(13,656,909)
Net increase in cash and cash equivalents		4,487,638		4,765,548
Cash and cash equivalents, beginning of year		31,851,527		27,085,979
Cash and cash equivalents, end of year	$	36,339,165	$	31,851,527
Noncash investing and capital and related financing activities:				
Increase in fair value of investments	$	68,375	$	46,310
Increase (decrease) in capitalized assets due to capitalized costs recorded contracts payable, recorded retainage payable, and loss on disposal.	$	4,264,861	$	5,713,682
Increase (decrease) in deferred charge on refunding and amortization	$	4,812,632	$	(97,623)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

(Continued)

Years ended December 31, 2012 and 2011

	2012	2011
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (235,598,625)	$ (223,371,691)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	47,961,078	48,016,476
Amortization-other assets	0	131,224
Change in assets and liabilities:		
(Increase) decrease in other assets	1,555,989	0
(Increase) decrease in other receivables	(975,171)	(426,220)
(Increase) decrease in materials and supplies inventory	410,765	2,932,497
(Increase) decrease in naming rights	220,000	280,000
Decrease (increase) in unearned revenue	(307,861)	23,617
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other	(314,634)	749,386
Net cash used in operating activities	$ (187,048,459)	$ (171,664,711)

See accompanying notes to financial statements.

1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

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

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

The Authority also has the power, under Section 306.40 of the Ohio Revised Code, to levy and collect both voted (after approval at an election) and unvoted ad valorem taxes on all the taxable property within the territorial boundaries of the Authority, in order to pay debt service on its bonds and notes issued in anticipation thereof. Ad valorem taxes have not been levied through 2012.

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

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

B) **Reporting Entity** – "The Financial Reporting Entity," as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), is comprised of the primary government and its component units. The primary government includes all departments and operations of the Authority, which are not legally separate organizations. Component units are legally separate organizations, which are fiscally dependent on the Authority or for which the Authority is financially accountable. An organization is fiscally dependent if it must receive the Authority's approval for its budget, the levying of taxes, or the issuance of debt. The Authority is financially accountable for an organization if it appoints a majority of the organization's board, and either a) has the ability to impose its will on the organization or b) there is the potential for the organization to provide a financial benefit to, or impose a financial burden on, the Authority. The reporting entity of the Authority consists solely of the primary government. There are no component units.

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of the City of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the Cuyahoga County Council; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any significant financial transactions with the Authority during 2012 and 2011.

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 – Effective January 2004 the Authority defines capital assets as assets with an initial cost of at least $5,000 and an estimated useful life in excess of one year. In previous years, the initial cost was defined as $1,000. Capital assets, which include property, facilities infrastructure, and equipment, are stated at historical cost. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements and interest are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

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

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

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 tax proceeds 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 expenses on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

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

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

Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to non-operating revenues when the related capital expenses are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grant receivables and credited to non-operating revenues in the period operating expenses are incurred. Capital grants received in advance of project costs being incurred are deferred.

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

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

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

In addition, the Authority has agreements with local companies, called the "Commuter Advantage" Program, where employees can sign up to purchase monthly passes using pre-tax dollars. In 2012, approximately 13,524 employees from 629 local organizations participated in the program. In 2011, approximately 13,029 employees from 629 local organizations participated in the program.

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

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

	2012	2011
Beginning Balance	$ 10,340,094	$ 10,997,099
Incurred	1,276,550	1,604,105
Payments	(1,537,078)	(2,261,110)
Balance, End of Year	$ 10,079,566	$ 10,340,094
Due Within One Year	$ 1,726,730	$ 1,009,844

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

These programs are administered by the Authority. Claims are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management, legal counsel of the Authority, and actuaries. Permanent total disability claims are discounted at an annual rate of 2%. Also provided for are estimates of claims incurred during the year but not yet reported.

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

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

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

Changes in Accounting Policy –

Effective for the periods beginning after December 15, 2011, the Authority implemented GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*. This statement eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of guidance in the financial statements. The implementation of this statement did not impact on the Authority's financial statements.

Effective for the periods beginning after December 15, 2011, the Authority implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement amends the reporting requirements in Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows and inflows of resources in the definitions of required components of the residual measure and renaming those measures as net position, rather than net assets. The implementation of this statement changes some of the terminology on the Authority financial statements.

Effective for periods beginning after June 15, 2011, the Authority implemented GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This statement clarifies the effective hedging relationship after replacement of swap counterparty or swap counterparty's credit support provider. It establishes when an effective hedging relationship continues and hedge accounting should continue to be applied. The impact of this standard, as it applies to the Authority, is related to futures contracts and commodity swaps the Authority has entered into with counterparties. See Note 11 for further information.

Effective for periods beginning in December 15, 2012, the Authority implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement establishes the accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, for certain items that were previously reported as assets or liabilities, and recognize the outflows or inflows of resources for certain items that were previously reported as an asset or liability. The implementation of this statement changes some of the terminology of the Authority's financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to the 2012 presentation.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

	2012	2011
Demand deposits	$ 36,153,869	$ 31,671,727
Cash on hand	185,295	179,800
Investments	67,068,903	50,284,141
Total	$ 103,408,067	$ 82,135,668
Demand deposits – bank balance	$ 30,427,645	$ 31,512,024

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

		2012		2011
Current Assets:				
Cash and cash equivalents	$	9,145,749	$	22,760,118
Investments		2,997,000		0
Restricted Assets:				
Cash and cash equivalents		27,193,415		9,091,409
Investments		11,996,155		19,991,255
Noncurrent Assets:				
Investments		52,075,748		30,292,886
Total	$	103,408,067	$	82,135,668

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, 2012, $ 29,677,645, of the Authority's bank balance of $ 30,427,645 was uninsured and uncollateralized as defined by the GASB. At December 31, 2011, $30,762,024 of the Authority's bank balance of $31,512,024 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio Law.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset, or index, or both; separate from the financial instrument contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. As of December 31, 2012 and 2011, 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 the Fund attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the Authority is generally not permitted to directly invest in securities maturing more than 3 years from original date of purchase according to the Authority's investment policy although the Ohio Revised Code allows up to 5 years.

As of December 31, 2012, the Authority's investment maturities were as follows:

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

As of December 31, 2011, the Authority's investment maturities were as follows:

				Investment maturities in in years		
Investment		**Fair value**		**Less than one year**		**One to three years**
U.S. Government Agency Securities	$	27,295,826	$	—	$	27,295,826
Commercial Paper		22,988,315		22,988,315		0
Total	$	50,284,141	$	22,988,315	$	27,295,826

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

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

As of December 31, 2011, the credit quality ratings of the Authority's investments were as follows:

Investment		Fair value	Rating	Rating organization
U.S. government agency securities	$	27,295,826	AAA	Moody
Commercial Paper		22,988,315	A	Fitch
	$	50,284,141		

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 Abbey National Commercial Paper, Federal Home Loan Bank, Federal Home Loan Mortgage Company, and Federal National Mortgage Association. At December 31, 2012, these investments were 20%, 20%, 20%, and 40%, respectively. At December 31, 2011 investments for Abbey National Commercial Paper, Federal Home Loan Bank, Federal Home Loan Mortgage Company, Federal National Mortgage Association and Intesia, were 40%, 2%, 18%, 34%, and 6%, respectively, of the Fund's total investments.

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 has been named "The Healthline". The contract states 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 states that Medical Mutual will pay $300,000 over 10 years. The annual payment is $30,000 per year. In 2011, PNC Bank entered into a one-year contract for one of the Healthline stations. The amount of the contract is $30,000, with $2,500 applying to 2011 and $27,500 applying to 2012.

A "naming rights receivable" has been recorded, of which there is a current and noncurrent portion. The current portion of $280,000 represents the amount due in the next year from the contracted parties. The long-term portion of revenue has been reported as unearned revenue on the balance sheet.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2012
Capital Assets Not Being Depreciated:				
Land	$ 38,509,955	$ 307,014	$ 1,892,806	$ 36,924,163
Construction in Progress	20,849,120	8,077,659	5,912,066	23,014,713
Total Capital Assets Not Being Depreciated	59,359,075	8,384,673	7,804,872	59,938,876
Capital Assets Being Depreciated:				
Infrastructure	63,009,145	183,077	0	63,192,222
Right-of-Ways	274,334,542	390,122	0	274,724,664
Building, Furniture & Fixtures	481,619,014	10,880,609	92,568	492,407,055
Transportation and Other Equipment	405,617,593	7,885,942	228,123	413,275,412
Bus Rapid Transit	162,353,185	(9,195)	0	162,343,990
Total Capital Assets Being Depreciated	1,386,933,479	19,330,555	320,691	1,405,943,343
Less Accumulated Depreciation:				
Infrastructure	15,376,049	1,335,514	0	16,711,563
Right-of-Ways	156,322,648	6,629,103	0	162,951,751
Building, Furniture & Fixtures	241,529,010	15,268,591	54,230	256,743,371
Transportation and Other Equipment	285,803,925	21,120,396	228,123	306,696,198
Bus Rapid Transit	11,334,768	3,607,475	0	14,942,243
Total Accumulated Depreciation	710,366,400	47,961,079	282,353	758,045,126
Total Capital Assets Being Depreciated, Net	676,567,079	(28,630,524)	38,338	647,898,217
Total Capital Assets, Net	$ 735,926,154	$ (20,245,851)	$ 7,843,210	$ 707,837,093

Remaining costs to complete construction projects, as of December 31, 2012, which will extend over a period of several years, total $72.7 million. Approximately $70.9 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 2012 include the Buckeye Woodhill Rail Station and the Westlake Park-N-Ride Expansion. Major projects in progress in 2013 include the University Cedar Rail Station, the University Circle - Little Italy Rail Station, and the Lee/Van Aken Rail Station and Red Line Rapid improvements.

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

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2011
Capital Assets Not Being Depreciated:				
Land	$ 38,671,150	69	$ 161,264	$ 38,509,955
Construction in Progress	36,648,651	7,091,336	22,890,867	20,849,120
Total Capital Assets Not Being Depreciated	75,319,801	7,091,405	23,052,131	59,359,075
Capital Assets Being Depreciated:				
Infrastructure	62,878,682	130,463	0	63,009,145
Right-of-Ways	272,722,827	1,611,715	0	274,334,542
Building, Furniture & Fixtures	454,568,914	27,103,153	53,053	481,619,014
Transportation and Other Equipment	411,981,120	1,691,043	8,054,570	405,617,593
Bus Rapid Transit	162,334,093	19,092	0	162,353,185
Total Capital Assets Being Depreciated	1,364,485,636	30,555,466	8,107,623	1,386,933,479
Less Accumulated Depreciation:				
Infrastructure	14,044,779	1,331,270	0	15,376,049
Right-of-Ways	149,682,398	6,640,250	0	156,322,648
Building, Furniture & Fixtures	226,863,678	14,718,385	53,053	241,529,010
Transportation and Other Equipment	272,138,605	21,719,890	8,054,570	285,803,925
Bus Rapid Transit	7,727,397	3,607,371	0	11,334,768
Total Accumulated Depreciation	670,456,857	48,017,166	8,107,623	710,366,400
Total Capital Assets Being Depreciated, Net	694,028,779	(17,461,700)	0	676,567,079
Total Capital Assets, Net	$ 769,348,580	$ (10,370,295)	$ 23,052,131	$ 735,926,154

For the year ended December 31,2011, capitalized interest was $271,339.

6. LONG-TERM DEBT

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

Issue	Average Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Series 2004-GO Bonds	4.23	$ 47,315,000	$ 0	$ 23,535,000	$ 23,780,000	$ 5,170,000
Series 2006-GO Bonds	4.51	33,410,000	0	1,050,000	32,360,000	1,090,000
Series 2008-GO Bonds	4.57	34,600,000	0	1,575,000	33,025,000	1,640,000
Series 2008B-GO Bonds	4.01	26,755,000	0	4,965,000	21,790,000	5,145,000
Series 2012-Sales Tax Supported Capital	5.01	0	42,390,000	1,405,000	40,985,000	850,000
Deferred Refunding		(514,409)	(2,181,352)	(169,594)	(2,526,167)	0
Premium		5,142,780	7,525,382	700,992	11,967,170	0
Total Bonds		146,708,371	47,734,030	33,061,398	161,381,003	13,895,000
Capital Lease Payable		19,365,767	0	1,572,330	17,793,437	1,643,865
Total Long-Term Debt		$ 166,074,138	$ 47,734,030	$ 34,633,728	$ 179,174,440	$ 15,538,865

Long-term bonds, loan and capital lease payable at December 31, 2011 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Series 2001	5.12	$ 1,370,000	$ 0	$ 1,370,000	$ 0	$ 0
Series 2002R	4.39	4,480,000	0	4,480,000	0	0
Series 2004-GO Bonds	4.23	50,765,000	0	3,450,000	47,315,000	4,995,000
Series 2006-GO Bonds	4.51	34,420,000	0	1,010,000	33,410,000	1,050,000
Series 2008-GO Bonds	4.57	34,700,000	0	100,000	34,600,000	1,575,000
Series 2008B-GO Bonds	4.01	27,025,000	0	270,000	26,755,000	4,965,000
Deferred Refunding		(898,288)	0	(383,879)	(514,409)	0
Premium		5,624,282	0	481,502	5,142,780	0
SIB Loan		2,459,509	0	2,459,509	0	0
Total Bonds and Loan Payable		159,945,503	0	13,237,132	146,708,371	12,585,000
Capital Lease Payable		20,869,675	0	1,503,908	19,365,767	1,572,330
Total Long-Term Debt		$ 180,815,178	$ 0	$ 14,741,040	$ 166,074,138	$ 14,157,330

On December 1, 2001, the Authority issued $29,890,000 of general obligation capital improvement bonds. The bonds bear interest at rates ranging from 2.50% to 5.63%, per annum, and mature in various installments through December 1, 2021. There was no State Infrastructure Bank Loan in 2012 due to our retirement of the debt on June 27, 2011.

On June 6, 2002, the Authority issued $17,540,000 of general obligation capital improvement refunding bonds bearing interest at an average rate of 3.75% and payable through December 1, 2011. A portion of the proceeds of the bonds was used for the advance refunding of $16,470,000 of the 1996 capital improvement bonds. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The amount of the defeased debt at December 31, 2011 is $0.

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, 2012 is $ 20,284,667.

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. The amount of the defeased debt at December 31, 2012 is $0.

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

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

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

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 2012 are as follows:

	Bonds	
Year	**Principal**	**Interest**
2013	$ 13,895,000	6,851,608
2014	14,475,000	6,289,608
2015	15,015,000	5,764,895
2016	15,685,000	5,102,633
2017	10,290,000	4,400,958
2018-2022	45,080,000	15,282,113
2023-2027	30,630,000	5,709,138
2028-2030	5,020,000	813,525
2031	1,850,000	92,500
Total	**$ 151,940,000**	**$ 50,306,975**

7. CAPITAL LEASE OBLIGATION

During 2008, the Authority entered into a tax-exempt lease agreement with Key Government Finance, Inc. for the purpose of financing the purchase of a new automated fare collection system. The Authority's lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases." The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2012:

Year	**Amounts**
2013	$ 2,426,108
2014	2,426,108
2015	2,426,108
2016-2020	12,130,538
2021-2024	2,426,108
Total Minimum Lease Payments	21,834,970
Less: Amount Representing Interest	(4,041,533)
Present Value of Minimum Lease Payments	**$ 17,793,437**

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

Capital Assets:	
Transportation and Other Equipment	$13,304,454
Less Accumulated Depreciation:	
Transportation and Other Equipment	(4,600,615)
Capital Assets, Net	$8,703,838

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 $6,568,163 and $5,129,180 in 2012 and 2011, respectively.

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, 2012 and 2011 as follows:

		2012		2011
FEDERAL:				
FTA Capital Grants	$	27,162,635	$	30,497,274
FTA Maintenance Assistance		9,360,004		17,306,468
FTA Operating Grants		1,007,768		3,149,174
Pass-Through Grants		261,090		501,816
Total	$	37,791,497	$	51,454,732
STATE:				
ODOT Capital Grants	$	648,360	$	290,895
ODOT Fuel Tax Reimbursement		1,123,973		1,179,546
ODOT Operating Grants		1,833,709		890,065
Total	$	3,606,042	$	2,360,506

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, 2012, there were no questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future.

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

11. FUEL PRICE RISK MANAGEMENT

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

Futures Contracts – The Authority's Board limits contracts in-place to 90% of projected consumption within a fiscal year. Heating oil #2 futures contracts are utilized to manage price volatility through December 2014. 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 settlement 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 FMV gain of $110,454, and the gain on commodity transactions on the Statement of Revenues, Expenses, and Changes in Net Position, which resulted in a gain of $2,108,072, for a total gain of $2,218,526.

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 settlement on specified dates. The Authority entered into 19 transactions, which represent fifty-two swap agreements in 2012 and seven transactions, which represents forty-two fuel swap agreements in 2011, which allowed the Authority to plan and manage fuel costs.

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

NYMEX

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

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

PLATTS USG ULTRA LOW SULFER DIESEL

Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/12
6/23/2011	12/31/2013	42,000	504,000	$2.9100-$2.9550	$62,496
8/8/2011	6/30/2013	42,000	252,000	$2.9125-$3.0125	45,990
8/11/2011	12/31/2013	42,000	252,000	$2.8800-$2.9100	21,168
11/18/2011	12/31/2014	42,000	504,000	$2.7180-$2.8205	(6,300)
12/16/2011	12/31/2013	42,000	504,000	$2.7500-$2.8500	134,820
12/16/2011	12/31/2014	42,000	504,000	$2.7000-$2.7400	163,044
					$421.218

Terms: 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, 2011:

NYMEX

Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/11
12/15/2009	4/30/2012	42,000	168,000	$2.3050-$2.3250	$96,697
1/29/2010	6/30/2012	42,000	336,000	$2.2500-$2.2750	202,335
5/7/2010	6/30/2012	84,000	504,000	$2.4300-$2.4500	219,585
5/10/2010	12/31/2012	42,000	504,000	$2.4585-$2.5245	193,790
5/18/2010	6/30/2012	42,000	252,000	$2.3200-$2.3500	136,206
9/22/2011	12/31/2012	84,000	252,000	$2.8400-$2.8500	6,344
					$854,957

Terms: The Authority entered into commodity transaction agreements for Platts USG Ultra Low Sulfur Diesel with various counterparties, as shown below as of December 31, 2011:

PLATTS USG ULTRA LOW SULFER DIESEL

Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/11
6/23/2011	12/31/2013	42,000	504,000	$2.9100-$2.9550	$(57,476)
8/8/2011	6/30/2013	42,000	252,000	$2.9125-$3.0125	(25,963)
8/11/2011	12/31/2013	42,000	252,000	$2.8800-$2.9100	(23,887)
11/18/2011	12/31/2014	42,000	504,000	$2.7180-$2.8205	(17,507)
12/16/2011	12/31/2013	42,000	504,000	$2.7500-$2.8500	25,085
12/16/2011	12/31/2014	42,000	504,000	$2.7000-$2.7400	5,647
					$(94,101)

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, 2012 and 2011, the swap agreements had a fair market value of $871,310 and $760,856 respectively, which is shown as the line item commodity transactions on the balance sheet, and is estimated by a mathematical approximation of the market, derived from a proprietary model as of a given date, and based on certain assumptions regarding past, present and future market conditions.

The derivatives are subject to the following risks:

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

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

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

12. LEASING TRANSACTIONS

On September 30, 2002, the Authority entered into two lease agreements to lease 46 light rail vehicles cars and 58 heavy rail vehicles to investors (the "headlease") and simultaneously sublease the vehicles back (the "sublease"). Under these transactions, the Authority maintains the right to continue use and control of the assets through the end of the leases and is required to insure and maintain the assets. This transaction resulted in a net payment to the Authority in 2002 of approximately $14,509,707, which was recorded as deferred lease revenue and is being amortized over the term of the lease. The remaining amount to be amortized as of December 31, 2012 is $6,490,376. This leaseback transaction will be fully amortized as of December 31, 2022.

As part of the headlease agreements, the Authority received prepayments equivalent to the net present value of the headlease obligations. The Authority transferred a portion of these proceeds to third-party lenders/undertakers in accordance with the terms of the debt and equity payment undertaking agreement. This agreement constitutes commitments by the undertakers to pay the Authority's sublease and buy-out options under the terms of the sublease. The debt and equity payment undertaker's performance under the agreement is guaranteed by their parent company.

These lease agreements allow the equity investors to replace the companies specified in the agreements as equity payment undertakers (EPU) in the event that the EPU's financial ratings are downgraded below a specified level. In the event a suitable replacement or federal government assistance cannot be obtained or other mutually acceptable solution cannot be reached, accelerated payment of the liability could be requested. Due to events in the financial markets, the financial ratings of KBC Bank N.V., was downgraded near to the specified level. As such, the Authority has terminated the KBC Bank N.V. portion of the agreement in order to avoid potential liability.

In January 2013, Moody's downgraded the financial ratings of Assured Guaranty Mortgage Corporation ("AGM") below the specified level. The S & P rating for AGM remains unchanged. Due to economic circumstances, there is no alternative EPU with the requisite financial ratings to replace AGM. The March 3, 2013 deadline to replace the EPU has passed and AGM has not been replaced. AGM has made assurances that it will continue to perform its responsibilities. All payments remain current and the leaseholder has not suffered any harm. GCRTA is negotiating with the leaseholder to resolve the technical default. Possible solutions include posting collateral, forbearance or termination of the agreement.

13. RETIREMENT BENEFITS

Public Employees Retirement System of Ohio

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

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

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

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

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		
		2012	2011	2010
By statutory authority	14.0-18.10%	$ 17,161,800	$ 17,537,147	$ 18,549,573
Less healthcare portion	4.0%	(4,831,938)	(5,704,001)	(6,847,875)
Required employer contribution		12,329,862	11,833,146	11,701,698
By employees	10.0-12.1%	12,207,917	12,062,103	13,061,915
Total pension contributions		$ 24,537,779	$ 23,895,249	$ 24,763,613

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

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

In order to qualify for post-employment healthcare coverage, age and service retirees under the Traditional 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 Benefit (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. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Employer contribution rates are express as a percentage of the covered payroll of active members. In 2012, 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.

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 2012. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.0% for

2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the healthcare coverage provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The statutory healthcare contribution requirement from the GCRTA for the years ended December 31, 2012 and 2011 (which is included in the GCRTA's total OPERS contribution) was $4,831,938 and $5,704,001, respectively.

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

Supplemental Retirement Benefit Plan – GCRTA pays supplemental retirement benefits to various classifications of individuals under several different arrangements. This plan is not governed under ERISA (Employee Retirement Income Security Act of 1974). An actuarial study is performed every two years; the last study completed for the year ended December 31, 2012. In 2012, there were 1,345 participants in pay status and 1,682 active employees and benefit payments of $72,948. In 2011, there were 1,344 participants in pay status and 1,682 active employees and benefit payments of $79,326.

As of December 31, 2012, the Supplemental Pension Fund liability was determined to be $997,961 based on the 2012 actuarial study. The market value of associated assets totaled $1,158,087 and $1,122,325 as of December 31, 2012 and 2011, respectively.

14. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to third-party liability claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has a contract with an outside insurance company to provide all-risk property coverage with various limits on property and equipment of the Authority. The maximum limit of liability in any one occurrence, regardless of the number of locations or coverages involved, cannot exceed $500,000,000 and the deductible is $250,000. The Authority is self-insured for third-party bodily injury and property damage liability claims, but has protection for the catastrophic loss exposure. Settled claims have not exceeded the self-insured retention in any of the last three years. The Authority purchases excess liability insurance to provide catastrophic protection of its assets against severe third-party liability losses. This umbrella liability coverage is in the amount of $75,000,000 per accident in excess of a $5,000,000 self-insured retention.

The Authority provides employees healthcare benefits, which include medical, drug, dental, and vision. These benefits are provided through both insured and self-funded plans under group agreements. A stop-loss policy covers claims in excess of $500,000 per employee and an aggregate of $19,209,995 per year. Neither threshold was exceeded.

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

The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2012 and 2011, was $6.8 and $6 million, respectively, and is included on the accompanying balance sheets as part of unrestricted net position.

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

	2012	2011	2010
Balance, Beginning of Year	$ 21,586,613	$ 19,163,158	$ 19,028,531
Incurred Claims	22,335,423	23,933,114	21,716,512
Payments	(21,282,490)	(21,509,659)	(21,581,885)
Balance, End of Year	$ 22,639,546	$ 21,586,613	$ 19,163,158
Due Within One Year	$ 7,923,841	$ 8,151,777	$ 6,707,105

2012
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.

Contents	**Page(s)**

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

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

NET POSITION BY COMPONENTS

LAST TEN YEARS (IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Investment in Capital Assets	$529,740	$501,672	$530,319	$539,310	$565,353	$574,960	$574,797	$588,533	$569,852	$546,456
Restricted	2,000	30,679	9,411	8,825	6,676	21,659	18,700	16,269	20,739	25,516
Unrestricted	17,866	20,220	20,871	35,624	36,060	20,434	16,313	43,446	61,689	63,830
Total Net Position	$549,606	$552,571	$560,601	$583,759	$608,089	$617,053	$609,810	$648,248	$652,280	$635,802

NET POSITION

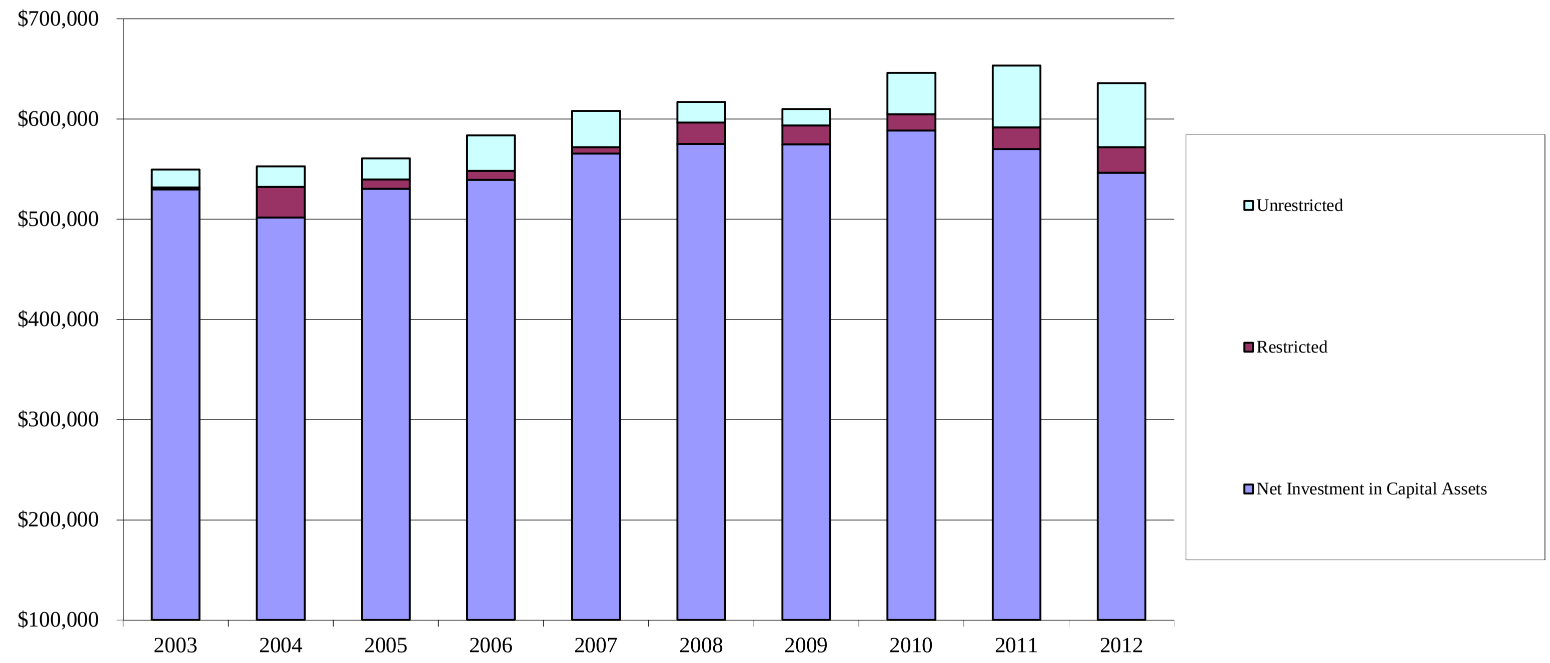


TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenues:										
Passenger Fares	$38,412	$37,578	$38,569	$40,924	$43,230	$47,671	$50,128	$46,959	$49,731	$49,896
Advertising and Concessions	1,450	2,539	1,658	1,525	1,317	1,382	1,115	968	946	1,350
Total Operating Revenues	39,862	40,117	40,227	42,449	44,547	49,053	51,243	47,927	50,677	51,246
Operating Expenses	228,854	220,068	231,566	228,845	238,499	252,035	244,996	216,476	226,033	238,884
Depreciation Expense	39,360	41,610	40,670	43,199	43,458	45,531	50,053	47,963	48,016	47,961
Operating Loss	(228,352)	(221,561)	(232,009)	(229,595)	(237,410)	(248,513)	(243,806)	(216,512)	(223,372)	(235,599)
Nonoperating Revenues (Expenses)										
Sales and use tax revenue	159,050	168,659	167,127	170,477	175,051	168,304	154,914	165,026	175,902	182,355
Federal Funds	21,149	20,406	20,801	20,801	22,625	23,189	22,553	34,117	20,456	10,368
Other State and Local Funds	2,231	3,398	4,623	5,181	4,364	4,689	15,875	6,578	2,070	2,957
Federal pass-through grants revenue	0	0	0	0	667,621	3,939	11,573	4,491	502	262
Investment Income	622	413	1,538	2,782	2,595	2,186	460	417	377	433
Gain on Commodity Transactions	0	0	0	0	0	0	0	4,662	2,519	2,108
Interest Expense	(5,816)	(4,465)	(6,698)	(7,883)	(6,960)	(8,329)	(8,711)	(7,997)	(7,227)	(6,991)
Federal pass-through expenses	0	0	0	0	(667,621)	(3,939)	(11,573)	(4,491)	(502)	(261)
Other Income	1,629	1,894	4,014	3,353	1,635	2,037	2,473	1,787	2,518	80
Total Nonoperating Revenues (Expenses)	178,865	190,305	191,405	194,711	199,310	192,076	187,564	204,590	196,615	191,311
Net Loss	(49,487)	(31,256)	(40,604)	(34,884)	(38,100)	(56,437)	(56,242)	(11,922)	(26,757)	(44,288)
Capital Contributions	54,440	35,221	48,633	58,762	62,431	65,401	48,998	50,360	30,788	27,811
Change in Net Position	$4,953	$3,965	$8,029	$23,878	$24,331	$8,964	($7,244)	$38,438	$4,031	($16,477)

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	PASS-THROUGH GRANTS REVENUE	OTHER	CAPITAL GRANT INCOME*	TOTAL
2003	$ 39,862	$ 159,051	$ 21,149	$ 2,231	$ 622	$ 0	$ 1,628	$ 54,439	$ 278,982
2004	39,117	168,659	20,406	3,398	413	0	1,894	35,221	269,108
2005	40,228	167,127	20,802	4,623	1,538	0	4,014	48,633	286,965
2006	42,449	170,477	20,081	5,181	2,782	0	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

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

TRANSPORTATION INDUSTRY (1):

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER**	**TOTAL**	**STATE & LOCAL**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.2	48.4	43.9	7.7	51.6	100.0
2007	31.4	14.1	45.5	47.0	7.5	54.5	100.0
2008	21.4	19.0	40.4	42.2	17.4	59.6	100.0
2009	21.5	18.3	39.8	41.2	19.0	60.2	100.0
2010	—	—	32.8	26.0	41.2	67.2	100.0
2011 **(4)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2012 **(4)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER(2)**	**TOTAL**	**STATE & LOCAL(3)**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
2003	17.1	1.6	18.7	71.9	9.4	81.3	100.0
2004	16.1	1.6	17.7	73.6	8.7	82.3	100.0
2005	16.2	3.0	19.2	72.1	8.7	80.8	100.0
2006	16.7	3.2	19.9	71.9	8.2	80.1	100.0
2007	17.2	2.2	19.4	71.6	9.0	80.6	100.0
2008	19.1	2.3	21.4	69.3	9.3	78.6	100.0
2009	19.3	1.6	20.9	65.9	13.2	79.1	100.0
2010	18.4	1.2	19.6	67.1	13.3	80.4	100.0
2011	17.7	1.9	19.6	62.6	17.8	80.4	100.0
2012	18.4	1.0	19.4	66.8	13.8	80.6	100.0

* Not Available

P Preliminary

(1) Source: The American Public Transit Association, APTA 2011 Public Transportation Fact Book, Table 20.

(2) Other miscellaneous revenue includes advertising and concessions, interest income and other non-operating income.

(3) State & local operating assistance include sales and use tax revenues and state operating grants, reimbursements and special fare assistance.

(4) Information no longer available for reporting from APTA

TABLE 5

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	TRANSPORTATION	MAINTENANCE	GENERAL AND ADMINISTRATIVE	DEPRECIATION	TOTAL OPERATING EXPENSES	INTEREST	FEDERAL PASS-THROUGH EXPENSES	TOTAL EXPENSES
2003	91,442	69,817	67,595	39,360	268,214	5,816	0	274,030
2004	93,738	68,675	57,655	41,610	261,678	4,465	0	266,143
2005	96,065	73,387	62,114	40,670	272,236	6,698	0	278,934
2006	97,454	74,345	57,047	43,199	272,045	7,883	0	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

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**
2003	69.1	9.0	6.0	3.0	2.6	13.4	-3.1	100.0
2004	68.7	9.1	5.8	3.0	2.6	13.4	-2.6	100.0
2005	66.9	10.1	5.8	3.2	2.5	13.8	-2.3	100.0
2006	66.1	11.3	5.9	3.2	2.5	13.4	-2.4	100.0
2007	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	65.4	11.1	6.7	3.4	2.6	13.0	-2.2	100.0
2012	65.4 *	11.1 *	6.7 *	3.4 *	2.6 *	13.0 *	-2.2 *	100.0 *

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
2003	69.3	8.7	6.9	3.5	3.8	5.0	2.8	100.0
2004	70.6	10.5	4.4	3.9	2.8	5.0	2.8	100.0
2005	69.6	12.8	4.6	4.2	3.1	2.7	3.0	100.0
2006	72.5	12.8	4.0	4.8	2.7	1.3	1.9	100.0
2007	71.8	12.9	4.5	3.9	3.5	1.3	2.1	100.0
2008	68.0	14.3	4.1	4.8	4.7	1.7	2.4	100.0
2009	70.1	14.5	4.8	4.0	3.7	1.8	1.1	100.0
2010	72.5	10.0	5.2	4.1	3.8	2.2	2.2	100.0
2011	68.1	15.4	5.7	3.2	4.3	2.3	1.0	100.0
2012	68.2	14.6	6.4	2.8	2.8	2.8	2.4	100.0

* 2011 Statistics used for 2012 presentation.
** Excludes Depreciation and Interest
Source:

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

TABLE 7

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY

2006 to 2012

Industry	2006* Amounts Collected	Percentage of Total	2007 Amounts Collected	Percentage of Total	2008 Amounts Collected	Percentage of Total	2009 Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$22,432,340	13.16 %	$22,982,011	13.13 %	$21,024,631	12.49 %	$19,784,983	12.77 %
Miscellaneous Store Retailers	21,563,421	12.65	21,090,490	12.05	20,339,983	12.09	16,591,094	10.71
General Merchandise Stores	17,018,172	9.98	16,102,299	9.20	14,909,507	8.86	14,290,752	9.22
Information (Including Telecommunications)	14,951,995	8.77	15,512,742	8.86	16,392,222	9.74	15,612,141	10.08
Accommodation and Food Services	12,958,612	7.60	13,151,754	7.51	13,229,392	7.86	12,751,878	8.23
Building Material and Garden Equipment and Supplies	12,003,261	7.04	11,781,820	6.73	10,529,030	6.26	9,170,330	5.92
Administrative and Support Services; Waste Management and Remediation Services	6,939,934	4.07	6,991,202	3.99	6,868,125	4.08	5,829,327	3.76
Health and Personal Care Stores	6,718,996	3.94	6,513,076	3.72	6,408,850	3.81	6,494,361	4.19
Clothing and Clothing Accessories Stores	6,617,733	3.88	6,888,226	3.93	6,544,877	3.89	6,135,132	3.96
Real Estate, and Rental and Leasing of Property	6,240,639	3.66	6,739,951	3.85	5,829,350	3.46	4,683,991	3.02
Other Industries	$65,463,884	25.25 %	$47,297,836	27.03 %	$46,227,920	27.46 %	$43,569,964	28.14 %
Total Sales Tax Collection	$170,476,647	100.00 %	$175,051,407	100.00 %	$168,303,887	100.00 %	$154,913,953	100.00 %

Industry	2010 Amounts Collected	Percentage of Total	2011 Amounts Collected	Percentage of Total	2012 Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$20,335,975	12.32 %	$22,852,212	12.99 %	$23,022,352	12.63 %
Miscellaneous Store Retailers	17,476,357	10.59	18,487,401	10.51	19,596,461	10.75
General Merchandise Stores	14,643,737	8.87	15,195,963	8.64	15,320,790	8.40
Information (Including Telecommunications)	15,143,351	9.18	15,711,967	8.93	15,819,592	8.68
Accommodation and Food Services	12,995,998	7.88	13,977,667	7.95	14,733,174	8.08
Building Material and Garden Equipment and Supplies	9,308,831	5.64	9,764,911	5.55	10,815,046	5.93
Administrative and Support Services; Waste Management and Remediation Services	6,185,129	3.75	7,062,839	4.02	7,628,146	4.18
Health and Personal Care Stores	6,281,865	3.81	6,288,287	3.57	6,767,410	3.71
Clothing and Clothing Accessories Stores	6,783,966	4.11	7,168,223	4.08	7,632,916	4.19
Real Estate, and Rental and Leasing of Property	4,881,232	2.96	5,120,250	2.91	5,072,860	2.78
Other Industries	$50,989,893	30.89 %	$54,272,006	30.85 %	$55,945,959	30.67 %
Total Sales Tax Collection	$165,026,334	100.00 %	$175,901,726	100.00 %	$182,354,706	100.00 %

Source: Ohio Department of Taxation
*Information prior to 2006 is not available

TABLE 8

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

LEGAL DEBT MARGIN
LAST TEN YEARS (IN THOUSANDS)

(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OVERALL DEBT LIMITATION:										
Total Of All GCRTA Debt Outstanding	$120,262	$152,529	$144,841	$161,080	$151,473	$176,340	$166,328	$155,220	$142,080	$169,733
Exempt Debt	120,262	152,529	144,841	161,080	151,473	176,340	166,328	155,220	142,080	169,733
Net Indebtedness (Voted and Unvoted)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Assessed Valuation Of County - (Collection Year)	$28,545,714	$30,305,032	$30,647,572	$30,646,005	$33,158,047	$32,460,486	$31,880,330	$31,497,060	$29,796,665	$27,652,473
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)	1,427,286	1,515,252	1,532,379	1,532,300	1,657,902	1,623,024	1,594,017	1,574,853	1,489,833	1,382,624
Net Indebtedness (Voted and Unvoted)	0	0	0	0	0	0	0	0	0	0
Overall Debt Margin	$1,427,286	$1,515,252	$1,532,379	$1,532,300	$1,657,902	$1,623,024	$1,594,017	$1,574,853	$1,489,833	$1,382,624
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	$28,546	$30,305	$30,648	$30,646	$33,158	$32,460	$31,880	$31,497	$29,797	$27,652
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(12,005)	(11,998)	(14,506)	(14,755)	(16,618)	(16,586)	(16,365)	(16,365)	(18,377)	(18,902)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	($12,005)	($11,998)	($14,506)	($14,755)	($16,618)	($16,586)	($16,365)	($16,365)	($18,377)	($18,902)

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
2003	1,364	$ 30,306,032	$ 120,262	0.40	$ 88.17
2004	1,351	30,647,572	152,529	0.50	112.90
2005	1,336	30,646,005	144,841	0.48	108.41
2006	1,314	33,158,047	161,080	0.48	122.58
2007	1,296	32,460,486	176,340	0.54	136.06
2008	1,284	31,880,330	176,340	0.55	137.34
2009	1,276	31,497,060	166,328	0.53	130.35
2010	1,280	31,497,060	155,220	0.49	121.27
2011	1,270	29,796,665	142,080	0.48	111.87
2012	1,285	27,652,473	110,955	0.40	86.35

Sources:
(1) Estimates – Various Sources.
(2) Cuyahoga County Auditor's Office, 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*
2003	$ 120,262	$ 5,938	$ 0	$ 0	$ 0	$ 126,200	4.11%	$ 92.52
2004	152,529	5,504	0	0	0	158,033	4.98	116.97
2005	144,841	5,051	0	0	0	149,892	4.69	112.28
2006	161,080	4,580	0	0	0	165,660	5.11	126.07
2007	161,080	4,088	25,000	0	0	190,168	5.70	146.85
2008	176,340	3,575	23,684	0	0	203,599	6.27	158.57
2009	166,328	3,303	22,308	8,000	0	199,939	5.99	156.69
2010	155,220	2,460	20,870	0	0	178,550	5.35	139.49
2011	142,080	0	19,366	0	0	161,446	4.75	127.12
2012	110,955	0	17,793	0	40,985	169,733	5.00	86.35

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

	PERSONAL INC		POPULATION
2003	$ 30,686		1,364
2004	31,750		1,351
2005	31,937		1,335
2006	32,421		1,314
2007	33,345		1,295
2008	32,464		1,284
2009	33,353		1,276
2010	33,353	*	1,280
2011	33,979		1,270
2012	33,979	*	1,285

*Not available

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2012
(UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	$169,733	$0	$169,733	100%	$169,733
County of Cuyahoga (1)	341,076	23,098	317,978	100	317,978
Cuyahoga County Cities, Villages, Townships (1)	1,005,101	44,062	961,039	100	961,039
Cuyahoga County School Districts (2)	839,973	90,718	749,255	100	749,255
Total Net Direct and Overlapping Debt					$2,198,005

(1) 2012 Tax Budgets filed in July, 2012 and certified unencumbered 2012 balances filed in January, 2013 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2012. Budgetary basis.

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

TABLE 12

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

(UNAUDITED)

YEAR	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
2003	$ 222,401	$ 228,854	$ (6,453)	$ 5,931	$ 5,816	$ 11,747	(0.55)
2004	233,887	220,068	13,819	6,173	4,465	10,638	1.30
2005	238,331	231,566	6,765	7,687	6,698	14,385	.47
2006	244,324	228,845	15,479	8,802	6,981	15,783	.98
2007	250,816	239,166	11,650	9,607	7,012	16,619	.70
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	248,915	235,431	13,484	15,562	7,630	23,192	0.58

(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)

YEAR	COUNTY POPULATION (1)	MSA	PERSONAL INCOME (IN THOUSANDS)	PER CAPITA PERSONAL INCOME
2003	1,363,888	1,848,348	$ 30,686,116	$ 22,499
2004	1,351,009	1,842,749	31,750,063	23,501
2005	1,335,317	1,830,011	31,936,777	23,917
2006	1,314,241	1,812,162	32,421,011	24,669
2007	1,295,958	1,794,211	33,344,999	25,730
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	33,979,191 *	26,810

AGE DISTRIBUTION (2)

	NUMBER	PERCENTAGE
Under 5 years	75,390	5.9%
5 – 9 yrs	77,687	6.0
10 – 14 yrs	85,049	6.6
15 – 19 yrs	91,225	7.1
20 – 24 yrs	77,601	6.0
25 – 34 yrs	158,330	12.3
35 – 44 yrs	163,903	12.8
45 – 54 yrs	198,103	15.4
55 – 59 yrs	87,255	6.8
60 – 64 yrs	72,258	5.6
65 – 74 yrs	94,856	7.4
75 – 84 yrs	71,287	5.5
85 yrs and over	32,335	2.6
TOTAL	1,285,279	100.0%
Median age		40
Males		609,670
Females		675,609

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

INCOME (2)	NUMBER	PERCENTAGE
$0 – 14,999	$ 32,876	10.4%
$15,000 – 24,999	27,074	8.6
$25,000 – 49,999	74,461	23.5
$50,000 – 99,999	104,648	33.1
$100,000 -199,999	61,551	19.4
OVER $200,000	15,723	5.0
TOTAL	$ 316,333	100.0%
MEDIAN FAMILY INCOME	$ 59,213	

* Not available.

Source:

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

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

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

* Fiscal year 2012 data not completely available; computed using all or some FY 2011 data

(continued)

TABLE 13

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
LAST TEN YEARS (Continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Civilian Labor Force	675,400	664,600	669,600	663,400	657,800	645,600	620,700	628,700	664,377	659,738
Total Employed*	629,600	623,700	629,000	626,700	617,900	601,800	565,000	574,300	594,551	586,406
Total Unemployed	45,800	40,900	40,600	36,700	39,900	43,800	55,700	54,400	69,826	73,332
Unemployment Rate	6.8%	6.2%	6.1%	5.5%	6.1%	6.8%	9.0%	8.6%	10.5%	11.1%

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

	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		FEDERAL, STATE AND LOCAL GOVERNMENT **		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
YEAR	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1	69.4	9.1	23.6	3.1	45.3	5.9	766.1*	100.0
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1	69.4	9.1	23.7	3.1	45.0	5.9	760.7*	100.0
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1	68.2	9.0	23.4	3.1	43.1	5.7	757.2*	100.0
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1	65.9	8.7	23.6	3.1	42.5	5.6	757.7*	100.0
2007	81.4	10.9	107.9	14.4	335.3	44.7	98.4	13.1	61.1	8.1	24.1	3.2	41.8	5.6	750.0*	100.0
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

Sources:

(1) Ohio Bureau of Employment Services

* Difference due to non-County residents employed in County.
** Federal employment was included beginning in 2003
*** Fiscal Year 2010 data not available, Fiscal Year 2009 used

(Concluded)

TABLE 14

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PRINCIPAL EMPLOYERS

2012 AND 2002

2012

Employer	Nature of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	33,000	5.7%
University Hospitals Health System	Health Care	15,123	2.6
U.S. Office of Personnel Management	Federal Government	14,839	2.6
Giant Eagle, Inc.	Grocery Store Chain	10,398	1.8
Progressive Corporation	Insurance	8,766	1.5
State of Ohio	State Government	7,768	1.3
Cuyahoga County	County Government	7,709	1.3
United States Postal Service	U. S. postal services	7,565	1.3
Group Management Services, Inc.	Professional Employer Organization	7,403	1.3
City of Cleveland	Municipal Government	7,061	1.2
	Total	119,632	20.6%
	Total County Employment	579,600	

2002

Employer	Naure of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	23,360	3.6%
University Hospitals Health System	Health Care	14,111	2.2%
Cleveland Municipal School District	Public School District	10,285	1.6%
Cuyahoga County	County Government	10,019	1.5%
City of Cleveland	Municipal Government	8,599	1.3%
KeyCorp	Financial Services	7,655	1.2%
Progrssive Corp.	Insurance	6,468	1.0%
Ford Motor Company	Automotive	6,252	1.0%
National City Corporation	Financial Services	5,590	0.9%
Metro Health Systems	Health Care	5,267	0.8%
	Total	97,606	15.1%
	Total County Employment	646,900	

Sources: Crain's Cleveland Business - Book of Lists 2013 and 2003
Ohio Labor Market Information http://ohiolmi.com

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
SYSTEM RIDERSHIP:										
Motor Bus	48,768,342	44,969,751	44,533,491	44,577,504	46,335,972	46,623,903	38,214,315	35,895,427	37,198,763	33,857,969
Heavy Rail	7,372,472	7,282,845	7,472,908	7,029,344	7,306,663	7,639,381	4,491,171	3,657,501	5,687,891	6,240,495
Light Rail	3,160,523	2,560,710	3,089,707	2,844,207	3,198,883	3,261,923	2,365,851	2,315,662	2,745,106	2,856,379
Demand Responsive	248,427	297,087	335,970	343,443	481,112	385,310	410,770	550,711	579,072	647,031
BRT (Bus Rapid)**										4,629,200
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus	157,764	162,303	166,238	166,754	164,548	166,364	142,631	122,662	124,343	113,662
Heavy Rail	15,824	17,331	18,733	18,892	20,397	20,914	17,816	11,405	18,495	21,493
Light Rail	9,300	9,395	9,506	10,030	11,044	11,432	9,804	7,592	9,560	9,838
Demand Responsive	1,080	1,343	1,530	1,550	1,661	1,778	1,867	1,769	1,868	2,067
BRT (Bus Rapid)**										15,541
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus	85,585	81,972	86,751	80,134	79,029	71,674	65,803	51,308	48,983	39,810
Heavy Rail	3,529	5,002	3,566	3,593	3,584	3,443	5,381	2,796	5,233	5,759
Light Rail	2,647	3,150	2,661	2,459	2,446	2,464	2,380	2,025	2,042	2,008
Demand Responsive	6,576	6,129	7,941	8,200	9,259	8,072	12,752	15,322	16,161	15,160
BRT (Bus Rapid)**										2,096
REVENUE MILES:										
Motor Bus	21,353,812	20,471,913	21,698,089	20,377,376	20,204,755	18,664,990	17,042,385	13,310,980	12,616,043	12,224,802
Heavy Rail	2,191,748	2,397,243	2,373,093	1,960,534	2,112,786	2,046,862	1,789,025	953,985	1,766,922	1,989,328
Light Rail	954,081	1,011,795	1,005,741	869,868	805,600	799,595	756,929	661,218	715,539	699,039
Demand Responsive	1,610,609	1,688,026	2,023,190	2,081,941	2,368,174	2,106,558	3,395,154	4,285,442	4,560,276	4,821,868
BRT (Bus Rapid)**										688,062
PASSENGER MILES:										
Motor Bus	189,098,115	293,338,619	210,122,020	215,657,817	178,890,562	174,137,020	132,223,514	136,352,946	139,878,118	144,368,655
Heavy Rail	50,159,652	47,439,898	49,849,158	29,481,680	53,399,727	54,293,150	31,419,638	25,889,384	39,448,214	43,551,128
Light Rail	18,678,884	15,198,796	18,302,619	16,548,377	19,212,211	19,271,305	13,642,884	13,611,220	16,762,697	16,938,794
Demand Responsive	1,359,841	1,864,993	2,264,463	2,356,610	2,576,273	2,856,607	4,187,788	3,940,975	4,134,106	4,572,942
BRT (Bus Rapid)**										11,748,318

(Continued)

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
ENERGY CONSUMPTION:										
Motor Bus										
(gallons of fuel)	4,110,242	4,449,490	4,793,246	5,266,709	5,393,502	5,322,578	4,998,777	3,882,866	4,429,201	3,901,523
(lbs. of natural gas)	1,834,515	1,593,424	1,390,926	1,064,151	434,773	230,813	55,495	—		
Heavy Rail										
(kilowatt hours)	28,820,459	30,572,901	29,381,337	28,047,493	29,758,170	28,414,691	26,150,410	24,000,051	26,024,462	25,319,115
Light Rail										
(kilowatt hours)	11,537,966	11,340,326	10,383,138	11,964,612	12,542,075	11,422,839	11,286,050	12,975,110	11,912,103	9,836,196
Demand Responsive										
(gallons of fuel)	222,370	247,010	271,723	283,029	318,960	307,883	463,192	531,510	573,563	634,019
BRT (Bus Rapid)**										
(gallons of fuel)										297,054
FLEET REQUIREMENT DURING PEAK HOURS:										
Motor Bus	548	544	518	514	522	469	424	322	310	303
Heavy Rail	22	22	22	22	22	22	22	22	18	36
Light Rail	17	17	17	17	17	17	17	17	13	13
Demand Responsive	75	62	75	68	74	73	122	102	116	134
BRT (Bus Rapid)**										16
TOTAL ACTIVE VEHICLES DURING PERIOD:										
Motor Bus	701	686	654	663	620	556	506	405	403	452
Heavy Rail	60	60	60	60	60	60	60	60	44	60
Light Rail	48	48	48	48	48	48	48	48	33	48
Demand Responsive	76	74	75	77	77	86	129	120	120	143
BRT (Bus Rapid)**	—	—	—	—	—	—	—	—	—	24
NUMBER OF EMPLOYEES:	2,644	2,597	2,643	2,644	2,653	2,577	2,374	2,115	2,103	2,188

(Concluded)

Source:
(1) National Transit Database Report, Urban Mass Transportation Act of 1964
*2012 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 2003 THROUGH FISCAL YEAR 2012 (IN THOUSANDS)
(UNAUDITED)

YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Capital Assets Not Being Depreciated										
Land	$ 20,901	$ 21,352	$ 27,454	$ 32,365	$ 32,903	$ 34,665	$ 38,563	$ 38,671	$38,510	$36,924
Construction in Progress	46,474	67,548	63,169	92,090	141,258	19,680	25,671	36,649	20,849	23,015
Total Capital Assets Not Being Depreciated	67,375	88,900	90,623	124,455	174,161	54,345	64,234	75,320	59,359	59,939
Capital Assets Being Depreciated:										
Infrastructure	46,670	52,702	54,316	54,339	55,883	58,189	62,285	62,879	63,009	63,192
Right of Ways	240,718	248,327	251,540	251,668	266,911	270,116	272,712	272,723	274,334	274,725
Building, Furniture & Fixtures	386,376	387,749	421,230	429,803	439,884	442,177	445,019	454,569	481,619	492,407
Transportation and Other Equipment	376,079	367,305	373,103	389,577	398,111	419,449	430,335	411,981	405,618	413,275
Bus Rapid Transit	0	0	0	0	0	157,845	162,440	162,334	162,353	162,344
Total Capital Assets Being Depreciated	1,049,843	1,056,083	1,100,189	1,125,387	1,160,789	1,347,776	1,372,791	1,364,486	1,386,933	1,405,943
Less Accumulated Depreciation:										
Infrastructure	6,095	6,933	7,991	9,127	10,298	11,481	12,715	14,045	15,376	16,712
Right of Ways	104,822	111,026	117,220	123,437	129,861	136,439	143,051	149,682	156,323	162,952
Building, Furniture & Fixtures	136,235	148,662	159,165	172,464	185,914	199,129	212,919	226,864	241,529	256,743
Transportation and Other Equipment	221,089	224,555	230,721	242,346	264,318	274,720	288,002	272,139	285,804	306,696
Bus Rapid Transit	0	0	0	0	0	557	4,119	7,727	11,334	14,942
Total Accumulated Depreciation:	468,241	491,176	515,097	547,374	590,391	622,326	660,806	670,457	710,366	758,045
Net Capital Assets Being Depreciated	581,602	564,907	585,092	578,013	570,398	725,450	711,985	694,029	676,567	647,898
Net Capital Assets, End of Year	$ 648,977	$ 653,807	$ 675,715	$ 702,468	$ 744,559	$ 779,795	$ 776,219	$ 769,349	$ 735,926	$ 707,837

TABLE 17

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

FAREBOX RECOVERY PERCENTAGE
LAST TEN YEARS
(UNAUDITED)

YEAR	PERCENTAGE
2003	17.4%
2004	17.6
2005	17.4
2006	18.5
2007	18.7
2008	19.5
2009	20.9
2010	22.4
2011	22.5
2012	21.8

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

FARE STRUCTURE
DECEMBER 31, 2012

Cash Fares	
Bus	$2.25
Rapid	$2.25
Park-N-Ride Bus	$2.50
Loop/Trolley	$1.50
Student Fare	$1.50
Senior/Disabled	$1.00
Paratransit	$2.25
Out of County	$3.50

Monthly Passes	
Bus/Rapid/Paratransit	$85.00
Park-N-Ride Bus	$95.00
Senior/Disabled	$38.00

7 Day Passes	
Bus/Rapid/Paratransit	$22.50
Park-N-Ride Bus	$25.00
Senior/Disabled	$10.00

Farecards - 5 Trip	
Bus/Rapid/Paratransit	$11.25
Park-N-Ride Bus	$12.50
Senior/Disabled	$5.00
Loop/Trolley	$7.50
Student	$7.50

All Day Passes	
Individual	$5.00
Senior/Disabled/Child	$2.50
Student	$4.00

Cleveland Passes	
One Day	$5.00
Two Day	$2.50
Four Day	$4.00

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

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

rideRTA.com