Greater Cleveland Regional Transit Authority

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

Cuyahoga County, Ohio

Momentum

Dave Yost · Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Greater Cleveland Regional Transit Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

September 20, 2012

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

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

2011
INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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, 2010

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.

Linda C. Davidson

President

Jeffrey R. Esser

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, 2010. This was the twenty-third 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

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Regional Transit Authority
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June 28, 2012

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, 2011. This is the twenty-fourth such report issued by GCRTA. It has become the standard format used in presenting the results of the GCRTA's operations, financial position, cash flows and related statistical information.

This report enables the Authority to comply with State law that requires entities reporting on a GAAP (Generally Accepted Accounting Principles) basis to file unaudited basic financial statements with the Auditor of State within 150 days of fiscal year end. This report is submitted to satisfy that requirement for the fiscal year ended December 31, 2011.

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

Ciuni & Panichi, Inc, Independent Auditor's, have issued an unqualified ("clean") opinion on the GCRTA's financial statements for the year ended December 31, 2011. 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 and light rail services.

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

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

The GCRTA had 2,098 employees as of December 31, 2011. The system delivered 17.2 million revenue miles of bus service and 2.5 million revenue miles on its heavy and light rail systems. The service fleet was composed of 382 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 127 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 2002, manufacturing employment has dropped significantly from 12.4.0% of the total workforce to 12.8%, while wholesale and retail trade has significantly decreased from 15.3% since 2002 to 13.7% in 2011. The professional and related services sector work force has steadily grown from 41.2% of the total workforce since 2002 to the present rate of 45.1%, of the workforce. Our local economy continues to take a big hit, resulting in more of our workforce being unemployed. The County's 2011 unemployment was between 9.0-12.0%, compared to the national rate of 12%.

During 2009, the County Auditor completed the required reappraisal valuation of all commercial, industrial, and residential real property. This is the most recent valuation available. This process is the foundation for property taxation, and it sets the debt limitation for GCRTA. This appraisal valuation is approximately $31.5 billion.

CURRENT YEAR REVIEW

After several formidable years as a result of the worst recession in history, the positive results of the decisive management decisions made to deal with financial challenges were fully realized in 2011. This allowed major initiatives to move forward and for GCRTA to move more people to their destinations, generating momentum for Northeast Ohio.

The local economy achieved positive growth last year. From manufacturers to medical and health care providers, Cleveland-area employers were financially stronger and hiring once again. This was reflected in GCRTA's ridership numbers. Overall ridership was up 3.6 percent. Even more impressive was the dramatic jump in rail ridership, which increased by 8.7 percent. The HealthLine also reached a major milestone, when the 10-millionth rider boarded the route in April 2011.

To continue this growth, GCRTA worked in partnership with employers to convert work-trip commuters from drivers to riders through its Ready to Ride Program. Employees were educated on the many bus and rail routes available, were provided with incentives, and then were connected to a personal transit assistant. Several local companies worked with GCRTA to participate in this innovative program, which realized a 30 percent conversion rate. GCRTA utilized TV and radio announcements to publicize this program, which was well received.

GCRTA reached out to the younger commuters as well. Instead of going for the hard sell on changing the driving habits of college students and young professionals, the Authority used Facebook to build a relationship. GCRTA offered weekly giveaways to local concerts, restaurants, and sporting events, and talked about the ways to get there on trains and buses. With this approach, GCRTA was able to build its Facebook fan base past 12,000, the most fans for a transit authority next to Bay Area Rapid Transit in San Francisco.

GCRTA was also busy creating new spaces for riders. The Authority opened the \$9.6 million Puritas/W. 150^{th} the Station, one of the Authority's busiest rail stations. On the other side of town, it completed, the East 55^{th} Street Station, which serves all three rapid transit lines. Ground was broken in the summer for a new Buckeye-Woodhill Station, and plans were unveiled for a new Red Line Rapid Station at University Circle, with construction to begin in 2012. In addition, GCRTA received a \$12.5 million FTA grant for a new station at Mayfield Road. Located several blocks west of the current E. 120^{th} Street Station, the new stop will serve as a gateway to the Little Italy neighborhood when completed.

While ridership numbers grew, so too did the savings posted by GCRTA through its TransitStat management initiative. The initiative is built upon data gathering, review and analysis to refine processes and accelerate change. This process helps the Authority reduce costs, increase efficiency and improve performance throughout the organization.

In 2011, TransitStat achieved nearly a million dollar savings in electrical energy consumption and more than \$3.6 million in diesel fuel savings from commodity hedging. This is in addition to the \$24 million savings achieved by he initiative over the past three years.

TransitStat and tight fiscal management allowed GCRTA to finish 2011 financially stable. This financial stable position allowed Fitch Ratings to rate GCRTA bonds with an A+ rating. This tight fiscal management position will allowed the Authority to add 4.3 percent in transit services and hire 50 new positions in 2012, without raising fares.

Another high point for GCRTA in 2011 was national recognition for several levels, from workforce diversity to efforts on environmental sustainability. For the second consecutive year, American Public Transportation Association awarded GCRTA Gold, the highest safety and security programs implemented to ensure the safety of employees, passengers and the public.

In 2011, cranes appeared in Downtown for the first time in many years. The \$522 million Flats East Bank project rose from the ground, while the \$465 million Medical Mart & Convention Center project went deeper below the streets. At the same time, the historic Higbee Building was being transformed from a department store to Ohio's first full-service casino. And during all this construction, RTA met with the project planners of these initiatives to offer service that would meet their future transportation needs.

GCRTA's rail lines and HealthLine will be vital to these projects in order to accommodate the millions of visitors and employees expected in the downtown area in future years. As a supplement to these routes, GCRTA worked with the business and community leaders to develop and fund new Trolley services. The E-Line and B-Line will be joined by the C-line and the L-Line in 2012. These new routes will provide evening and weekend service to the casino, convention center, hotels and lakefront attractions. Thanks to this creative public-private partnership, all of the Downtown Trolleys will be free to ride.

By all measurements, 2011 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 8,350 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, adding 250 additional parking spaces at the Westlake Park-N-Ride Lot, will be under construction in 2012.

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-2012. Additional work scheduled for 2012, 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 2012 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 $405.6 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 - $140.4 million

This commitment of funds includes the replacement of several substations, station and track rehabilitation, bridges, train control systems, rail vehicles overhaul, and signage. Rail projects include the rehabilitation of the rail infrastructure totaling $31.8 million, overhaul of the heavy rail vehicles of $5.9 million, upgrade of signal system of $0.3 million, replacement of electrical substations of $11.0, track rehabilitation of $27.7 and the extension of the blue line of $63.7 million.

Local Capital Projects - $10.5 million

Classified as Routine Capital Projects ($4.3 million) and Asset Maintenance Projects ($6.2 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 - $14.0 million

Funding has been provided for the rehabilitation of four track bridges of $11.7 million and replacement of roof of $2.3 million.

Bus Purchases, Paratransit Vehicles and Circulator Bus- $39.9 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 - $10.6 million

The Authority will be making a significant investment in the construction of Transit Centers over the next five years of $10.0 million and bus shelters of $0.6 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. In addition, the Bus and Rail State of Good Repair program will allow the Authority to upgrade its bus garages of $3.6 million.

Equipment and Non-Revenue Vehicle - $9.0 million

This project calls for the upgrade to the Management Information System of $5.4 million, purchase of event recorders for the rail system of $1.9 million, and the replacement of non-revenue vehicles of $1.7 million.

Operating Expenses and Other Expenses - $181.2 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 $168.1 million. These costs are recorded as operating costs in the enclosed financial statements. Included in this category are $12.1 for fare collection equipment lease and $1.0 million for planning studies.

OTHER INFORMATION

Certificate of Achievement for Financial Reporting

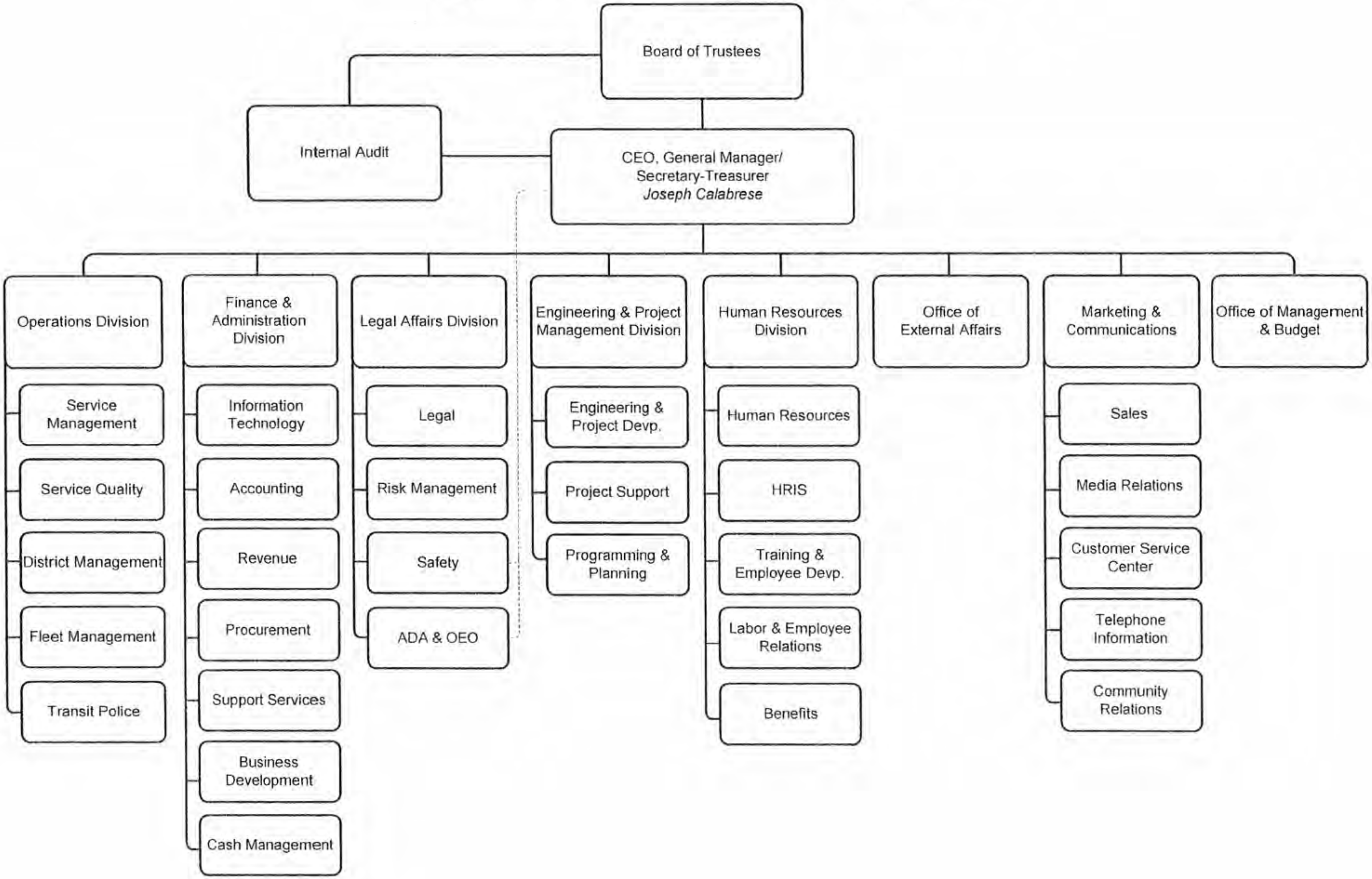
It is management's intention to submit this and future CAFRs to the Government Finance Officers Association of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe the current report conforms to the program requirements,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

Acknowledgments

The GCRTA expresses thanks to the staff of the Accounting Department directed by Glenn Hendrix, for their work in preparing this report. Marsha Pettus, Pamela Blackwell, Glenville Manning, Louis Catalusci, David Reynolds, and Joseph Ivan assisted with this report. In addition, appreciation goes out to Steven C. Letsky, Director of Accounting and 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

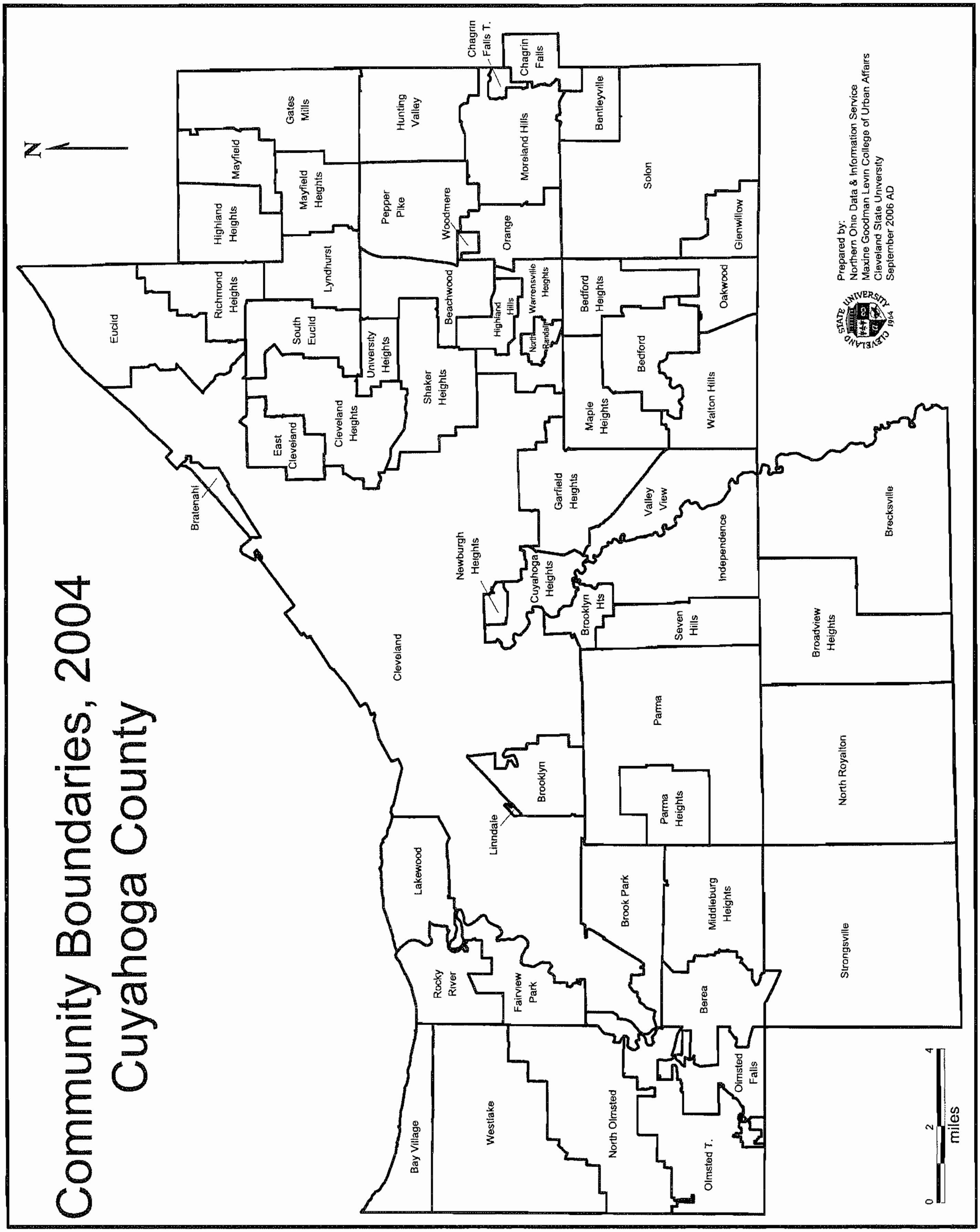
GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY
Organizational Chart As Of December 31, 2011



Board of Trustees and Executive Management Team

BOARD OF TRUSTEES

EXECUTIVE MANAGEMENT TEAM


Community Boundaries, 2004
Cuyahoga County
N
Euclid
Richmond Heights
Highland Heights
Mayfield
Mayfield Heights
Gates Mills
Hunting Valley
Pepper Pike
Woodmere
Orange
Moreland Hills
Chagrin Falls T.
Chagrin Falls
Bentleyville
Solon
Glenwillow
Lyndhurst
South Euclid
University Heights
Beachwood
Highland Hills
Warrensville Heights
North Randall
Bedford Heights
Oakwood
Bedford
Walton Hills
Maple Heights
Shaker Heights
Cleveland Heights
East Cleveland
Bratenahl
Garfield Heights
Valley View
Newburgh Heights
Cuyahoga Heights
Brooklyn Hts
Independence
Seven Hills
Broadview Heights
Brecksville
Cleveland
Parma
Parma Heights
North Royalton
Brooklyn
Linndale
Lakewood
Brook Park
Middleburg Heights
Strongsville
Rocky River
Fairview Park
Berea
Olmsted Falls
Westlake
North Olmsted
Olmsted T.
Bay Village
0
2
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miles
Prepared by:
Northern Ohio Data & Information Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
September 2006 AD

2011
FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Independent Auditor's Report

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the accompanying financial statements of the Greater Cleveland Regional Transit Authority (the "Authority"), as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2011, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 59, *Financial Instruments Omnibus.*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Board of Trustees
Greater Cleveland Regional Transit Authority

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis on pages 19 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 28, 2012

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, 2011 and December 31, 2010. 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 assets increased by $4 million (.6%) in 2011 compared to 2010. Net assets increased by $38 million (6.3%) in 2010 compared to 2009.

- Current assets decreased by $.8 million (.7%) in 2011 compared to 2010. Current assets increased $12.1 million (11.5%) in 2010 compared to 2009.

- Current liabilities decreased by $3.8 million (7.2%) in 2011 compared to 2010. Current liabilities decreased by $8.0 million (13.1%) for 2010 compared to 2009.

- The Authority's non-current liabilities decreased by $17.1 million (8.4%) in 2011 compared to 2010. Non-current liabilities decreased by $15.8 million (7.2%) in 2010 compared to 2009.

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

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

The 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 32 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

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

	December 31, 2011	December 31, 2010	December 31, 2009
Assets:			
Current assets	$ 116.1	$ 116.9	$ 104.8
Other noncurrent assets	37.0	19.6	10.2
Capital assets (net of accumulated depreciation)	735.9	769.3	776.2
Total assets	$ 889.0	$ 905.8	$ 891.2
Liabilities:			
Current liabilities	$ 49.3	$ 53.1	$ 61.1
Noncurrent liabilities	187.4	204.5	220.3
Total liabilities	236.7	257.6	281.4
Net assets:			
Invested in capital assets, net of related debt	569.9	588.5	574.8
Restricted	20.7	16.3	18.7
Unrestricted	61.7	43.4	16.3
Total net assets	652.3	648.2	609.8
Total liabilities and net assets	$ 889.0	$ 905.8	$ 891.2

Net assets serves as a useful indicator of financial position. The Authority's assets exceeded liabilities by $652.3 million as of December 31, 2011, which is a $4 million increase from year ended, December 31, 2010. Assets exceeded liabilities by $648.2 million for the year ended December 31, 2010, which was an increase of $38.4 million from year ended, December 31, 2009.

The largest portion of the Authority's net assets 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 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;

1.) the Buckeye-Woodhill project
2.) the Mayfield Road Rapid Station

3.) the University Circle Station
4.) various other projects

During 2010, major construction projects totaling \$16.3 million were completed and transferred to the appropriate property and facilities accounts. Major projects during 2010 included:

1.) A portion of the LRV Overhaul, with a cost of \$10.6 million, and
2.) Stephanie Tubbs Jones Transit Center, with a cost of \$5.7 million

The construction in progress balance at December 31, 2010, included costs associated with a portion of the following;

1.) the Puritas Street Rapid Transit Reconstruction
2.) the East 55th Street Station Rehabilitation
3.) the University-Cedar Station Design, and
4.) various other projects

Readers desiring more detailed information on the Authority's capital assets activities should read Note 5 - Capital Assets on page 44, which is included in the notes to the basic financial statements.

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

Description

	Years Ended December 31, 2011	2010	2009
Operating revenues:			
Passenger fares	$ 49.7	$ 46.9	$ 50.1
Advertising and concessions	0.9	1.0	1.1
Total operating revenues	50.6	47.9	51.2
Operating expenses, excluding depreciation:			
Labor and fringe benefits	(151.8)	(155.2)	(170.5)
Materials and supplies	(34.9)	(23.7)	(35.2)
Services	(12.8)	(11.3)	(11.7)
Utilities	(7.0)	(8.7)	(9.8)
Casualty and liability	(9.6)	(8.3)	(8.9)
Purchased transportation	(5.1)	(4.6)	(4.4)
Leases and rentals	(0.4)	(0.2)	(0.3)
Taxes	(1.4)	(1.4)	(1.7)
Miscellaneous	(3.0)	(3.1)	(2.4)
Total operating expenses before depreciation	(226.0)	(216.5)	(244.9)
Depreciation expense	(48.0)	(48.0)	(50.1)
Total operating expenses	(274.0)	(264.5)	(295.0)
Operating loss	(223.4)	(216.6)	(243.8)
Non-operating revenues (expenses):			
Sales and use tax revenue	175.9	165.0	154.9
Federal operating grants and reimbursements	20.4	34.1	22.5
State/local operating grants and reimbursements	2.1	6.6	15.9
Federal pass-through grants revenue	0.5	4.5	11.6
Federal pass-through expenses	(0.5)	(4.5)	(11.6)
Investment income	0.4	0.4	0.5
Gain on commodity swap transactions	2.5	4.7	0.0
Interest expense	(7.2)	(8.0)	(8.7)
Other income	2.5	1.8	2.5
Total non-operating revenues	196.6	204.6	187.6
Net loss before capital grant revenue	(26.8)	(12.0)	(56.2)
Capital grants revenue	30.8	50.4	48.9
Increase in net assets	4.0	38.4	(7.3)
Net assets, beginning of year	648.2	609.8	617.1
Net assets, end of year	$ 652.2	$ 648.2	$ 609.8

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, 2011 increased by $2.8 million (5.9%) compared with that from year ended December 31, 2010. 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 42.4 million in year ended December 31, 2010 to 46.2 million in year ended December 31, 2011.

Passenger fare revenue for the year ended December 31, 2010 decreased by $3.2 million (6.4%) compared with that from year ended December 31, 2009. This decrease is a result of the high unemployment in the area which led to a decrease in total ridership from 45.4 million in year ended December 31, 2009 to 42.4 million in year ended December 31, 2010.

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 69.6% of the Authority's revenue for year ended December 31, 2011. Sales and use tax revenue accounted for 62.3% of the Authority's revenue for year ended December 31, 2010, and for 59.8% for year ended December 31, 2009.

Revenue received from sales and use tax for year ended December 31, 2011 increased by $10.9 million (6.6%) compared to a $10.1 million (6.5%) increase in year ended December 31, 2010 from year ended December 31, 2009. The increase is attributable to the increase spending in the economy.

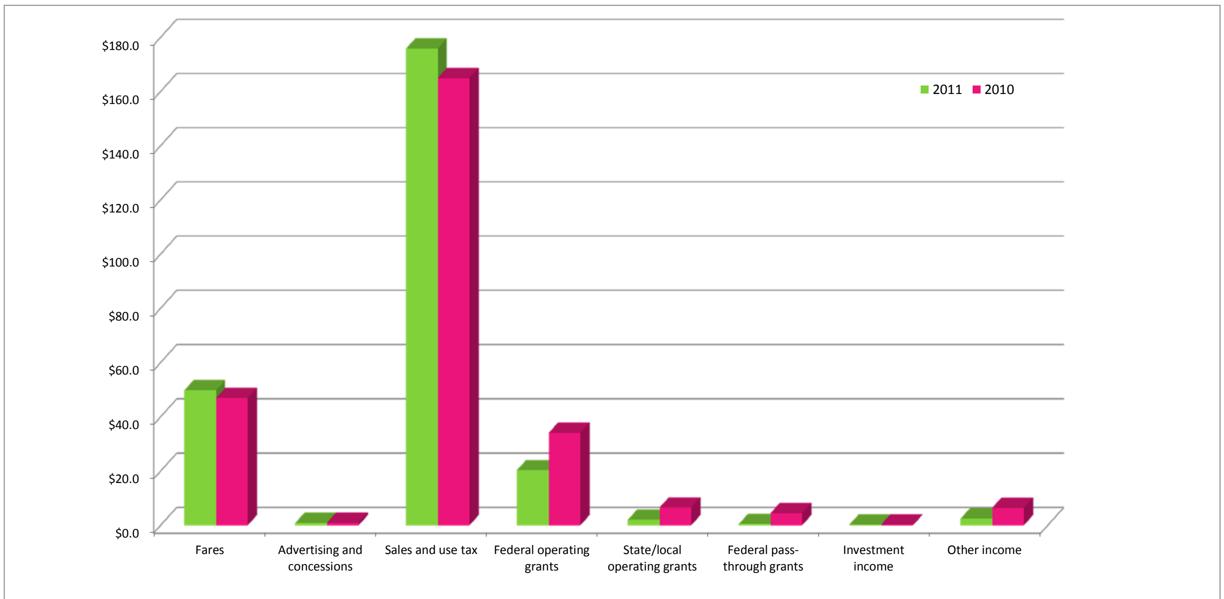
Federal Operating Grants and Reimbursements – The Authority received approximately $20.4 million for year ended December 31, 2011. In year ended, December 31, 2010, the Authority received $34.1 million, and in year ended December 31, 2009, the Authority received $22.5 million in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

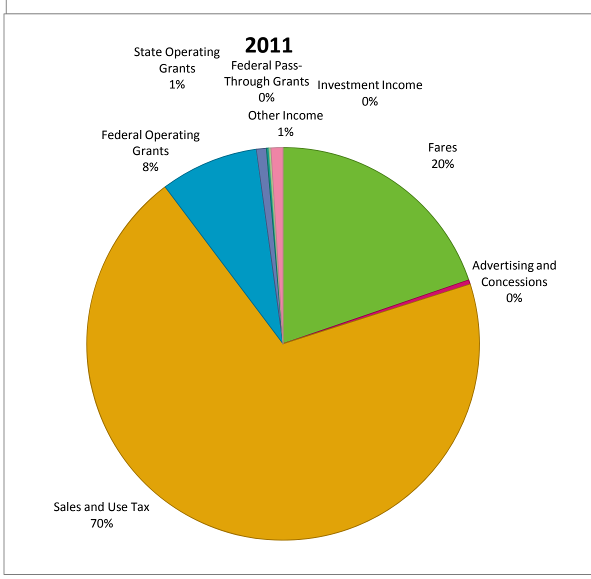
State/Local Operating Grants and Reimbursements – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. In year ended December 31, 2011, the Authority received $2.1 million in this category, a 68.2% decrease from year ended December 31, 2010. The Authority received a $6.6 million (58.6%) decrease in this category for year ended December 31, 2010, compared to a $11.2 million (238.6%) increase in year ended December 31, 2009. During 2009, the Authority received $11.0 million in additional operating assistance.

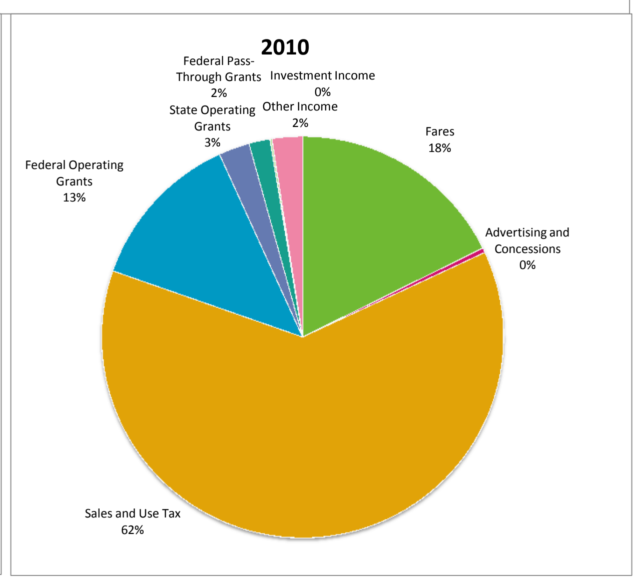
Investment Income – Investment income decreased by $39,671 (9.5%) in year ended December 31, 2011, compared to a decrease of $43,342 (9.4%) in year ended December 31, 2010. This decrease was a direct result of maintaining higher bank balances to offset banking service fees.

Revenue
Millions of Dollars

	2011	2010	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Fares	$49.8	$46.9	$2.9	6.2 %
Advertising and concessions	0.9	1.0	(0.1)	(10.0)
Sales and use tax	175.9	165.0	10.9	6.6
Federal operating grants	20.4	34.1	(13.7)	(40.2)
State/local operating grants	2.1	6.6	(4.5)	(68.2)
Federal pass-through grants	0.5	4.5	(4.0)	(88.9)
Investment income	0.4	0.4	-	-
Other income	2.5	6.5	(4.0)	(61.5)
Total	**$252.5**	**$265.0**	**($12.5)**	**(4.7) %**







Expenses

Labor and Fringe Benefits: The personnel related 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. During 2011, the number of personnel decreased to 2,103, compared to the number of personnel totaling 2,115 in year ended December 31, 2010, with a decrease in the costs of providing health care benefits. Costs decreased by $15.3 million, (9.0%) in year ended December 31, 2010, compared to the year ended December 31, 2009, due to the decrease in personnel to 2,115 compared to 2,374 in the year ended December 31, 2009, which is offset by an increase in the costs of providing healthcare benefits.

Materials and Supplies: These costs have increased $11.2 million (47.1%) in the year ended December 31, 2011, compared to the year ended of December 31, 2010. This increase is due to the diesel fuel commodities program implemented over the years resulting in significant savings in 2010. These costs have decreased $11.5 million (32.5%) in the year ended December 31, 2010 compared to that of the year ended December 31, 2009. This decrease is primarily due to the implementation of the fuel hedging program.

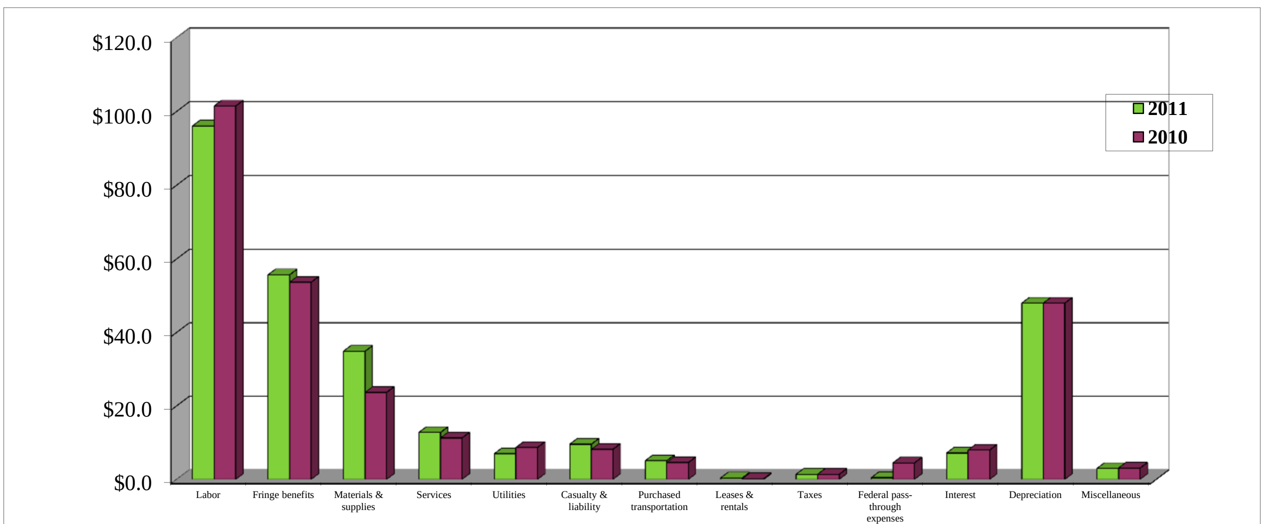
Services: The costs in this category increased by $1.5 million (3.5%) in the year ended December 31, 2011, compared to that of the year ended December 31, 2010. The increase is due to the increased costs for workers' compensation administration and maintenance contracts. The costs in this category decreased by $.5 million (4.0%) in the year ended December 31, 2010 compared to that of the year ended December 31, 2009. The decrease is due to lower costs for workers' compensation administration and maintenance contracts.

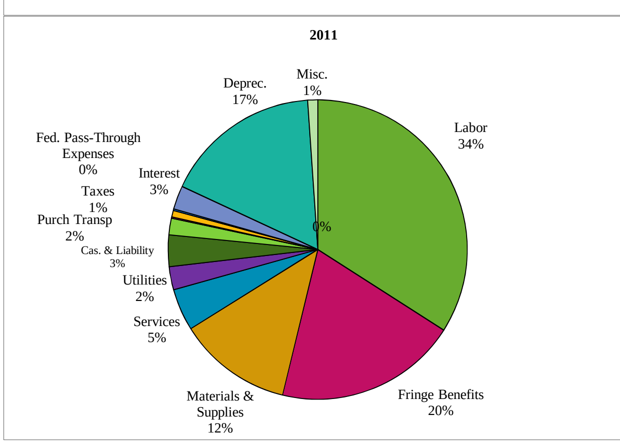
Casualty and Liability: These costs increased by $1.4 million for year ended December 31, 2011 compared to that of year ended December 31, 2010, which was due to higher claims in 2011 versus 2010. These costs decreased by $.7 million in 2010 compared to 2009 due to higher claims in 2009. Casualty and liability claims are recorded based on actuarial studies performed for both 2011 and 2010.

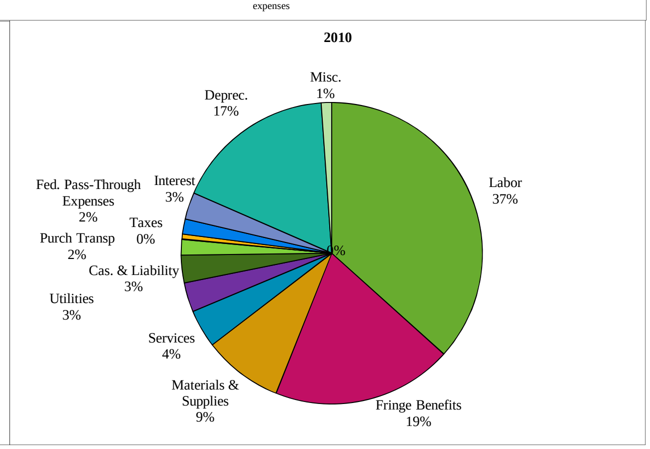
Expenses by Object Class

Millions of Dollars

	2011	2010	Increase/(Decrease) Amount	Percent
Labor	$96.1	$101.5	($5.4)	(5.3) %
Fringe benefits	55.7	53.7	2.0	3.7
Materials & supplies	34.9	23.7	11.2	47.3
Services	12.8	11.3	1.5	13.3
Utilities	7.0	8.7	(1.7)	(19.5)
Casualty & liability	9.6	8.2	1.4	17.1
Purchased transportation	5.1	4.6	0.5	10.9
Leases & rentals	0.4	0.2	0.2	100.0
Taxes	1.4	1.4	-	-
Federal pass-through expenses	0.5	4.5	(4.0)	(88.9)
Interest	7.2	8.0	(0.8)	(10.0)
Depreciation	48.0	48.0	-	0.0
Miscellaneous	3.0	3.1	(0.1)	(3.2)
Total	**$281.7**	**$276.9**	**$4.8**	**1.7 %**



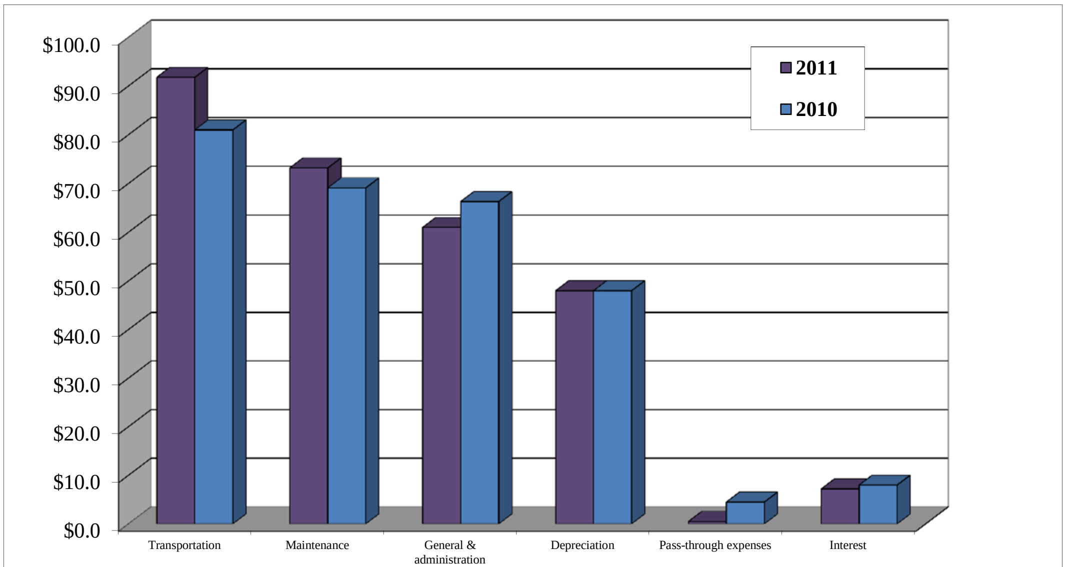


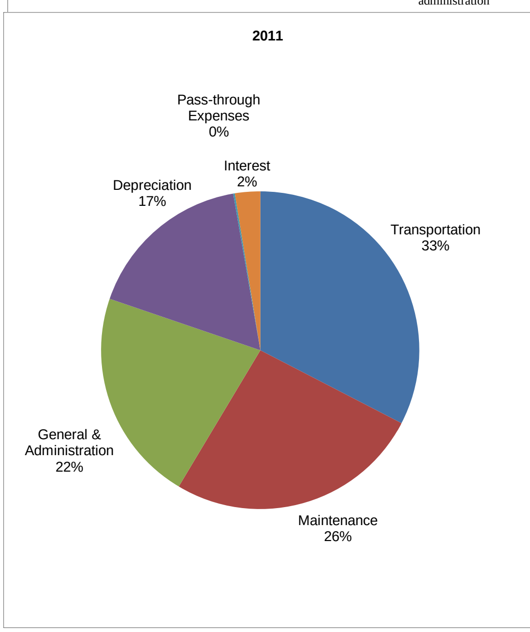


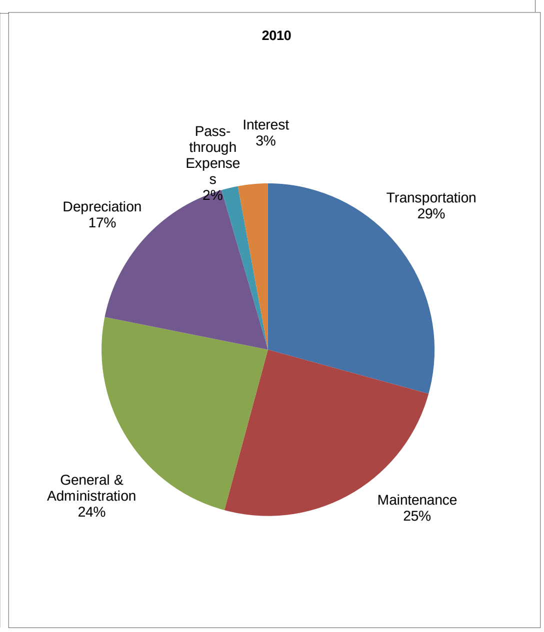
Expenses by Function

Millions of Dollars

	2011	2010	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Transportation	$91.8	$81.0	$10.8	13.3 %
Maintenance	73.2	69.1	4.1	5.9
General & administration	61.0	66.3	(5.3)	(8.0)
Depreciation	48.0	48.0	-	0.0
Pass-through expenses	0.5	4.5	(4.0)	(88.9)
Interest	7.2	8.0	(0.8)	(10.0)
Total	**$281.7**	**$276.9**	**$4.8**	**1.7 %**







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 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 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 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

The Authority had $142.1 million of outstanding capital improvement bonds as of December 31, 2011, 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.

For more information, see Note 6 on page 46 of this report.

Total outstanding bonds 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.

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 48 of this report.

The Authority had $152.8 million of outstanding capital improvement bonds as of December 31, 2010, of which $31.5 million is non-callable and $121.3 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, 2010 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2010 Balance	Average Interest Rate
General Obligation Improvement Bonds					
2001	12/11/01	12/01/2021	$ 29,890,000	$ 1,370,000	5.12%
2004	11/16/04	12/01/2024	67,235,000	50,765,000	4.23%
2006	03/07/06	12/01/2025	38,490,000	34,420,000	4.51%
2008	02/20/08	12/01/2027	35,000,000	34,700,000	4.57%
General Improvement Refunding Bonds					
Series 2002R (12/2002 annually thru 2011)				4,480,000	4.39%
Series 2008R (12/2008 annually thru 2016)				27,025,000	4.01%
Total General Obligation Bonds				152,760,000	
Other- State Infrastructure Bank Loan (annually thru 2014)				2,459,509	4.25%
Total Bonds and Loan				$ 155,219,509	
Deferred Refunding				(898,288)	
Premium				5,624,282	
Long-term Bonds and Loan				$ 159,945,503	

At December 31, 2010, 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, 2011 and 2010

Assets		2011		2010
Current assets:				
Cash and cash equivalents	$	22,760,118	$	19,077,575
Restricted for capital assets:				
Cash and cash equivalents		7,359,464		6,224,075
Investments		19,991,255		22,998,126
Restricted for debt service:				
Cash and cash equivalents		1,731,945		1,784,329
Receivables:				
Sales and use tax		47,465,322		44,805,924
Trade and accrued interest		2,464,283		2,038,063
Naming rights - current portion		250,000		250,000
State capital assistance		287,170		475,847
Federal capital assistance		2,529,934		4,676,439
Federal operating assistance		—		1,092,416
Commodity swap transactions - current portion		854,957		272,668
Material and supplies inventory		9,830,815		12,763,312
Deposits		538,859		449,621
Total current assets		116,064,122		116,908,395
Noncurrent assets:				
Restricted for capital assets:				
Investments		2,021,780		—
Investments		28,271,106		11,488,739
Naming rights		5,180,000		5,460,000
Other assets		1,555,989		1,686,350
Commodity Transactions		—		966,277
Capital assets:				
Land		38,509,955		38,671,150
Infrastructure		63,009,145		62,878,682
Right-of-ways		274,334,542		272,722,827
Building, furniture and fixtures		481,619,014		454,568,914
Transportation and other equipment		405,617,593		411,981,120
Bus Rapid Transit		162,353,185		162,334,093
Construction in progress		20,849,120		36,648,651
Total capital assets		1,446,292,554		1,439,805,437
Less accumulated depreciation		(710,366,400)		(670,456,857)
Capital assets – net		735,926,154		769,348,580
Total noncurrent assets and capital assets		772,955,029		788,949,946
Total assets	$	889,019,151	$	905,858,341
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$	6,721,574	$	8,074,263
Contracts and other payables		5,760,097		10,846,370
Contract retainers		444,569		1,343,317
Interest payable - bonds		720,854		793,574
Accrued wages & benefits		7,995,700		7,660,075
Current portion - compensated absences		1,009,844		982,521
Current portion - long-term debt		14,157,330		12,769,378
Current portion - self-insurance liabilities		8,151,777		6,707,105
Current portion - deferred revenue		4,335,356		3,916,774
Total current liabilities		49,297,101		53,093,377
Noncurrent liabilities:				
Compensated absences		9,330,250		10,014,578
Long-term debt		151,916,808		168,045,800
Self-insurance liabilities		13,434,836		12,456,053
Deferred revenue		11,670,377		13,004,233
Commodity Transactions		94,101		—
Other long-term liabilities		995,656		995,656
Total noncurrent liabilities		187,442,028		204,516,320
Total liabilities		236,739,129		257,609,697
Net assets:				
Invested in capital assets, net of related debt		569,852,016		588,533,402
Restricted for Capital Projects		19,517,121		15,029,226
Restricted for Debt Service		1,221,711		1,240,072
Unrestricted		61,689,174		43,445,944
Total net assets		652,280,022		648,248,644
Total liabilities and net assets	$	889,019,151	$	905,858,341

The accompanying notes are an integral part of these financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets

For the Years ended December 31, 2011 and 2010

		2011		2010
Operating revenues:				
Passenger fares	$	49,731,427	$	46,959,247
Advertising and concessions		945,902		968,323
Total operating revenues		50,677,329		47,927,570
Operating expenses, excluding depreciation:				
Labor and fringe benefits		151,778,455		155,202,300
Materials and supplies		34,919,642		23,734,556
Services		12,811,746		11,245,278
Utilities		7,011,071		8,715,346
Casualty and liability		9,612,316		8,241,230
Purchased transportation		5,129,180		4,622,944
Leases and rentals		361,501		226,278
Taxes		1,424,754		1,372,278
Miscellaneous		2,983,879		3,116,615
Total operating expenses before depreciation		226,032,544		216,476,825
Depreciation expense		48,016,476		47,962,746
Total operating expenses		274,049,020		264,439,571
Operating loss		(223,371,691)		(216,512,001)
Non-operating revenues (expenses):				
Sales and use tax revenue		175,901,726		165,026,334
Federal operating grants and reimbursements		20,455,642		34,116,768
State/local operating grants and reimbursements		2,069,611		6,578,259
Federal pass-through grants revenue		501,816		4,490,993
Federal pass-through expenses		(501,816)		(4,490,993)
Investment income		377,325		416,996
Gain on commodity swap		2,519,218		4,662,468
Interest expense		(7,226,588)		(7,997,480)
Other income		2,517,966		1,786,582
Total non-operating income		196,614,900		204,589,927
Net loss before capital grant revenue		(26,756,791)		(11,922,074)
Capital grants revenue:				
Federal		30,497,274		48,923,285
State		290,895		1,437,165
Total capital grants revenue		30,788,169		50,360,450
Increase in net assets		4,031,378		38,438,376
Net assets, beginning of year		648,248,644		609,810,268
Net assets, end of year	$	652,280,022	$	648,248,644

The accompanying notes are an integral part of these financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2011 and 2010

		2011		2010
Cash flows from operating activities:				
Cash received from customers	$	50,554,726	$	48,079,386
Cash payments to suppliers for goods and services		(62,930,741)		(55,008,406)
Cash payments to employees for services		(95,729,493)		(103,087,372)
Cash payments for employee benefits		(56,370,342)		(53,985,222)
Cash payments for casualty and liability		(7,188,861)		(8,106,603)
Net cash used in operating activities		(171,664,711)		(172,108,217)
Cash flows from noncapital financing activities:				
Sales and use taxes received		173,242,328		163,220,648
Grants, reimbursements, and special fare assistance:				
Federal		21,548,058		33,024,352
State and local		1,760,082		6,546,786
Other receipts		3,033,459		982,726
Net cash provided by noncapital financing activities		199,583,927		203,774,512
Cash flows from capital and related financing activities:				
Federal capital grant revenue		32,643,779		53,472,736
State capital grant revenue		479,572		1,779,252
Acquisition and construction of capital assets		(20,308,422)		(41,550,329)
Proceeds from new debt		0		15,000,000
Principal paid on bond maturities and other debt		(14,643,418)		(35,547,028)
Interest paid on bonds and other debt		(7,668,270)		(8,429,222)
Net cash used in capital and related financing activities		(9,496,759)		(15,274,591)
Cash flows from investing activities:				
Purchases of investments		(158,462,064)		(103,707,904)
Proceeds from maturities of investments		142,287,463		93,187,998
Proceeds from commodity transactions		2,140,367		2,104,531
Interest received from investments		377,325		416,996
Net cash provided by investing activities		(13,656,909)		(7,998,379)
Net increase in cash and cash equivalents		4,765,548		8,393,325
Cash and cash equivalents, beginning of year		27,085,979		18,692,654
Cash and cash equivalents, end of year	$	31,851,527	$	27,085,979
Noncash investing and capital and related financing activities:				
Increase in fair value of investments	$	46,310	$	18,339
Increase (decrease) in capitalized assets due to capitalized costs recorded contracts payable, recorded retainage payable, and loss on disposal.	$	5,713,682	$	(64,147)
Decrease in long-term debt due to deferred refinding costs, premium, and amortization.	$	(97,623)	$	(59,591)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

(Continued)

Years ended December 31, 2011 and 2010

	2011	2010
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (223,371,691)	$ (216,512,001)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	48,016,476	47,962,746
Amortization-other assets	131,224	132,088
Change in assets and liabilities:		
(Increase) decrease in other receivables	(426,220)	136,568
(Increase) decrease in materials and supplies inventory	2,932,497	(2,242,050)
(Increase) decrease in naming rights	280,000	(85,000)
Decrease in deferred revenue	23,617	100,383
Increase (decrease) in accounts payable, accrued compensation, self-insurance liabilities and other	749,386	(1,600,951)
Net cash used in operating activities	$ (171,664,711)	$ (172,108,217)

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 2011.

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

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

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

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of the City of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority’s board and none has an ongoing financial interest or responsibility. None of the participating governments provided any significant financial transactions with the Authority during 2011 and 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Description	Years
Infrastructure	45
Buildings and improvements	20-60
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 Assets – Equity is displayed in three components as follows:

> Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those capital assets.
>
> Restricted Assets – This consists of constraints placed on net assets use through external constraints imposed by grantors, contributors, or laws. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.
>
> Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

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

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 expenditures are incurred. Capital grants for the maintenance of property, plant and equipment are recorded as grant receivables and credited to non-operating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

The Sales and Use Tax receivable is recorded in the month the vendor submits the tax to the State of Ohio. There is a three-month delay between the collection of the Sales 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 2011, approximately 13,029 employees from 629 local organizations participated in the program. In 2010, approximately 12,100 employees from 560 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.

	2011	2010
Beginning Balance	$ 10,997,099	$ 10,153,096
Incurred	1,604,105	1,487,292
Payments	(2,261,110)	(643,289)
Balance, End of Year	$ 10,340,094	$ 10,997,099
Due Within One Year	$ 1,009,844	$ 982,521

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 June 15, 2009, the Authority implemented GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not have an impact on the Authority's financial statements.

Effective for periods beginning after June 15, 2009, the Authority implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The impact of this standard, as it applies to the Authority, is related to the futures contracts and commodity swaps the Authority has entered into with counterparties. See Note 12 for further information.

Effective for periods beginning after June 15, 2010, the Authority implemented GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.* This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not have an impact on the Authority's financial statements.

Effective for periods beginning after June 15, 2010, the Authority implemented GASB Statement No. 59, *Financial Instruments Omnibus.* This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this statement did not have an impact on the Authority's financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform with the 2011 presentation.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following is a complete listing of deposits and investments held by the Authority at December 31, 2011:

	2011	2010
Demand deposits	$ 31,671,727	$ 26,906,379
Cash on hand	179,800	179,600
Investments	50,284,141	34,486,865
Total	$ 82,135,668	$ 61,572,844
Demand deposits – bank balance	$ 31,512,024	$ 26,285,447

The deposits and investments of the Authority at December 31, 2011 are reflected in the financial statements as follows:

	2011	2010
Current Assets:		
Cash and cash equivalents	$ 22,760,118	$ 19,077,575
Restricted Assets:		
Cash and cash equivalents	9,091,409	8,008,404
Investments	19,991,255	22,998,126
Noncurrent Assets:		
Investments	30,292,886	11,488,739
Total	$ 82,135,668	$ 61,572,844

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, 2011, $30,762,024 of the Authority's bank balance of $31,512,024 was uninsured and uncollateralized as defined by the GASB. At December 31, 2010, $25,535,447 of the Authority's bank balance of $26,285,447 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, 2011 and 2010, 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, 2011, the Authority's investment maturities were as follows:

Investment		Fair value	Investment maturities in in years	
			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	
Total	$	50,284,141	$ 22,988,315	$ 27,295,826

As of December 31, 2010, the Authority's investment maturities were as follows:

Investment		Fair value	Investment maturities in in years	
			Less than one year	One to three years
U.S. Government Agency Securities	$	9,543,099	$ 2,422,220	$ 7,120,879
Commercial Paper		24,943,766	24,943,766	
Total	$	34,486,865	$ 27,365,986	$ 7,120,879

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, 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		

As of December 31, 2010, the credit quality ratings of the Authority's investments were as follows:

Investment		Fair value	Rating	Rating organization
U.S. government agency securities	$	9,543,099	AAA	S&P/Moody
Commercial Paper		24,943,766	A	Fitch
	$	34,486,865		

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, Federal National Mortgage Association, and Intesia. At December 31, 2011, these investments were 40%, 2%, 18%, 34%, and 6%, respectively. At December 31, 2010 investments for Abbey National Commercial Paper, Federal Home Loan Bank, Federal Home Loan Mortgage Company, Federal National Mortgage Association and Federal Home Loan Mortgage Association, were 72%, 10%, 5%, 6%,1%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 $250,000 represents the amount due in the next year from the contracted parties. The long-term portion of revenue has been deferred on the balance sheet.

5. CAPITAL ASSETS

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

Remaining costs to complete construction projects, as of December 31, 2011, which will extend over a period of several years, total $54.7 million. Approximately $53.8 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. In 2011, the Authority completed the Puritas Station and East 55th Street Station. In 2012, the Authority will complete the Buckeye Woodhill Station. For the year ended December 31, 2011, capitalized interest was $271,339.

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2010
Capital Assets Not Being Depreciated:				
Land	$ 38,563,380	$ 107,770	$ 0	$ 38,671,150
Construction in Progress	25,670,340	27,274,717	16,296,406	36,648,651
Total Capital Assets Not Being Depreciated	64,233,720	27,382,487	16,296,406	75,319,801
Capital Assets Being Depreciated:				
Infrastructure	62,285,261	593,421	0	62,878,682
Right-of-Ways	272,712,196	10,631	0	272,722,827
Building, Furniture & Fixtures	445,019,243	9,549,671	0	454,568,914
Transportation and Other Equipment	430,334,435	20,480,940	38,834,255	411,981,120
Bus Rapid Transit	162,440,361	(106,268)	0	162,334,093
Total Capital Assets Being Depreciated	1,372,791,496	30,528,395	38,834,255	1,364,485,636
Less Accumulated Depreciation:				
Infrastructure	12,715,009	1,329,770	0	14,044,779
Right-of-Ways	143,051,223	6,631,175	0	149,682,398
Building, Furniture & Fixtures	212,919,109	13,944,569	0	226,863,678
Transportation and Other Equipment	288,002,329	22,448,944	38,312,668	272,138,605
Bus Rapid Transit	4,118,659	3,608,738	0	7,727,397
Total Accumulated Depreciation	660,806,329	47,963,196	38,312,668	670,456,857
Total Capital Assets Being Depreciated, Net	711,985,167	(17,434,801)	521,587	694,028,779
Total Capital Assets, Net	$ 776,218,887	$ 9,947,686	$ 16,817,993	$ 769,348,580

For the year ended December 31,2010, capitalized interest was $267,665.

6. LONG-TERM DEBT

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	4.23	50,765,000	0	3,450,000	47,315,000	4,995,000
Series 2006	4.51	34,420,000	0	1,010,000	33,410,000	1,050,000
Series 2008	4.57	34,700,000	0	100,000	34,600,000	1,575,000
Series 2008R	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

Long-term bonds, loan and capital lease payable at December 31, 2010 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
Series 2001	5.12	$ 2,670,000	$ 0	$ 1,300,000	$ 1,370,000	$ 1,370,000
Series 2002R	4.39	8,760,000	0	4,280,000	4,480,000	4,480,000
Series 2004	4.23	54,115,000	0	3,350,000	50,765,000	3,450,000
Series 2006	4.51	35,390,000	0	970,000	34,420,000	1,010,000
Series 2008	4.57	34,800,000	0	100,000	34,700,000	100,000
Series 2008R	4.01	27,290,000	0	265,000	27,025,000	270,000
Deferred Refunding		(1,320,199)	0	(421,911)	(898,288)	0
Premium		6,105,784	0	481,502	5,624,282	0
SIB Loan		3,303,074	0	843,565	2,459,509	585,470
Total Bonds and Loan Payable		171,113,659	0	11,168,156	159,945,503	11,265,470
Capital Lease Payable		22,308,138	0	1,438,463	20,869,675	1,503,908
Total Long-Term Debt		$ 193,421,797	$ 0	$ 12,606,619	$ 180,815,178	$ 12,769,378

Certain bonds maturing after December 31, 2011 are subject to optional redemption by the Authority prior to maturity.

In 1998, the Authority entered into a loan agreement with the State of Ohio, Department of Transportation, for a State Infrastructure Bank (SIB) loan in an amount not to exceed $6,945,000 to be repaid over a fifteen-year period at an annual rate of 4.25%. Through December 31, 2006, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation for the Cuyahoga River Viaduct Project. The loan was satisfied in June 2011.

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 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 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, 2011 is $ 20,170,000.

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, 2011 is $12,920,000.

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, 2011 is $26,995,000.

The annual requirements to pay principal and interest on the bonds outstanding at December 31, 2011 are as follows:

Year	**Principal**	**Interest**
2012	$ 12,585,000	$ 6,297,832
2013	13,045,000	5,857,033
2014	13,610,000	5,307,782
2015	14,125,000	4,809,020
2016	14,770,000	4,173,458
2017-2021	43,400,000	13,254,775
2022-2026	27,575,000	4,195,908
2027	2,970,000	133,650
Total	**$ 142,080,000**	**$ 44,029,458**

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, 2011:

Year	Amounts
2012	$ 2,426,108
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	24,261,078
Less: Amount Representing Interest	(4,895,311)
Present Value of Minimum Lease Payments	**$ 19,365,767**

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

Capital Assets:	
Transportation and Other Equipment	$10,304,454
Less Accumulated Depreciation:	
Transportation and Other Equipment	(3,470,270)
Capital Assets, Net	$6,834,184

8. NOTES PAYABLE

There was no notes payable activity in 2011.

A summary of the note transactions for the year ended December 31, 2010 follows:

Issue	Average Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
2009 Revenue Anticipation Notes	3.25%	$ 8,000,000	$ 0	$ 8,000,000	$ 0
2010 Bond Anticipation Notes	2.00	0	15,000,000	15,000,000	0
Total Notes Payable		$ 8,000,000	$ 15,000,000	$ 23,000,000	$ 0

On February 25, 2010, the Authority issued $15,000,000 in revenue anticipation notes. These notes matured on December 22, 2010.

All notes are backed by the full faith and credit of the Greater Cleveland Regional Transit Authority and will mature within one year.

9. 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 $5,129,180 and $4,622,944 in 2011 and 2010, respectively.

10. GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE

Grants, reimbursements, and special fare assistance are included in the non-operating revenues (expenses) and the capital grant revenue categories on the Statement of Revenues, Expenses, and Changes in Net Assets for the years ended December 31, 2011 and 2010 as follows:

		2011		2010
FEDERAL:				
FTA Capital Grants	$	30,497,274	$	48,923,285
FTA Maintenance Assistance		17,306,468		27,708,913
FTA Operating Grants		3,149,174		6,407,855
Pass-Through Grants		501,816		4,490,993
Total	$	51,454,732	$	87,531,046
STATE:				
ODOT Capital Grants	$	290,895	$	1,437,165
ODOT Fuel Tax Reimbursement		1,179,546		1,103,360
ODOT Elderly and Handicapped Grants		0		653,530
ODOT Operating Grants		890,065		4,821,369
Total	$	2,360,506	$	8,015,424

11. CONTINGENCIES

Federal and State Grants – Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2011, 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.

12. FUEL PRICE RISK MANAGEMENT

Pursuant to Ohio Revised Code, Section 9.835(A), (B), and (C) and Section 135.14, the Authority utilizes futures contracts 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. 53, 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. Beginning in January 2009, heating oil #2 futures contracts were utilized to manage price volatility through December 2012. 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 and are being recorded as a gain on commodity transactions in the amount of $2,997,307 on the Statement of Revenues, Expenses, and Changes in Net Assets.

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 seven-fuel swap agreements in 2011 and four fuel swap agreements in 2010, 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, 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
9/22/2010	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)

The Authority entered into four-fuel swap agreements in 2010 and nine fuel swap agreements in 2009, which allowed the Authority to plan and manage fuel costs. Terms: The Authority entered into commodity swap agreements for New York Mercantile Exchange (NYMEX) New York Harbor No. 2 heating oil with various counterparties, as shown below as of December 31, 2010:

Execution Date	Maturity Date	Gallons	Total Quantity (Gallons)	Contract Price Range Per Gallon	Fair Market Value as of 12/31/10
9/14/2009	12/31/2011	42,000	504,000	$2.1080-$2.2150	$143,144
9/24/2009	4/30/2012	42,000	504,000	$2.0400-$2.1500	247,964
12/9/2009	12/31/2011	42,000	504,000	$2.2800-$2.3900	129,524
12/15/2009	4/30/2012	42,000	504,000	$2.2050-$2.3250	159,230
1/29/2010	6/30/2012	42,000	336,000	$2.2500-$2.2750	128,772
5/7/2010	6/30/2012	84,000	504,000	$2.4300-$2.4500	177,870
5/10/2010	12/31/2012	42,000	504,000	$2.4585-$2.5245	163,506
5/18/2010	6/30/2012	42,000	252,000	$2.3200-$2.3500	88,935
					$1,238,945

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, 2011 and 2010, the swap agreements had a fair market value of $760,856 and $1,238,945 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.

13. 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.

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.

14. 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		
		2011	2010	2009
By statutory authority	14.0-17.87%	$ 17,537,147	$ 18,549,573	$ 19,731,394
Less healthcare portion	5.0-5.5%	(5,704,001)	(6,847,875)	(8,199,083)
Required employer contribution		11,833,146	11,701,698	11,532,311
By employees	10.0-11.1%	12,062,103	13,061,915	13,904,298
Total pension contributions		$ 23,895,249	$ 24,763,613	$ 25,436,609

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 Tradition Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post-employment 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 2011, 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 2011. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 4.0% for

2011. 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, 2011 and 2010 (which is included in the GCRTA's total OPERS contribution) was $5,704,001 and $6,847,875, 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, 2010. In 2010, there were 1,344 participants in pay status and 1,682 active employees and benefit payments of $79,326. In 2009, there were 1,255 participants in pay status and 2,081 active employees and benefit payments of $87,647.

As of December 31, 2011, the Supplemental Pension Fund liability was determined to be $995,656 based on the 2010 actuarial study. The market value of associated assets totaled $1,122,325 and $1,086,337 as of December 31, 2011 and 2010, respectively.

15. 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 $18,607,972 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 $300,000 in year one and declining thereafter.

The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2010 and 2009, was $5.6 and $4.4 million, respectively, and is included on the accompanying balance sheets as part of unrestricted net assets.

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.

	2011	2010	2009
Balance, Beginning of Year	$ 19,163,158	$ 19,028,531	$ 20,144,303
Incurred Claims	23,933,114	21,716,512	23,647,370
Payments	(21,509,659)	(21,581,885)	(24,763,142)
Balance, End of Year	$ 21,586,613	$ 19,163,158	$ 19,028,531
Due Within One Year	$ 8,151,777	$ 6,707,105	$ 6,659,986

2011
STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Authority 's financial performance and well-being have changed over time.	**57-62**
Revenue Capacity This schedule contains information to help the reader assess the Authority's most significant local revenue source, the sales tax.significant local revenue source, the sales tax.	**63**
Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.issue additional debt in the future.	**64-68**
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the Authority's financial activities take place.	**69-71**
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the Authority	**72-75**

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

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

NET ASSETS BY COMPONENTS

LAST TEN YEARS (IN THOUSANDS)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Invested in Capital Assets, Net of Related Debt	$500,149	$529,740	$501,672	$530,319	$539,310	$565,353	$574,960	$574,797	$588,533	$569,852
Restricted	22,500	2,000	30,679	9,411	8,825	6,676	21,659	18,700	16,269	20,739
Unrestricted	22,004	17,866	20,220	20,871	35,624	36,060	20,434	16,313	43,446	61,689
Total Net Assets	$544,653	$549,606	$552,571	$560,601	$583,759	$608,089	$617,053	$609,810	$648,248	$652,280

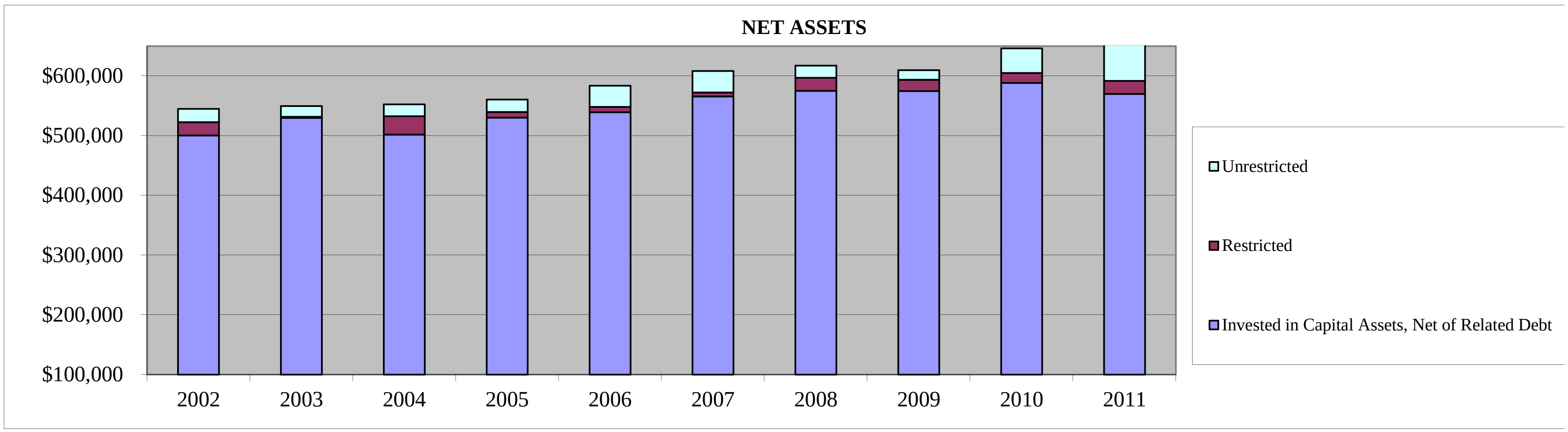


TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

YEAR	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues:										
Passenger Fares	$38,185	$38,412	$37,578	$38,569	$40,924	$43,230	$47,671	$50,128	$46,959	$49,731
Advertising and Concessions	1,737	1,450	2,539	1,658	1,525	1,317	1,382	1,115	968	946
Total Operating Revenues	39,922	39,862	40,117	40,227	42,449	44,547	49,053	51,243	47,927	50,677
Operating Expenses	211,564	228,854	220,068	231,566	228,845	238,499	252,035	244,996	216,476	226,033
Depreciation Expense	36,086	39,360	41,610	40,670	43,199	43,458	45,531	50,053	47,963	48,016
Operating Loss	(207,728)	(228,352)	(221,561)	(232,009)	(229,595)	(237,410)	(248,513)	(243,806)	(216,512)	(223,372)
Nonoperating Revenues (Expenses)										
Sales and use tax revenue	157,212	159,050	168,659	167,127	170,477	175,051	168,304	154,914	165,026	175,902
Federal Funds	12,309	21,149	20,406	20,801	20,801	22,625	23,189	22,553	34,117	20,456
Other State and Local Funds	1,605	2,231	3,398	4,623	5,181	4,364	4,689	15,875	6,578	2,070
Federal pass-through grants revenue	0	0	0	0	0	667,621	3,939	11,573	4,491	502
Investment Income	1,535	622	413	1,538	2,782	2,595	2,186	460	417	377
Gain on Commodity Transactions	0	0	0	0	0	0	0	0	4,662	2,519
Interest Expense	(6,064)	(5,816)	(4,465)	(6,698)	(7,883)	(6,960)	(8,329)	(8,711)	(7,997)	(7,227)
Federal pass-through expenses	0	0	0	0	0	(667,621)	(3,939)	(11,573)	(4,491)	(502)
Other Income	2,154	1,629	1,894	4,014	3,353	1,635	2,037	2,473	1,787	2,518
Total Nonoperating Revenues (Expenses)	168,751	178,865	190,305	191,405	194,711	199,310	192,076	187,564	204,590	196,615
Net Loss	(38,977)	(49,487)	(31,256)	(40,604)	(34,884)	(38,100)	(56,437)	(56,242)	(11,922)	(26,757)
Capital Contributions	62,147	54,440	35,221	48,633	58,762	62,431	65,401	48,998	50,360	30,788
Change in Net Assets	$23,170	$4,953	$3,965	$8,029	$23,878	$24,331	$8,964	($7,244)	$38,438	$4,031

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
2001	$43,276	$157,297	$11,818	$4,076	$1,713	$0	$1,014	$0	$219,194
2002	39,922	157,212	12,309	1,605	1,535	0	2,154	62,147	276,884
2003	39,862	159,051	21,149	2,231	622	0	1,628	54,439	278,982
2002	$39,922	$157,212	$12,309	$1,605	$1,535	$0	$2,154	$62,147	$276,884
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

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

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

TRANSPORTATION INDUSTRY (1):

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER**	**TOTAL**	**STATE & LOCAL**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
2002	32.5 %	17.3 %	49.8 %	45.3 %	4.9 %	50.2 %	100.0 %
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	33.2	15.2	48.4	43.9	7.7	51.6	100.0
2007	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 **(4)**	—	—	32.8	26.0	41.2	67.2	100.0
2011	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER(2)**	**TOTAL**	**STATE & LOCAL(3)**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
2002	17.8 %	2.5 %	20.3 %	74.0 %	5.7 %	79.7 %	100.0 %
2003	17.1	1.6	18.7	71.9	9.4	81.3	100.0
2004	16.1	1.6	17.7	73.6	8.7	82.3	100.0
2005	16.2	3.0	19.2	72.1	8.7	80.8	100.0
2006	16.7	3.2	19.9	71.9	8.2	80.1	100.0
2007	17.2	2.2	19.4	71.6	9.0	80.6	100.0
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

* 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) Fares and Other revenue is not separated by category. Percentage is displayed in the total column for both.

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
2002	$ 88,306	$ 70,073	$ 53,185	$ 36,085	$ 0	$ 6,064	$ 0	$ 0
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

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**
2002	70.2 %	9.2 %	6.2 %	3.1 %	2.5 %	12.0 %	-3.2 %	100.0 %
2003	69.1	9.0	6.0	3.0	2.6	13.4	-3.1	100.0
2004	68.7	9.1	5.8	3.0	2.6	13.4	-2.6	100.0
2005	66.9	10.1	5.8	3.2	2.5	13.8	-2.3	100.0
2006	66.1	11.3	5.9	3.2	2.5	13.4	-2.4	100.0
2007	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	-2.45	100.0
2010	65.2	10.7	6.6	3.4	2.6	13.8	-2.3	100.0
2011	65.2*	10.7*	6.6*	3.4*	2.6*	13.8*	-2.3*	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**
2002	72.8 %	10.9 %	3.5 %	3.8 %	1.3 %	5.0 %	2.7 %	100.0 %
2003	69.3	8.7	6.9	3.5	3.8	5.0	2.8	100.0
2004	70.6	10.5	4.4	3.9	2.8	5.0	2.8	100.0
2005	69.6	12.8	4.6	4.2	3.1	2.7	3.0	100.0
2006	72.5	12.8	4.0	4.8	2.7	1.3	1.9	100.0
2007	71.8	12.9	4.5	3.9	3.5	1.3	2.1	100.0
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

* 2010 Statistics used for 2011 presentation.
** Excludes Depreciation and Interest
Source:

(1) The American Public Transit Association, APTA 2010 Public Transportation Fact Book , Table 18.

TABLE 7

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

PRINCIPAL SALES TAX COLLECTIONS BY INDUSTRY

2011 and 2006*

2011

Industry	Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$28,417,258	16.16%
Miscellaneous Store Retailers	22,989,513	13.07
Information (including telecommunications)	19,538,196	11.11
General Merchandise Stores	18,896,533	10.74
Accommodation and Food Services	17,381,555	9.88
Building Material and Garden Equipment & Supplies	12,142,894	6.90
Finance and Insurance	11,239,520	6.39
Clothing and Clothing Accessories Stores	8,913,852	5.07
Health and Personal Care Stores	7,819,631	4.45
Administrative and Support Services; Waste Management and Remediation Services	8,782,804	4.99
Total	$156,121,756	88.76%
Total Sales Tax Collection	$175,901,726	

2006

Industry	Amounts Collected	Percentage of Total
Motor Vehicle and Parts Dealers	$22,187,422	13.01%
Miscellaneous Store Retailers	21,327,990	12.51
General Merchandise Stores	16,832,367	9.87
Information (Including Telecommunications)	14,788,748	8.67
Accommodation and Food Services	12,817,129	7.52
Building Material and Garden Equipment and Supplies	11,872,208	6.96
Administrative and Support Services; Waste Management and Remediation Services	6,864,163	4.03
Health and Personal Care Stores	6,645,638	3.9
Clothing and Clothing Accessories Stores	6,545,480	3.84
Real Estate, and Rental and Leasing of Property	6,172,503	3.62
Total	$126,053,648	73.94%
Total Sales Tax Collection	$170,476,647	

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OVERALL DEBT LIMITATION:										
Total Of All GCRTA Debt Outstanding	$124,857	$120,262	$152,529	$144,841	$161,080	$151,473	$176,340	$166,328	$155,220	$142,080
Exempt Debt	124,857	120,262	152,529	144,841	161,080	151,473	176,340	166,328	155,220	142,080
Net Indebtedness (Voted and Unvoted)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Assessed Valuation Of County - (Collection Year)	$28,699,372	$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
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)	1,434,969	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
Net Indebtedness (Voted and Unvoted)	0	0	0	0	0	0	0	0	0	0
Overall Debt Margin	$1,434,969	$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
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	$28,699	$28,546	$30,305	$30,648	$30,646	$33,158	$32,460	$31,880	$31,497	$29,797
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(12,311)	(12,005)	(11,998)	(14,506)	(14,755)	(16,618)	(16,586)	(16,365)	(16,365)	(18,377)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	($12,311)	($12,005)	($11,998)	($14,506)	($14,755)	($16,618)	($16,586)	($16,365)	($16,365)	($18,377)

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
2002	1,379	$ 28,545,714	$ 126,193	0.44 %	$ 91.51
2003	1,364	30,306,032	120,262	0.40	88.17
2004	1,351	30,647,572	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

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	TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME*	BONDED DEBT PER CAPITA*
2002	$ 126,193	$ 6,353	$ 0	$ 0	$ 132,546	*	$ 96.12
2003	120,262	5,938	0	0	126,200	4.11%	$ 92.52
2004	152,529	5,504	0	0	158,033	4.98	116.97
2005	144,841	5,051	0	0	149,892	4.69	112.28
2006	161,080	4,580	0	0	165,660	5.11	126.07
2007	161,080	4,088	25,000	0	190,168	5.70	146.85
2008	176,340	3,575	23,684	0	203,599	6.27	158.57
2009	166,328	3,303	22,308	8,000	199,939	5.99	156.69
2010	155,220	2,460	20,870	0	178,550	5.35	139.49
2011	142,080	0	19,366	0	161,446	4.75	127.12

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

	PERSONAL INC		POPULATION
2002	$ *		1,379
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

*Not available

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011
(UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	$142,080	$0	$142,080	100%	$142,080
County of Cuyahoga (1)	298,114	17,666	280,448	100	280,448
Cuyahoga County Cities, Villages, Townships (1)	1,052,354	40,153	1,012,201	100	1,012,201
Cuyahoga County School Districts (2)	848,241	79,473	768,768	100	768,768
Total Net Direct and Overlapping Debt					$2,203,497

(1) 2011 Tax Budgets filed in July, 2011 and certified unencumbered 2011 balances filed in January, 2012 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2011. 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
2002	$ 214,737	$ 211,564	$ 3,173	$ 5,544	$ 6,064	$ 11,608	.27
2003	222,401	228,854	(6,453)	5,931	5,816	11,747	(0.55)
2004	233,887	220,068	13,819	6,173	4,465	10,638	1.30
2005	238,331	231,566	6,765	7,687	6,698	14,385	.47
2006	244,324	228,845	15,479	8,802	6,981	15,783	.98
2007	250,816	239,166	11,650	9,607	7,012	16,619	.70
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

(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
2002	1,379,049	1,859,472	*	*
2003	1,363,888	1,848,348	$ 30,686,116	$ 22,499
2004	1,351,009	1,842,749	31,750,063	23,501
2005	1,335,317	1,830,011	31,936,777	23,917
2006	1,314,241	1,812,162	32,421,011	24,669
2007	1,295,958	1,794,211	33,344,999	25,730
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

AGE DISTRIBUTION (2)

	NUMBER	PERCENTAGE
Under 5 years	74,025	5.8%
5 – 9 yrs	75,131	5.9
10 – 14 yrs	81,332	6.4
15 – 19 yrs	87,426	6.9
20 – 24 yrs	78,678	6.2
25 – 34 yrs	159,409	12.5
35 – 44 yrs	153,576	12.1
45 – 54 yrs	191,656	15.1
55 – 59 yrs	92,148	7.3
60 – 64 yrs	78,650	6.2
65 – 74 yrs	96,284	7.6
75 – 84 yrs	67,704	5.3
85 yrs and over	34,275	2.7
TOTAL	1,270,294	100.0%
Median age		40
Males		603,211
Females		667,083

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

INCOME (2)	NUMBER	PERCENTAGE
$0 – 14,999	$ 32,663	10.2%
$15,000 – 24,999	28,453	8.9
$25,000 – 49,999	76,454	24.0
$50,000 – 99,999	106,570	33.4
$100,000 -199,999	59,658	18.7
OVER $200,000	15,251	4.8
TOTAL	$ 319,049	100.0%
MEDIAN FAMILY INCOME	$ 58,064	

* 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

*

(continued)

TABLE 13

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
LAST TEN YEARS (Continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Civilian Labor Force	669,700	675,400	664,600	669,600	663,400	657,800	645,600	620,700	628,700	664,377
Total Employed*	624,900	629,600	623,700	629,000	626,700	617,900	601,800	565,000	574,300	594,551
Total Unemployed	44,000	45,800	40,900	40,600	36,700	39,900	43,800	55,700	54,400	69,826
Unemployment Rate	6.7%	6.8%	6.2%	6.1%	5.5%	6.1%	6.8%	9.0%	8.6%	10.5%

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**	**%**
2002	96.5	12.4	118.5	15.3	320.5	41.2	102.7	13.2	68.3	8.8	23.4	3.0	47.6	6.1	777.5*	100.0
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1	69.4	9.1	23.6	3.1	45.3	5.9	766.1*	100.0
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1	69.4	9.1	23.7	3.1	45.0	5.9	760.7*	100.0
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1	68.2	9.0	23.4	3.1	43.1	5.7	757.2*	100.0
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1	65.9	8.7	23.6	3.1	42.5	5.6	757.7*	100.0
2007	81.4	10.9	107.9	14.4	335.3	44.7	98.4	13.1	61.1	8.1	24.1	3.2	41.8	5.6	750.0*	100.0
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

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

2011 AND 2001

2011

Employer	Naure of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	34,000	6.0%
U.S. Office of Personnel Management	Federal Government	15,095	2.7
University Hospitals Health System	Health Care	13,726	2.4
Giant Eagle, Inc.	Grocery Store Chain	10,311	1.8
Progressive Corporation	Insurance	8,612	1.5
Summa Health System	Health Care Provider	8,000	1.4
Cuyahoga County	County Government	7,859	1.4
State of Ohio	State Government	7,792	1.4
United States Postal Service	U. S. postal service	7,362	1.3
Group Management Services, Inc.	Professional Employer Organization	7,242	1.3
City of Cleveland	Municipal Government	7,089	1.3
	Total	127,088	22.5%
	Total County Employment	565,000	

2001

Employer	Naure of Business	Employees	Percentage of Total County Employment
Cleveland Clinic Health System	Health Care	20,891	3.2%
University Hospitals Health System	Health Care	15,312	2.3%
Cuyahoga County	County Government	10,461	1.6%
U.S. Office of Personnel Management	Federal Government	9,962	1.5%
Cleveland Municipal School District	Public School District	9,773	1.5%
City of Cleveland	Municipal Government	8,653	1.3%
Ford Motor Company	Automotive	7,935	1.2%
KeyCorp	Financial Services	7,700	1.2%
U.S. Postal Service	U.S. Mail	6,055	0.9%
National City Corporation	Financial Services	5,513	0.8%
	Total	102,255	15.5%
	Total County Employment	661,700	

Sources: Crain's Cleveland Business - Book of Lists 2011 and 2001
Ohio Bureau of Employment Services

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS
(UNAUDITED)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SYSTEM RIDERSHIP:										
Motor Bus	45,157,626	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
Heavy Rail	7,186,189	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
Light Rail	3,057,728	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
Demand Responsive	323,976	248,427	297,087	335,970	343,443	481,112	385,310	410,770	550,711	579,072
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus	152,444	157,764	162,303	166,238	166,754	164,548	166,364	142,631	122,662	124,343
Heavy Rail	17,052	15,824	17,331	18,733	18,892	20,397	20,914	17,816	11,405	9,650
Light Rail	10,699	9,300	9,395	9,506	10,030	11,044	11,432	9,804	7,592	18,495
Demand Responsive	1,103	1,080	1,343	1,530	1,550	1,661	1,778	1,867	1,769	1,868
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus	85,427	85,585	81,972	86,751	80,134	79,029	71,674	65,803	51,308	48,983
Heavy Rail	3,582	3,529	5,002	3,566	3,593	3,584	3,443	5,381	2,796	5,233
Light Rail	2,628	2,647	3,150	2,661	2,459	2,446	2,464	2,380	2,025	2,042
Demand Responsive	6,768	6,576	6,129	7,941	8,200	9,259	8,072	12,752	15,322	16,161
REVENUE MILES:										
Motor Bus	21,898,961	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
Heavy Rail	1,773,310	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
Light Rail	860,336	954,081	1,011,795	1,005,741	869,868	805,600	799,595	756,929	661,218	715,539
Demand Responsive	1,577,180	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
PASSENGER MILES:										
Motor Bus	171,543,310	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
Heavy Rail	53,955,185	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
Light Rail	18,063,245	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
Demand Responsive	1,398,185	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

(Continued)

TABLE 15

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ENERGY CONSUMPTION:										
Motor Bus										
(gallons of fuel)	3,985,709	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
(lbs. of natural gas)	1,470,492	1,834,515	1,593,424	1,390,926	1,064,151	434,773	230,813	55,495	—	
Heavy Rail										
(kilowatt hours)	27,558,604	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
Light Rail										
(kilowatt hours)	12,339,510	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
Demand Responsive										
(gallons of fuel)	994,962	222,370	247,010	271,723	283,029	318,960	307,883	463,192	531,510	246,873
FLEET REQUIREMENT DURING PEAK HOURS:										
Motor Bus	544	548	544	518	514	522	469	424	322	306
Heavy Rail	22	22	22	22	22	22	22	22	22	18
Light Rail	15	17	17	17	17	17	17	17	17	12
Demand Responsive	66	75	62	75	68	74	73	122	102	111
TOTAL ACTIVE VEHICLES DURING PERIOD:										
Motor Bus	738	701	686	654	663	620	556	506	405	382
Heavy Rail	60	60	60	60	60	60	60	60	60	60
Light Rail	48	48	48	48	48	48	48	48	48	48
Demand Responsive	82	76	74	75	77	77	86	129	120	127
NUMBER OF EMPLOYEES	2,753	2,644	2,597	2,643	2,644	2,653	2,577	2,374	2,115	2,103

Source:

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

(Concluded)

TABLE 16

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING INFORMATION-CAPITAL ASSETS
FISCAL YEAR 2002 THROUGH FISCAL YEAR 2011 (IN THOUSANDS)
(UNAUDITED)

YEAR	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital Assets Not Being Depreciated										
Land	$ 18,842	$ 20,901	$ 21,352	$ 27,454	$ 32,365	$ 32,903	$ 34,665	$ 38,563	$ 38,671	$38,510
Construction in Progress	83,416	46,474	67,548	63,169	92,090	141,258	19,680	25,671	36,649	20,849
Total Capital Assets Not Being Depreciated	102,258	67,375	88,900	90,623	124,455	174,161	54,345	64,234	75,320	59,359
Capital Assets Being Depreciated:										
Infrastructure	41,985	46,670	52,702	54,316	54,339	55,883	58,189	62,285	62,879	63,009
Right of Ways	238,765	240,718	248,327	251,540	251,668	266,911	270,116	272,712	272,723	274,334
Building, Furniture & Fixtures	370,381	386,376	387,749	421,230	429,803	439,884	442,177	445,019	454,569	481,619
Transportation and Other Equipment	322,119	376,079	367,305	373,103	389,577	398,111	419,449	430,335	411,981	405,618
Bus Rapid Transit	0	0	0	0	0	0	157,845	162,440	162,334	162,353
Total Capital Assets Being Depreciated	973,250	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
Less Accumulated Depreciation:										
Infrastructure	5,363	6,095	6,933	7,991	9,127	10,298	11,481	12,715	14,045	15,376
Right of Ways	98,557	104,822	111,026	117,220	123,437	129,861	136,439	143,051	149,682	156,323
Building, Furniture & Fixtures	124,037	136,235	148,662	159,165	172,464	185,914	199,129	212,919	226,864	241,529
Transportation and Other Equipment	222,545	221,089	224,555	230,721	242,346	264,318	274,720	288,002	272,139	285,804
Bus Rapid Transit	0	0	0	0	0	0	557	4,119	7,727	11,334
Total Accumulated Depreciation:	450,502	468,241	491,176	515,097	547,374	590,391	622,326	660,806	670,457	710,366
Net Capital Assets Being Depreciated	522,748	581,602	564,907	585,092	578,013	570,398	725,450	711,985	694,029	676,567
Net Capital Assets, End of Year	$ 625,006	$ 648,977	$ 653,807	$ 675,715	$ 702,468	$ 744,559	$ 779,795	$ 776,219	$ 769,349	$ 735,926

TABLE 17

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

FAREBOX RECOVERY PERCENTAGE
LAST TEN YEARS
(UNAUDITED)

YEAR	PERCENTAGE
2002	18.9%
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	22.8

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

FARE STRUCTURE
DECEMBER 31, 2011

Cash Fares (Effective 09/01/09)	
Bus	$2.25
Rapid	$2.25
Park-N-Ride Bus	$2.50
Trolley/Loop/Circulator	$1.50
Senior/Disabled	$1.00
Paratransit	$2.25
Out-of-County	$2.50

Farecards - 5 Ride (Effective 09/01/09	
Bus/Rapid	$11.25
Park-N-Ride Bus	$12.50
Trolley/Loop/Circulator	$7.50
Senior/Disabled	$5.00

Monthly Passes (Effective 09/01/09)	
Bus/Rapid	$85.00
Park-N-Ride Bus	$95.00
Senior/Disabled	$38.00

7 Day Passes (Effective 09/01/09)	
Bus/Rapid	$22.50
Park-N-Ride Bus	$25.00
Senior/Disabled	$10.00

All Day Passes (Effective 10/27/08)	
Individual	$5.00
Senior/Disabled/Child	$2.50

Student ticket are $1.75 per trip and are only available through local schools.

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

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

rideRTA.com

The Greater Cleveland Regional Transit Authority

Single Audit Reports
December 31, 2011

The Greater Cleveland Regional Transit Authority

For the Year Ended December 31, 2011

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

Board of Trustees
Greater Cleveland Regional Transit Authority

We have audited the financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012, wherein we noted that the Authority adopted *GASB Statement No. 59* as disclosed in Note 2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Board of Trustees
Greater Cleveland Regional Transit Authority

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 28, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Greater Cleveland Regional Transit Authority

Compliance

We have audited the Greater Cleveland Regional Transit Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012, which contained an unqualified opinion on those financial statements, wherein we noted the Authority adopted *GASB Statement No. 59* as disclosed in Note 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 28, 2012

Greater Cleveland Regional Transit Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	N/A	$ 25,364,534
Demonstration Operating Assistance – Healthline	20.507	OH-95-X053	7,129,442
Federal Transit Administration Capital Improvement Grants	20.500	N/A	10,049,917
ARRA - Capital Improvement Grant	20.507	OH-96-0027	2,932,440
ARRA - Capital Improvement Grant	20.500	OH-56-0002	1,195,219
Total Federal Transit Cluster/Direct Programs			46,671,552
ARRA – Capital Improvement Grant	20.523	OH-77-0001	1,342,514
Transit Services Programs Cluster:			
Job Access and Reverse Commute	20.516	OH-37-4059	656,887
New Freedom Program	20.521	OH-57-0022	2,676
Total Transit Services Programs Cluster			659,563
Total U.S. Department of Transportation			48,673,629
Federal Highway Administration:			
Highway Planning and Construction Cluster:			
Federal Transit Administration Highway Planning and Construction Grants	20.205	OH-12-0001	151,511
Passed Through Ohio Department of Transportation:			
Federal Transit Administration Highway Planning and Construction Grants	20.205	78837	67,839
Federal Transit Administration Highway Planning and Construction Grants	20.205	78840	552,239
Surface Transportation Program	20.205	16607	715,000
Total Federal Highway Planning and Construction Cluster			1,486,589

The accompanying notes are an integral part of this schedule.

Greater Cleveland Regional Transit Authority

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through/ Entity Identifying Number	Federal Expenditures
Federal Transit Cluster:			
Passed Through Ohio Department of Transportation:			
Federal Transit Administration Highway Planning and Construction Grants	20.500	OH-95-X024	155,800
Federal Transit Administration Highway Planning and Construction Grants	20.507	OH-90-X703	1,092,416
Total Federal Transit Cluster			1,248,216
Total Federal Highway Administration			2,734,805
Federal Emergency Management Agency:			
Transit Security Grant Program	97.075	2009-A-T9-0063	537,351
Transit Security Grant Program	97.075	2010-RA-T0-0040	268,270
Passed through Ohio Emergency Management Agency:			
Transit Security Grant Program	97.075	2008-RL-T8-0010	131,094
Transit Security Grant Program	97.075	2007-RL-T7-0113	51,730
Total Transit Security Grant Program			988,445
ARRA Transit Security Grant Program	97.113	2009-RA-R1-0097	514,243
Total Federal Emergency Management Agency			1,502,688
Total Expenses of Federal Awards			$ 52,911,122

The accompanying notes are an integral part of this schedule.

Greater Cleveland Regional Transit Authority

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2011

Note 1 – Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards ("Schedule") reflects the expenditures of the Greater Cleveland Regional Transit Authority under programs financed by the U.S. government for the year ended December 31, 2011. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly and indirectly (passed-through) between the Authority and agencies and departments of the federal government.

Greater Cleveland Regional Transit Authority

Schedule of Findings
OMB Circular A-133 Section .505

For the Year Ended December 31, 2011

1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d)(I) (iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Program	**Federal Transit Cluster/Direct Programs:** Federal Transit Administration Capital and Operating Assistance Formula Grants, CFDA #20.507 Demonstration Operating Assistance – Healthline, CFDA #20.507 Federal Transit Administrative Capital Improvement Grants, CFDA #20.500 *ARRA* – Capital Improvement Grant, CFDA #20.507 *ARRA* – Capital Improvement Grant, CFDA #20.500
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$ 1,587,334 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None noted.

3. Findings for Federal Audits

None noted.

Greater Cleveland Regional Transit Authority

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

For the Year Ended December 31, 2011

Findings Number 2010-01

CFDA Title and Number	Federal Transit Administration – *ARRA* – Capital Improvement Grant, #20.507; OH-96-0027
Federal Award Year	2010
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Allowable Activities – Questioned Costs

It was discovered that the Authority prepared a duplicative request for reimbursement in the amount of $529,981 for labor and fringe benefits related to a Federal Transit Administration (FTA) *ARRA* Capital Improvement Grant (CFDA No. 20.507).

We recommend the Authority adopt policies and procedures to ensure that reimbursement requests are properly calculated prior to submission to the FTA.

Officials Response:
The Authority agreed with the questioned cost. The amount was returned to FTA on June 14, 2011. This deficiency is an isolated instance. The Authority has a process in place to prevent this type of instance from occurring. However, the process was not followed. We will continue to monitor our process to ensure that our supervisory staff review procedures are being followed throughout the entire process.

Current Status:
No such issues noted in the current year.

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

For the Year Ended December 31, 2011

Findings Number 2010-02

CFDA Title and Number	Federal Transit Administration Cluster, #20.507 and #20.500
Federal Award Year	2010
Federal Agency	U.S. Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Allowable Costs – Indirect Cost Rate – Noncompliance

According to a report received from the FTA regarding their review of the RTA Cost Allocation Plan, the Authority's Cost Allocation Plan methodology was not in compliance with 2 CFR Part 225 (Code of Federal Regulations). Based upon this, the Authority cannot submit any cost reimbursement requests in 2011 until a new rate has been calculated and accepted by the FTA.

We recommend the Authority calculate the indirect costs in accordance with the Code of Federal Regulations.

Officials Response:
The Authority submitted a response to the FTA, dated June 29, 2011, including a corrective action plan to address each area of noncompliance. In addition, the Authority did not request the use of FTA funds to cover the costs of any indirect costs associated with FTA funded grant activity until FTA approved the Authority's cost allocation plan. A provisional indirect cost rate was approved by the FTA on August 12, 2011.

Current Status:
No such issues noted in the current year.

Dave Yost • Auditor of State

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 4, 2012