GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Single Audit Report
for the Year Ended
December 31, 2001

STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

Board of Trustees
Greater Cleveland Regional Transit Authority

We have reviewed the Independent Auditor's Report of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by Deloitte & Touche LLP for the audit period January 1, 2001 through December 31, 2001. 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.

JIM PETRO
Auditor of State

August 2, 2002

This Page is Intentionally Left Blank.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

TABLE OF CONTENTS

RTA

The Greater Cleveland
Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100

July 31, 2002

Dear Users of the Authority's Financial Statements:

The accompanying financial statements of the Authority as of and for the year ended December 31, 2001 include the financial statements and notes required under accounting principles generally accepted in the United States of America that are essential to fair presentation of the Authority's financial position, results of operations and cash flows. Additional information regarding the Authority's financial activities for 2001 is available in the Authority's separately issued Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2001. Copies of the CAFR can be obtained by contacting me at:

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

Telephone: (216) 566-5275

Sincerely,

Loretta Kirk
Deputy General Manager
Finance and Administration

Deloitte & Touche LLP
Suite 2500
127 Public Square
Cleveland, Ohio 44114-1303

Tel: (216) 589-1300
Fax: (216) 589-1369
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio 44113

We have audited the accompanying financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of December 31, 2001 and 2000 and for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. 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 audit 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 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, such financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2001, the Authority implemented Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and, retroactively, restated its financial statements as of and for the year ended December 31, 2000 for the change.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended December 31, 2001 is presented for the purpose 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 basic financial statements. This schedule is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2002 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended December 31, 2001. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

June 25, 2002

Deloitte
Touche
Tohmatsu

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE BALANCE SHEETS

December 31, 2001 and 2000

ASSETS	2001	2000
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 14,482,820	$ 14,699,470
Short Term Investments	1,768,812	8,955,557
Receivables:		
Sales and Use Tax	40,668,737	41,469,114
State Operating Assistance	209,514	442,259
State Contribution	1,695,000	1,620,000
Accrued Interest and Other	1,441,209	605,063
Materials and Supplies Inventory	8,807,345	9,446,424
Total Current Assets	69,073,437	77,237,887
RESTRICTED ASSETS:		
Cash and Cash Equivalents	35,957,168	21,058,972
Investments	9,613,895	5,543,913
Receivables:		
Accrued Interest and Other	50,184	44,045
State Capital Assistance	1,836,472	907,101
Federal Capital Assistance	1,464,234	1,790,462
Total Restricted Assets	48,921,953	29,344,493
PROPERTY, FACILITIES AND EQUIPMENT		
Land	18,393,575	18,388,176
Right-of-Ways	270,894,209	256,840,059
Buildings, Improvements, Furniture and Fixtures	366,378,970	364,669,014
Transportation and Other Equipment	308,136,056	298,016,931
Construction in Progress	56,347,891	40,849,882
Total	1,020,150,701	978,764,062
Less Accumulated Depreciation	(423,492,942)	(389,607,930)
Property, Facilities and Equipment-Net	596,657,759	589,156,132
OTHER NON-CURRENT ASSETS:		
Receivables-State Contribution		1,695,000
TOTAL ASSETS	$714,653,149	$ 697,433,512

	2001	2000
CURRENT LIABILITIES:		
Accounts Payable	$ 8,225,273	$ 7,271,632
Accrued Compensation	21,616,235	21,510,000
Other Accrued Expenses	1,892,338	2,096,140
Interest Payable – Bonds	594,729	412,646
Current Portion of Long-Term Debt	5,488,598	4,140,347
Capital Lease Obligation-Current Portion	1,695,000	1,620,000
Deferred Revenue	1,695,000	1,620,000
Self-Insurance Liabilities - Current Portion	6,296,150	5,124,181
Total Current Liabilities	47,503,323	43,794,946
CURRENT LIABILTIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts and Other Payables	5,894,313	5,758,256
Contract Retainers	1,398,247	1,596,654
Total Current Liabilities Payable from Restricted Assets	7,292,560	7,354,910
NON-CURRENT LIABILITES:		
Long-Term Debt	124,293,418	97,097,639
Self-Insurance Liabilities	11,692,850	9,516,335
Capital Lease Obligation		1,695,000
Deferred Revenue	1,203,280	3,056,806
Other	1,184,925	1,184,925
Total Non-Current Liabilities	138,374,473	112,550,705
Total Liabilities	193,170,356	163,700,561
EQUITY:		
Contributed Capital:		
Federal Grants	362,383,910	362,383,910
State Grants	36,394,590	36,394,590
Total Contributed Capital	398,778,500	398,778,500
Retained Earnings	122,704,293	134,954,451
Total Equity	521,482,793	533,732,951
TOTAL LIABILITIES AND EQUITY	$ 714,653,149	$ 697,433,512

See notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
OPERATING REVENUES:		
Passenger Fares	$ 41,042,207	$ 41,583,403
Advertising and Concessions	2,234,097	3,005,320
Total Operating Revenues	43,276,304	44,588,723
OPERATING EXPENSES:		
Labor and Fringe Benefits	161,145,907	154,575,131
Materials and Supplies	22,475,097	23,184,688
Services	9,551,045	13,431,625
Utilities	9,448,351	7,676,277
Self-Insurance Claims	11,826,805	5,584,150
Purchased Transportation	11,324,747	9,817,965
Leases and Rentals	775,526	616,924
Taxes	1,191,732	1,366,468
Miscellaneous	3,397,966	4,016,635
Total Operating Expenses Excluding Depreciation	231,137,176	220,269,863
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(187,860,872)	(175,681,140)
DEPRECIATION EXPENSE	36,251,294	37,093,494
OPERATING LOSS	(224,112,166)	(212,774,634)
NON-OPERATING REVENUES (EXPENSES):		
Sales and Use Tax Revenues	157,297,363	161,272,890
Federal Grants and Reimbursements	11,817,902	5,540,224
State Grants, Reimbursements, and Special Fare Assistance	4,076,079	6,178,290
Investment Income	1,712,765	2,743,549
Interest Expense	(5,637,147)	(5,672,442)
Gain on Disposal of Fixed Assets		2,213,468
Other Income	1,013,551	709,321
Total Non-operating Income – Net	170,280,513	172,985,300
NET LOSS BEFORE CAPITAL GRANT ACTIVITY	(53,831,653)	(39,789,334)
CAPITAL GRANT REVENUE:		
Federal	28,744,778	27,159,220
State	11,225,441	4,731,753
Local	1,611,276	
TOTAL CAPITAL GRANT REVENUE	41,581,495	31,890,973
Decrease in Equity During the Year	(12,250,158)	(7,898,361)
Equity, Beginning of Year (As Restated-See Note 2)	533,732,951	541,631,312
Equity, End of Year	$ 521,482,793	$ 533,732,951

See notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Cash received from customers	$ 42,434,019	$ 45,216,311
Cash payments to suppliers for goods and services	(56,775,546)	(56,076,890)
Cash payments to employees for services	(109,775,876)	(111,277,058)
Cash payments for employee benefits	(51,263,796)	(42,668,083)
Cash payments for casualty and liability	(8,478,321)	(5,751,389)
Net cash used in operating activities	(183,859,520)	(170,557,109)
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:		
Sales and use taxes received	158,097,740	160,748,147
Grants, reimbursements and special fare assistance:		
Federal	11,817,902	5,540,224
State	4,308,824	5,736,031
Other revenue	830,846	559,593
Net cash provided by non-capital financing activities	175,055,312	172,583,995
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	29,071,006	27,776,472
State capital grants received	8,520,228	2,208,334
Local capital grants received	1,611,276	
Proceeds from bond issuance	30,378,210	
Proceeds from State Infrastructure Bank Loan	2,077,121	4,867,879
Proceeds from disposal of land		3,300,000
Acquisition and construction of fixed assets	(43,874,755)	(36,530,360)
Principal paid on bond maturities and other debt	(4,198,100)	(3,835,000)
Interest paid on bonds and other debt	(4,937,889)	(5,175,268)
Net cash provided by (used in) capital and related financing activities	18,647,097	(7,387,943)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Proceeds from maturities of investments	33,417,896	35,146,675
Purchases of investments	(30,301,133)	(9,878,145)
Interest received from investments	1,721,894	2,681,380
Net cash provided by investing activities	4,838,657	27,949,910
Net Increase In Cash and Cash Equivalents	14,681,546	22,588,853
Cash and Cash Equivalents, Beginning of Year	35,758,442	13,169,589
Cash and Cash Equivalents, End of Year	$50,439,988	$35,758,442

See notes to financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)

	2001	2000
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$(224,112,166)	$(212,774,634)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	36,251,294	37,093,494
Change in assets and liabilities:		
(Increase) decrease in other receivables	(842,285)	627,588
Decrease in materials and supplies inventory	639,079	116,171
Increase in accounts payable, accrued compensation, self-insurance liabilities and other	4,204,558	4,380,272
Net Cash Used In Operating Activities	$ (183,859,520)	$(170,557,109)

See notes to financial statements.

(Concluded)

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 electors 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 2001.

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 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 support or had any significant financial transactions with the Authority during 2001.

As discussed in Note 7, the Authority contracts with two municipalities for assistance in providing transit service within the County.

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 accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources. The Authority also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to the extent that they do not contradict/conflict with GASB pronouncements.

Basis of Accounting - The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Nonexchange Transactions - Effective January 1, 2001, the Authority implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The Authority's principal nonexchange transactions involve the receipt of sales and use tax monies from the State of Ohio Department of Taxation, along with federal, state, and local grants for operating assistance as well as the acquisition of property, facilities and equipment. Substantially all of the Authority's nonexchange transactions represent reimbursement-type grants and sales tax revenues. The reimbursement-type grants are recorded as revenue in the period in which the related expenditures are incurred. Sales tax revenues are recorded as revenue in the months in which the underlying sales transactions occur.

The principle changes in accounting that resulted from GASB Statement No. 33 are the requirement that the Authority report capital grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the months the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio. As part of the implementation of GASB Statement No. 33, the Authority also ceased its practice of closing depreciation expense recognized on assets funded through capital grants to contributed capital. As required under GASB 33, the Authority has retroactively restated its financial statements as of and for the year ended December 31, 2000 as follows:

Increase (decrease) in amounts previously reported:

Balance Sheet	
Sales and use tax receivable	$15,330,417
Retained earnings	15,330,417
Statement of Revenues and Expenses	
Sales and use tax revenues	(718,675)

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.

Investment Securities - Investments are stated at fair value.

Materials and Supplies Inventory - Materials and supplies inventory are stated at average cost. 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 is not expected to be utilized within one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Depreciation - Property, facilities 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
Buildings and improvements	20-60
Transportation and other equipment	5-15
Furniture and fixtures	3-15
Rolling stock	7-12

Restricted Assets - Restricted assets consist of monies and other resources, the use of which is legally restricted for the following purposes:

- Capital acquisition and construction
- Self-insurance; catastrophic losses
- Law enforcement

Recognition of Revenue and Receivables - Passenger fares are recorded as revenue at the time services are performed.

Sales and use tax revenues are recognized in the month in which the underlying sales transactions occur.

The federal government, through the Federal Transit Administration ("FTA") and the Ohio Department of Transportation ("ODOT"), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant 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 nonoperating 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 nonoperating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

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 fifty days.

Self-Insurance Liabilities and Expense - The Authority has a self-insurance program for third party public liability and property damage claims. The Authority also operates a self-insurance program for 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.

Both 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 and legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Accounting and Control - The Authority's annual budget, as provided by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The major differences between the budget basis and GAAP basis are:

1) Revenues are recorded when received (budget) as opposed to when earned (GAAP);

2) Expenses are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP); and

3) Budget basis includes proceeds of long-term debt as revenue and capital outlay and debt principal payments as expenses, and excludes depreciation on, as well as gains and losses on disposition of, property and equipment.

Reported budgeted amounts are as originally adopted and amended by appropriations resolutions passed by the Board. Four budget amendments were passed by the Board during 2001, increasing 2001 appropriations by $2.6 million, and three budget amendments were passed by the Board during 2000, increasing 2000 appropriations by $2.0 million. The budget for each division and department is represented by appropriations. Any increase in the total Authority appropriations must be approved by the Board. Any inter-divisional budget transfers must be approved by the General Manager. Appropriations to applicable departments within a division and to accounts within a department may be modified by the appropriate Deputy General Manager and the Financial Planning & Budgeting Department. All budget transfers must be reported to the Board within 30 days after the end of the month in which the transfer occurred.

Reclassifications - Certain reclassifications have been made to the 2000 financial statements to conform with the 2001 presentation.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The investment and deposit of Authority monies is 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 saving 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 thirty days.

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. 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. State law does not require that security maintained for public deposits and investments be held in the Authority's name.

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.

Deposits - The carrying amount of the Authority's deposits was an overdraft of $633,713 at December 31, 2001 with a $2,338,142 bank balance. Of the bank balance, $100,000 was covered by federal depository insurance. The remaining balance, $2,238,142 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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments – The Authority's investments are detailed below and are categorized to give an indication of the level of credit risk assumed as of year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Balances with Star Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the Authority's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Description	**Risk Category**			**Fair Value/**
	1	**2**	**3**	**Carrying Value**
U.S. Government and Agency Securities	$11,382,706			$11,382,706
Investment in state treasurer's investment pool (STAROhio)				51,073,702
Total				$62,456,408

At December 31, 2001, the Authority's cash, cash equivalents and investments consist of the following:

Demand deposits	$ (633,713)
Investments	62,456,408
Total	$ 61,822,695

The balances are included in the accompanying December 31, 2001 balance sheet under the following captions:

Current Assets:	
Cash and cash equivalents	$ 14,482,820
Investments	1,768,812
Restricted Assets:	
Cash and cash equivalents	35,957,168
Investments	9,613,895
Total	$ 61,822,695

4. CONSTRUCTION IN PROGRESS AND COMMITMENTS

During 2001, major construction projects aggregating $18.3 million were completed and transferred to the appropriate property, facilities and equipment accounts. Major projects included the rehabilitation of rail track and bridges ($13.6 million), and the purchase of Orion II Circulator buses ($3.9 million). Included in the December 31, 2001 construction in progress balance are costs associated with the Integrated Communication Center, the Euclid Corridor Transportation Project, the Windermere Headstart Project, the purchase of Nova LFS bus coaches, and various other projects. Remaining costs to complete these projects as of December 31, 2001, which will extend over a period of several years, total $89.7 million. Approximately $66.1 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.

5. LONG TERM DEBT

Long-term debt consists of the following:

	December 31,	
LOAN & GENERAL OBLIGATION BONDS PAYABLE:	**2001**	**2000**
Capital improvement bonds, Series 1996, due annually to 2011 at an average rate of 5.24%	$ 35,735,000	$ 38,460,000
Capital improvement bonds, Series 1998, due annually to 2018 at an average rate of 4.61%	29,655,000	30,800,000
Capital improvement refunding bonds, Series 1998R, due annually to 2016 at an average rate of 4.17%	28,635,000	28,770,000
Capital improvement bonds, Series 2001, due annually to 2021, at an average rate of 4.73%	29,890,000	
State Infrastructure Bank Loan, due annually to 2014, at a fixed rate of 4.25%	6,751,900	4,867,879
Total debt	130,666,900	102,897,879
Deferred amount on refunding	(1,411,344)	(1,700,393)
Premium on Series 1998 bonds	38,250	40,500
Premium on Series 2001 bonds	488,210	
Long-term debt	129,782,016	101,237,986
Less current portion	5,488,598	4,140,347
Long-term portion	$ 124,293,418	$ 97,097,639

Certain bonds maturing after December 31, 2006 are subject to optional redemption by the Authority prior to maturity.

On November 15, 1998, the Authority issued $28,965,000 of general obligation capital improvement refunding bonds. A portion of the proceeds of the bonds was used for the advance refunding of $26,425,000 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

5. LONG TERM DEBT (Continued)

payments of the refunded debt. The total amount of funds available in the trust at December 31, 2001 was $27,833,653. The refunded bonds, which have an outstanding balance of $26,425,000 at December 31, 2001 are not included in the Authority's outstanding debt since the Authority has satisfied its obligations through the advance refunding. The principal balance of the general obligation capital improvement refunding bonds at December 31, 2001 was $28,635,000.

The 1998 general obligation capital improvement refunding bonds' advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,288,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in proportion to stated interest requirements through the year 2006.

In 1998, the Authority entered into a loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank 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, 2001, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation of the Cuyahoga River Viaduct Project.

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 percent to 5.63 percent per annum and mature in various installments through December 1, 2021. The principal balance of the capital improvement bonds at December 31, 2001 was $29,890,000.

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 percent 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.

The annual requirements to pay principal and interest on the bonds and loan outstanding at December 31, 2001 are as follows:

Year	**Principal**	**Interest**
2002	$ 5,488,598	$ 6,785,673
2003	5,795,717	6,515,617
2004	6,038,574	6,252,155
2005	6,302,196	5,928,457
2006	6,586,619	5,584,937
2007 and thereafter	100,455,196	35,516,807
Total	**$ 130,666,900**	**$ 66,583,646**

6. CAPITAL LEASE OBLIGATION

In 1995, $10 million Series 1995 Certificates of Participation were issued by a bank to fund a portion of the construction of the Waterfront Transit Line Project. In connection with the issuance of the Series 1995 Certificates of Participation, the Authority entered into a capital lease agreement (as lessee) with McDonald Financial Services, Inc. (MFSI) for certain parcels of real property together with all buildings, structures, and other improvements related to the Waterfront Transit Line Project.

The Authority has entered into an agreement with the State of Ohio Department of Transportation (ODOT) whereby ODOT has agreed to make payments to the Authority in amounts equal to the payments required under the capital leases. The payments by ODOT to the Authority are subject to receipt by ODOT of appropriations of sufficient amounts of money

6. CAPITAL LEASE OBLIGATION (continued)

for that purpose by the General Assembly of the state of Ohio and the Certification as to the availability of such funds by the State Director of Budget and Management pursuant to Section 126.07 of the Ohio Revised Code (the "OMB Certification"). The Authority has recognized a receivable and deferred revenue from ODOT related to this agreement. Nonoperating revenues are recognized upon receipt of the annual payments made by ODOT.

Future capital lease payments are as follows as of December 31, 2001:

YEAR	TOTAL PAYMENTS
2002	$ 1,775,512
Less amount representing interest	(80,512)
Present Value of Lease Payments	$ 1,695,000

7. PURCHASED TRANSPORTATION SERVICES

During 2001 and 2000, the Authority had operating agreements with two Ohio cities that provide transit services within Cuyahoga County. The agreements provide for a fixed rate of reimbursement based on actual vehicle miles and standard operator platform hours. Expenses under these agreements were $7,520,800 in 2001 and $7,610,981 in 2000. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

In addition, the 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 $3,803,946 in 2001 and $2,206,984 in 2000.

8. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance included in the comparative statements of revenues, expenses and changes in equity for the years ended December 31 consist of the following:

	2001	2000
FEDERAL:		
FTA Capital Grants	$28,744,778	$27,159,220
FTA Maintenance Assistance	11,817,902	5,540,224
Total	$40,562,680	$32,699,444
STATE:		
ODOT Capital Grants	$11,225,441	$4,731,753
ODOT Maintenance Assistance	2,073,553	4,757,935
ODOT Elderly and Handicapped Grants	896,796	291,303
ODOT Fuel Tax Reimbursement	1,105,730	1,129,052
Total	$15,301,520	$10,910,043

9. 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, 2001, there were no significant 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. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

In 1997 the Authority entered into a contract with a third party for preliminary engineering work associated with the Euclid Corridor Transportation Project, for a firm fixed price of $3.5 million. Through a series of change orders, the contract price increased to approximately $13 million as the project progressed from being conceptual in nature to the actual preliminary engineering phases. Since 1997, the Authority has received approximately $6 million in Federal funding with respect to this project. During 2001, the Federal Transit Administration ("FTA"), through a third party consultant, reviewed the Authority's records for this contract and identified a number of concerns with the administration of the contract by the Authority. The Authority believes the contract, including the change orders, was procured and administered in accordance with Federal requirements. The Authority is in the process of preparing its response to FTA's concerns and has engaged an independent public accounting firm to assist them in preparing the response. Pending receipt of the Authority's response, FTA has stopped its funding of the contract, but has not requested a refund of previous Federal funding. The ultimate outcome of this matter cannot presently be determined.

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.

10. RETIREMENT BENEFITS

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description - All full time employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS). It is a cost-sharing multiple-employer defined benefit pension plan created by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions which are summarized as follows:

	Contribution Rate as a % of Covered Salaries	Contributions		
		2001	2000	1999
By Authority	10.84 – 13.55	$16,839,876	$ 13,395,931	$16,113,397
Less healthcare portion	4.20 – 4.30	(5,344,020)	(5,313,884)	(4,994,559)
Required employer contribution		11,495,856	8,082,047	11,118,838
By employees	8.50	10,563,760	10,504,190	10,108,035
Total pension contributions		$22,059,616	$ 18,586,237	$21,226,873

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

10. RETIREMENT BENEFITS (continued)

Healthcare - PERS provides postretirement healthcare coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients are also available.

The healthcare coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS (4.3% of the total 13.55% contributed in 2001) is set-aside for the funding of postretirement healthcare. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement healthcare through their contributions to PERS. The statutory healthcare contribution requirement from the Authority for years ended December 31, 2001 and 2000 (which is included in the Authority's total PERS contribution) was $5,344,020 and $5,313,884, respectively. At December 31, 2001, the Authority was not responsible for paying premiums, contributions or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. For actuarial valuation purposes, a smoothed marked approach is used . Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2000 was 7.75%.

Active Employee Total Payroll. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to ranged from 0.54% to 5.1%.

Health Care. Health care costs were assumed to increase 4.75%.

At December 31, 2000 (latest information available), there were 411,076 active participants contributing to the plan. The Authority's actuarially required OPEB contribution for 2000 equaled the actual amount contributed to PERS by the Authority. In addition, at December 31, 2000, the actual value of the plan's net assets available for OPEB approximated $11.7 billion and the actuarial accrued liability, based on the actuarial method used, were $14.4 billion and $2.7 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

11. 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 $843,487,000 and the deductible is $250,000 so there is substantial insurance protection in this area. The Authority also purchases excess liability insurance to protect its assets against severe losses. This umbrella liability coverage is in the amount of $75,000,000 per claim in excess of a $5,000,000 self-insured retention. In essence, the Authority is self-insured for third party or public liability and property damage but has protection for the catastrophic loss exposure. Settled claims have not exceeded coverage in any of the last three years.

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.

The Authority also operates a self-insurance program for workers' compensation claims. Excess workers' compensation insurance coverage protects the Authority in excess of a self insured retention of $250,000 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, 2001 was $5 million and is recorded in restricted assets in the accompanying balance sheets.

Changes in the Authority's self insurance liabilities for third party public liability, property damage, and worker's compensation claims in 2001 and 2000 were:

Year	Balance Beginning of Year	Incurred Claims	Payments	Balance End of Year
2001	$ 14,640,516	$11,826,805	$ 8,478,321	$ 17,989,000
2000	14,807,755	5,584,150	5,751,389	14,640,516

12. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," Statement No. 37, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Disclosures." These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. These statements are effective for the Authority's year ending December 31, 2002. The Authority has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Transit Cluster/Direct Programs:			
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	N/A	$20,084,902
Federal Transit Administration Capital Improvement Grants	20.500	N/A	20,466,163
TOTAL EXPENDITURES OF FEDERAL AWARDS			$40,551,065

See notes to supplemental schedule of expenditures of federal awards.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2001

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "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, 2001. 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.

2. SUBRECIPIENT

Of the federal expenditures presented in the Schedule, the Authority provided federal awards to a subrecipient as follows:

Program Title	Federal CFDA No.	2001 Grant Expenditures
Federal Transit Administration Capital and Operating Assistance Formula Grants	20.507	$ 153,140

Deloitte & Touche LLP
Suite 2500
127 Public Square
Cleveland, Ohio 44114-1303

Tel: (216) 589-1300
Fax: (216) 589-1369
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio

We have audited the financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of and for the year ended December 31, 2001, and have issued our report thereon dated June 25, 2002, which contained an explanatory paragraph stating that, effective January 1, 2001, the Authority implemented Government Auditing Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and, retroactively, restated its financial statements as of and for the year ended December 31, 2000 for the change. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Authority in the accompanying Schedule of Other Reports and in a separate letter dated June 25, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Authority in the accompanying Schedule of Other Reports and in a separate letter dated June 25, 2002.

This report is intended solely for the information and use of the Board of Trustees, management, the Auditor of the State of Ohio, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

June 25, 2002

Deloitte
Touche
Tohmatsu

Deloitte & Touche LLP
Suite 2500
127 Public Square
Cleveland, Ohio 44114-1303

Tel: (216) 589-1300
Fax: (216) 589-1369
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio

Compliance

We have audited the compliance of the Greater Cleveland Regional Transit Authority (the "Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2001. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 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; 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 on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on its major federal programs in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, the Auditor of the State of Ohio and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte & Touche LLP

June 25, 2002

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2001

SUMMARY OF AUDITORS' RESULTS

- Type of Report issued on the Financial Statements as of and for the Year Ended December 31, 2001 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A. (None reported)
- Noncompliance Noted that is Material to the Financial Statements of the Authority - None.
- Reportable Conditions in Internal Control Over Major Federal Financial Award Programs Disclosed by the Audit of the Financial Statements - N/A (None reported).
- Type of Report Issued on Compliance for Major Federal Financial Award Programs - Unqualified.
- The audit did not disclose any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.
- Major Federal Financial Assistance Programs Identified for the Year Ended December 31, 2001:

  Federal Transit Cluster:

  CFDA #20.507 Federal Transit Administration - Capital and Operating Assistance Formula Grants

  CFDA #20.500 Federal Transit Administration - Capital Improvement Grants

- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - $1,216,532.
- The Authority is considered to be a Low-Risk Auditee as defined under OMB Circular A-133.

Findings Related to the Financial Statements that are Required to be Reported Under *Government Auditing Standards*

None

Findings and Questioned Costs Relating to Federal Awards

None

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2001

FEDERAL TRANSIT ADMINISTRATION TRIENNIAL REVIEW

During 2001, the Federal Transit Administration ("FTA") performed a Triennial Review of the Authority's operations and issued a report in April 2001. This report addressed the following matters which are not considered material to the Authority's financial statements or federal award programs.

MILESTONE PROGRESS REPORTS

Observation: Milestone Progress Reports ("MPRs") are being filed on time, but do not contain all of the required narrative information (e.g., a discussion of budget or schedule changes, status of milestones, reasons why milestones were not met, unforeseen events that impact project schedule, cost, or purpose, etc.).

Corrective Action: Beginning with the quarter ending June 30, 2001, the Authority must prepare and submit MPRs with all of the required narrative information.

Status: The Authority complied with the FTA's corrective action plan and is now submitting MPR's with all of the required narrative information.

GRANT AVAILABILITY PERIOD

Observation: The Authority is not closing its grants in a timely manner. This is a repeat finding from the 1998 triennial review. Practices by the Authority that delayed the closing of a grant past its original completion date (based on the grant obligation date) included the following: 1) the Authority does not draw down funds from the oldest grant when multiple grants fund a project, 2) project managers do not close out purchase orders immediately when projects are complete, 3) the Authority holds grants open until the last purchase order is closed even if there are no funds left in the grant, and 4) the Authority funded the design engineers on older grants for the life of a construction project from one grant instead of funding the design and construction oversight from different grants.

Corrective Action: The Authority must close out its active grants based on revised closing dates provided by the FTA. The Authority must provide quarterly status reports, separate from the MPRs, that outline the progress made in accomplishing grant close outs to the FTA.

Status: The Authority implemented the FTA's corrective action plan and is now providing the FTA with quarterly updates on grant close-outs.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2001

REAL PROPERTY, FACILITIES AND EQUIPMENT

Observation: The Authority disposed of equipment that was FTA funded and did not reimburse the FTA for its share of the proceeds from equipment sold for more than $5,000 which totaled $23,522.

Corrective Action: The Authority will reimburse the FTA for its share of the proceeds of the equipment sold for more than $5,000, within 30 days of the FTA's draft report.

Status: The Authority has reimbursed the FTA for the federal portion of sales proceeds received from the disposition of FTA funded equipment.

Observation: The Authority acquired two real property parcels for $1,531,995 and $1,291,358, respectively. These purchases were partially funded by the FTA. The FTA has challenged whether the Authority obtained proper advance approval of the purchase.

Corrective Action: Within 30 days of the FTA's draft report, the Authority must submit to the FTA documentation, in accordance with FTA guidelines, to determine if the real property acquisitions are eligible for Federal participation.

Status: The FTA reviewed the documentation submitted by the Authority for the $1,291,358 real property acquisition and concluded the real property acquisition was eligible for Federal participation. The Authority submitted the required documentation to the FTA for the $1,531,995 real property acquisition and is waiting for the FTA to review the documentation and conclude.

MAINTENANCE

Observation: The Authority did not perform preventative maintenance within prescribed mileage limits for paratransit vehicles.

The Authority does not obtain monthly performance data from North Olmsted and Maple Heights for federally funded vehicles and does not include the two in its monthly maintenance reports for tracking scheduled maintenance.

Corrective Action: Beginning with the quarter ending June 30, 2001, the Authority must submit documentation quarterly to the FTA on paratransit vehicle preventative maintenance inspections. The Authority must continue to submit the documentation until the preventative maintenance inspections are being performed according to schedule for three consecutive quarters.

Status: The Authority implemented the FTA's corrective action plan and is now providing the FTA with inspection logs for all paratransit vehicles on a quarterly basis.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

SCHEDULE OF OTHER REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2001

TITLE VI

Observation: The Authority has written policies/standards for the five transit service indicators, including transit amenities. However, the Authority has not conducted a Title VI assessment of its transit amenities pursuant to FTA guidelines.

Corrective Action: Within 60 days of the date of the FTA's draft report, the Authority will provide documentation to the FTA Office of Civil Rights that it has conducted a Title VI assessment of its transit amenities pursuant to FTA guidelines.

Status: The Authority has provided documentation to the FTA Office of Civil Rights that it has conducted a Title VI assessment of its transit amenities pursuant to FTA Guidelines. The results of this assessment noted that 39.5 percent of the Authority's shelters are located in neighborhoods where the concentration of minority population is equal or greater than the average of the Authority's service area (28 percent).

FARE PRICES

Observation*:* Several Authority public timetables associated with recent service changes have information on the base fare but do not contain information on the half-price fare for the elderly, persons with disabilities, and persons with a Medicare card.

Corrective Action: Within 60 days of the FTA's draft report, the Authority must provide the FTA with written assurance that, within 365 days, it will republish its public timetables with fare information to conform to the half fare requirement. Beginning with the quarter ending June 30, 2001, the Authority will report quarterly to the FTA on its progress on republishing the public timetables until completion.

Status: The Authority has provided written assurance to the FTA that, within 365 days, it will comply with the half fare requirements. In addition, the Authority is now reporting quarterly to the FTA on its progress towards including the required half fare information on public timetables.

AMERICANS WITH DISABILITIES ACT OF 1990 ("ADA")

Observation: The ADA regulations detail specific service requirements that must be implemented (e.g. stop announcements, vehicle identification mechanisms at multi-route stops, etc.). The Authority could not provide reasonable documentation to demonstrate that operators are trained in these requirements and that these requirements are enforced.

Corrective Action: The Authority, within 90 days of the FTA's draft report, must implement the corrective actions pursuant to the findings and recommendations of the ADA Paratransit Assessment performed by the FTA, and submit documentation of the completed corrective actions to the FTA. Within 60 days, the Authority must submit documentation to the FTA that it has implemented the ADA service provisions, including training and enforcement.

Status: The Authority has implemented, or is in the process of implementing, all corrective actions pursuant to the findings and recommendations of the ADA Paratransit Assessment performed by the FTA and has submitted documentation of the completed corrective actions to the FTA within the required timeframe. In addition, the Authority has revised the relevant chapters of the Bus Operator's Training Manual to incorporate the specific ADA service provisions. A summary of the revisions and revised chapters has been provided to the FTA.

DRUG-FREE WORKPLACE

Observation: The Authority has not provided written notification to its non safety-sensitive employees of the specific requirements of the Drug-Free Workplace Act in its Personnel Policies and Procedures Manual, dated February 18, 1992.

Corrective Action: Within 90 days of the FTA's draft report, the Authority must provide to the FTA documentation that it has provided written notification to all employees of the specific requirements of the Drug-Free Workplace Act.

Status: On March 22, 2001, the Authority provided written notification to all employees of the specific requirements of the Drug-Free Workplace Act. A copy of this written notification has been provided to the FTA.

FEDERAL TRANSIT ADMINISTRATION PROCUREMENT SYSTEM REVIEW

Observation: In 1999, FTA conducted a procurement system review which resulted in the identification of nine deficiencies which needed to be addressed by the Authority. In March 2001, FTA, through a third party consultant, conducted a follow-up review in order to assess the Authority's progress in correcting the identified deficiencies. In September 2001, FTA issued a report which documented six minor corrective actions in three review areas as a result of the follow-up review.

As a part of the follow-up review, FTA expanded the scope of the procurement review to include a special review with respect to the Euclid Corridor Transportation Project ("ECTP"). In 1997, the Authority entered into a contract with a third party for preliminary engineering work associated with the ECTP, for a firm fixed price of $3.5 million. Through a series of change orders, the contract price increased to approximately $13 million as the project progressed from being conceptual in nature to the actual preliminary engineering phases. Since 1997, the Authority has received approximately $6 million in Federal funding with respect to this project. The following are FTA's principal findings which are documented in their report issued in September 2001:

1. The Authority did not fully understand the reasoning behind each change order at the time of the review.

2. The contract was effectively changed to a time and material type contract, representing a change in scope. Scope changes require sole source justification or a new procurement action.

3. Additional work was added by some change orders, representing out-of-scope modifications.

4. Authority project management lacked adequate control. Authority procurement was not made aware of potential changes, and the Authority project manager improperly authorized the contractor to perform out-of-scope work without proper contract coverage.

5. Independent estimates were not routinely performed on several change orders.

6. The Authority brought forward tasks from conceptual design and added this work to the ECTP contract.

Corrective Action: The Authority must ensure the contract is terminated at the earliest possible time as many of the FTA procurement principles have been violated. Also, a system must be put in place to ensure that no out-of-scope work is considered without the appropriate procurement and contracts department evaluation. A seasoned project manager with experience in large projects like ECTP must be hired immediately. An after-the-fact assessment of all contractor costs must be accomplished for reasonableness. All tasks assigned, particularly those included in the original fixed price contract, must be assessed for completeness. The Authority should then take the appropriate action with the contractor as a result of this analysis. These actions should take place within 60 days.

Authority Response: The Authority is in the process of closing out the ECTP preliminary engineering service contract. The Authority has also engaged the services of an independent auditor to review the subject contract and related documentation.

Staff has been positioned to ensure the technical capacity of the Authority to manage major projects of the magnitude of the ECTP. This includes the hiring of a seasoned professional who has extensive design industry experience to manage major projects of the magnitude of the ECTP project.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2001

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

2001 INTRODUCTORY SECTION

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

TABLE OF CONTENTS

PAGE

STATISTICAL SECTION

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, 2000

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

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, 2000.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports 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 GFOA to determine its eligibility for another certificate.”

The Greater Cleveland
Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100

June 25, 2002

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, 2001. This is the fourteenth 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.

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, and one of only a few nationwide, to consistently earn this important recognition.

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.

This report contains financial statements and statistical data that provide full disclosure of all of the material financial operations of the GCRTA. The financial statements, supplemental schedules, and statistical information are the representations of the GCRTA's management, which bears the responsibility for their accuracy, completeness, and fairness. In conformance with generally accepted accounting principles, this report was developed on the accrual basis of accounting, treating the GCRTA as a single enterprise fund. This CAFR is indicative of the GCRTA's commitment to provide accurate, concise and high quality financial information to the residents of this area and to all other interested parties.

The CAFR is divided into an Introductory Section, a Financial Section, and a Statistical Section.

The INTRODUCTORY SECTION contains a title page and table of contents, the GFOA Certificate of Achievement for Excellence in Financial Reporting, this letter of transmittal, the GCRTA's organizational chart, a listing of the members of the Board of Trustees and chief administrators of the GCRTA, and a map of municipalities in the County.

The FINANCIAL SECTION begins with the Independent Auditors' Report and the GCRTA's comparative financial statements. Supplemental budget schedules, intended to further enhance an understanding of the GCRTA's current financial status, conclude this section.

The STATISTICAL SECTION provides financial, economic, and demographic information that is useful for indicating trends for comparative fiscal periods.

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. Either directly or through contracts with systems in the Cities of North Olmsted and Maple Heights, 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 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 & Business Development divisions. Additionally, the Office of External Affairs functions outside of the divisional configuration and reports 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 2,830 employees as of December 31, 2001. The system delivered 24.8 million revenue miles of bus service and 3.1 million revenue miles on its heavy and light rail systems. The service fleet was composed of 785 motor bus coaches, 60 heavy rail cars, 48 light rail cars, 82 Community Circulators and 77 paratransit vehicles.

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 sixty-four other jurisdictions. This is the largest metropolitan area in Ohio and one of the largest counties in the United States. The population of this area is approximately 1.4 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 1992, manufacturing employment has dropped significantly from 20.4% of the total workforce to 15.3%, while wholesale and retail trade has remained relatively constant over this same time period. The professional and related services sector work force has steadily grown from 29.0% of the total workforce since 1992 to the present rate of 33.0% of the workforce. Over time, the local economy has become more resilient and less exposed to the risks inherent in a workforce dominated by any single industry. The County's 2001 unemployment is equal to the national rate of 4.5%.

During 2000, 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 currently at $28.7 billion.

CURRENT YEAR REVIEW

In 2001, GCRTA continued to move steadily forward in the direction of improved customer service, solid financial health, and enhanced public perception. This progress was achieved despite significant forces that challenged the organization, threatening our ability to remain on course. We continue to be challenged by the weakening economy. The economic slowdown caused a significant decline in consumer spending and county sales-tax revenues. In addition to our decrease in sales-tax revenues, we experienced decreases in other sources such as passenger fares and advertising revenues. By taking action early, we were able to minimize the impact of these decreases. Non-personnel operating costs were reduced and service restructuring along with a reduction of overall non-operating staff was ultimately necessary to reduce overall operating costs. These actions resulted in expenditures being more in line with our reduction in revenue.

During 2001, we continued our effort to understand the community's needs and the expectations of our external customers. We held Customer Feedback Days, conducted On-Board Research Surveys, incorporated ideas from the Citizens Board, and allowed riders to rate the quality of our service with the introduction of the "Ride Happy or Ride Free" program. Additionally, GCRTA discussed the benefits of public transportation with commuters at Breakfast Breaks held at 27 different job sites. We talked with employers about the pre-tax dollar savings offered by GCRTA's Commuters Advantage Program, which is now utilized by 6,000 Greater Cleveland employees. We discussed the needs of the college students with administrators at Case Western Reserve University and then created the innovative University Access Pass (U-Pass) program. This program offers these students unlimited rides all semester for one low price.

In addition to communicating with our external customers, we continued to have dialogue with our internal customers, our employees. At TEAM (Together Everyone Achieves More) Forums held throughout the year, GCRTA employees were provided a format to voice concerns and suggest ways to make GCRTA stronger. The TEAM program rewards employees for improved performance, and open dialogue created by the forums has led to greater efficiency. Our employees responded with our operators taking additional care to ensure that passengers arrived at their destinations safely in 2001. Based on the number of vehicle collisions per 100,000 miles, safety improved. Our customers had more great things to say about GCRTA employees in 2001 with nearly 600 commendations received. This represents a 7.7% improvement over last year.

Our riders continued to experience our commitment to improve service. In meeting this commitment, miles between service interruptions increased. This improvement can be attributed to a greater focus on maintenance and the execution of a fleet modernization plan. In addition, our "on-time" performance increased over last year resulting in increased customer satisfaction.

In addition, GCRTA's Board of Trustees approved the purchase of 225 buses as part of management's plan to retire older, less reliable coaches after12-13 years of service. The buses will be outfitted with advanced engines and will use environmentally friendly ultra-low sulfur diesel fuel.

Many of the programs initiated at GCRTA are centered on increasing ridership. Our Community Circulators program continues to be in high demand. Requests for new and expanded services continues to challenge our ability to provide this popular service and meet the public demands. The Community Circulators provides "loop-like" services to neighborhoods and easy access to main line bus and rail services and neighborhood businesses. Currently, we have 82 vehicles serving 10 routes. We will continue our aggressive efforts in marketing our traditional and new services to current and potential customers.

The GCRTA remains focused on the goal of improving transportation for our riders. Several projects initiated in 2001 will make it easier to fulfill this promise. One of these major projects is the GCRTA's new communication center. This center will pinpoint the exact location of 108 transit cars and 785 buses to provide customers with real-time route information and will allow for two-way communication between operators. The new system employs Global Positioning System technology to pinpoint the location of our buses and trains. The installation of news monitors at transit stations will also help keep customers informed on local and national events.

GCRTA continues its efforts to advance the goal of redefining transit service as we move into the 21st century. One of our most important initiatives is the $220 million Euclid Corridor Transportation Project (ECTP), the largest capital improvement project in GCRTA's history. ECTP will create a unique environment along the corridor that will benefit the entire region by improving transit services, promoting long-term economic and community development, and improving the quality of life in Northeast Ohio. This 5.6-mile corridor will provide a vastly improved transportation link from downtown Cleveland to University Circle, enhancing access to the corridor's employment, educational and cultural centers. A revised environmental assessment will allow for the use of hybrid electric vehicles, eliminating the need to suspend miles of wire along Cleveland's major thoroughfare.

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:

Community Circulators – A total of 82 Community Circulators were operational in 2001. These small buses provide neighborhood services throughout the City and the suburbs, including transfers to mainline bus and rail services.

Transit Centers - Transit stations strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. GCRTA has two existing Transit Centers at Westgate (Fairview Park) and Euclid. Two additional transit centers are planned for 2002 at North Olmsted and Southgate.

Park-N-Ride Lots - Parking lots 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 8,500 parking spaces at 21 of the rapid transit stations. In addition, the Authority operates bus Park-N-Rides at Strongsville (600 spaces) and Westlake (550 spaces). The objective of the GCRTA Park-N-Ride Development Plan is to provide rail and/or bus Park-N-Ride services for all major commuter corridors in Cuyahoga County.

Rail Line Extensions - Various expansions of the existing rail system, including an extension of the Red Line to Berea and an extension of the Blue Line to Interstate 271; and an extension of the Waterfront Line south thru the Cleveland State University-Playhouse Square area of downtown Cleveland.

Commuter Rail - Long distance rail service over existing rail rights-of-way would provide easy access to downtown and suburban employment centers.

Euclid Corridor Transportation Project - This project would establish dedicated bus lanes along Euclid Avenue from Public Square to University Circle and beyond and include improved passenger shelter, signals, street lighting and landscaping.

Intermodal Transportation Hub - The contemplated development of a downtown transportation center linking rapid transit, commuter rail, and bus services with pedestrian connectors to adjacent developments. Conceptual design work on this facility known as the North Coast Transportation Center was completed in 1997.

Capital Improvement Plan

The development of the 2002 budget included preparation of a five year Capital Improvement Plan (CIP). This document is an ambitious outline for rebuilding and expanding service by the GCRTA. Totaling $747.7 million, the CIP constitutes a huge public works effort aimed at remaking the transit network and positioning GCRTA, not just for the short-term, but for the long-term future.

Significant capital improvements planned for the five-year period include:

Local Capital Projects - $25.8 million

Classified as Routine Capital ($12.8 million) and Asset Maintenance ($13.0 million) Projects, 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 GCRTA Capital Fund and are supported with annual allocations of sales tax receipts.

Rail Projects - $161.1 million

This commitment of funds includes the upgrade of the Catenary system, rail extensions, station rehabilitation, tracks, bridges, train control systems, and signage. Rail projects includes the rehabilitation of the rail stations totaling $35.3 million, overhaul of our light and heavy rail vehicles of $22.6 million, rehabilitation of our bridges of $39.5 million, rehabilitation of the rail tracks of $22.2 million, upgrade of Catenary electrical system of $20.5 million, upgrade of our cab and light rail signals of $17.3 million, rail extensions of $2.5 million, and the upgrade of various facilities of $1.2 million.

Bus Garages - $41.7 million

The Triskett garage will go through rehabilitation at an estimated cost of $30.3 million and will be completed in a few years. A new garage will be built at an estimated cost of $10.4 million. We will rehabilitate our Woodhill Garage at a cost of $400 thousand over the next several years. Passenger shelters will also be installed at a cost of $600 thousand.

Bus Purchases - $137.5 million

The useful life of a bus, as defined by the Federal Transit Administration (FTA) is twelve years, or five hundred thousand miles. GCRTA is aggressively reducing its fleet's average age, now at 8.84 years, by replacing its oldest vehicles.

Transit Centers - $67.9 million

GCRTA will be making a significant investment for the construction of Transit Centers over the next five years. 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.

Euclid Corridor Transportation Project- $211.4 million

This project continues to be GCRTA's top priority. Once completed, this project will create a unique environment along the corridor that will benefit the entire region by improving transit services , promoting long-term economic and community development , and improving the quality of life in Northeast Ohio. Approximately $8.6 million of cost has already been incurred to date with the additional cost of $211.4 million to be incurred over the next several years.

Equipment and Vehicle Spare Parts- $29.8 million

This project calls for the purchasing of spare parts for our buses and trains totaling $12.8 million and the replacement of Farebox Collection equipment at a cost of $13.9 million. Various equipment and furniture will be purchased over the next several years at a cost of $3.1 million.

Capitalized Operating Expenses- $72.5 million

These operating costs are budgeted to be incurred over the next several years and are reimbursable by the Federal and State governments.

FINANCIAL INFORMATION

Internal Control

The GCRTA is responsible for establishing and maintaining an internal control system designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its implementation. The valuation of costs and benefits requires estimates and judgments by management. The Authority's management believes its internal controls are adequate.

Basis of Accounting

The GCRTA's accounting records are maintained on the accrual basis. The activities are reported through use of a single enterprise fund.

Budgetary Control

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.

FINANCIAL OPERATING RESULTS

Revenues

For purposes of this presentation, the GCRTA groups its operating revenues into the following categories:

Passenger Fares - Farebox receipts and special transit fares are included here. There was a small decrease over the previous year reflecting the downturn in the local economy.

Sales and Use Tax - This dedicated 1% tax is levied in Cuyahoga County as part of the 7% overall tax on retail sales. For 2001, approximately 72.4% of the Authority's revenue came from this source. The 2.9% decrease in 2001 over 2000 was due to a weak economy resulting in a decrease in taxable retail sales.

Federal Grants and Reimbursements - The Authority received approximately $11.8 million in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

State Operating Grants - The Ohio Department of Transportation allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the GCRTA. The decrease of 2.1% in this area is a result of decreased funding.

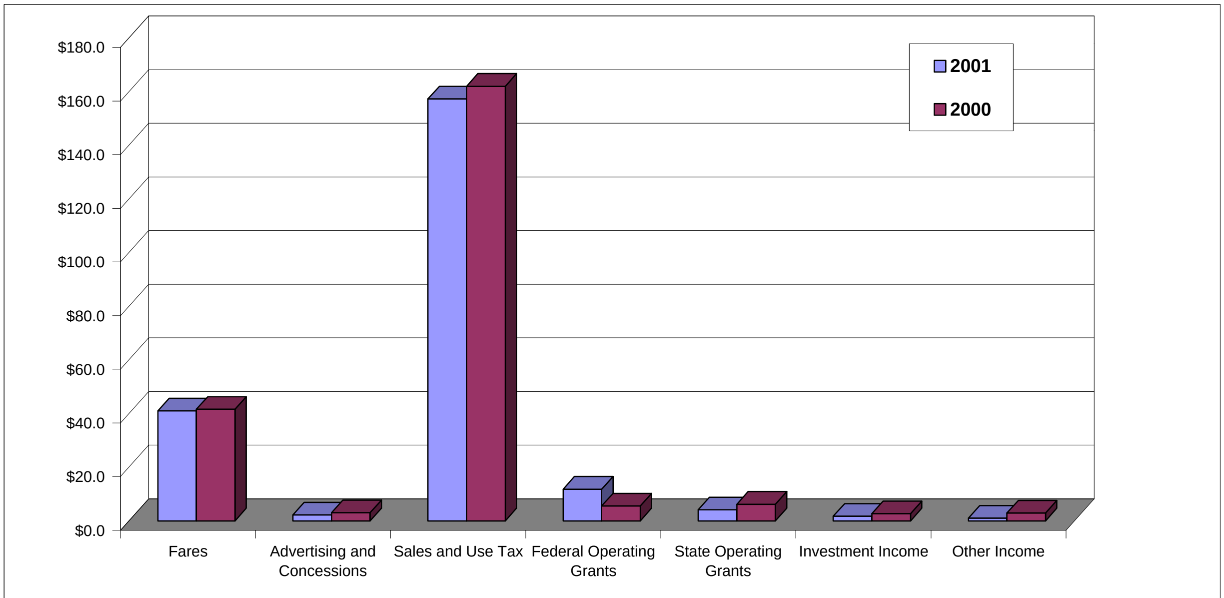
Investment Income - Investment income decreased due to a decrease in the average investment interest rate and a smaller average investment balance.

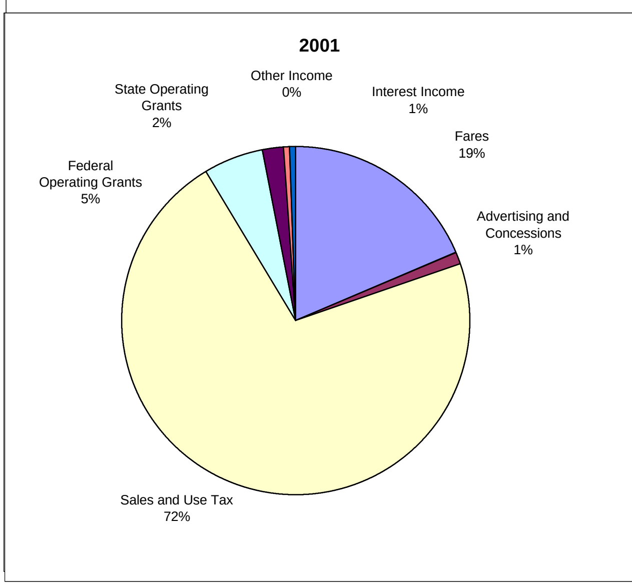
Other Income - This category summarizes various miscellaneous income and revenue. In addition, this account is used to account for funds received from insurance recovery settlements.

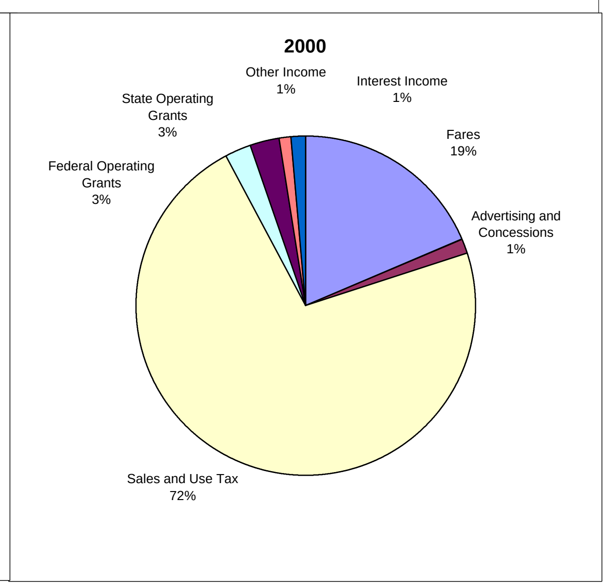
REVENUE

Millions of Dollars

	2001	2000	Increase/(Decrease) Amount	Percent
Fares	$41.0	$41.6	($0.6)	(1.4) %
Advertising and Concessions	2.2	3.0	(0.8)	(26.7)
Sales and Use Tax	157.3	162.0	(4.7)	(2.9)
Federal Operating Grants	11.8	5.5	6.3	114.5
State Operating Grants	4.1	6.2	(2.1)	(33.9)
Investment Income	1.7	2.7	(1.0)	(37.00)
Other Income	1.0	2.9	(1.9)	(65.5)
Total	$219.1	$223.9	($4.8)	(2.1) %







Expenses

LABOR AND FRINGE BENEFITS: These personnel costs accounted for approximately 69.7% of all GCRTA operating expenses (excluding depreciation) in 2001. This proportion is consistent with past years' experiences. The 4.2% increase in this category is mainly due to normal increases in wages and increases in health care cost and the elimination of the P.E.R.S. rollback, partially offset by lower headcount.

MATERIALS AND SUPPLIES: These costs have decreased in 2001 mainly due to less maintenance and materials required on our buses and improved overall efficiency in this area.

SERVICES: These costs decreased approximately 29% over 2000 levels. This was mainly due to decrease in contracted services relating to repair work to several of our facilities.

UTILITIES: Utility costs increased due an increase in fuel costs in 2001.

CASUALTY AND LIABILITY: The increase in these costs is due to unfavorable claims experience resulting in a significant increase in claims reserve based on the actuarial study performed in 2001.

PURCHASED TRANSPORTATION: These costs consist of the contracting of outside transportation services including local taxi cab companies to provide transportation services to supplement our Para-Transit service. The increase in this category is primarily due to providing additional transportation services to an area where bus service is limited.

INTEREST EXPENSE: The area remained relatively unchanged from the previous year.

MISCELLANEOUS: This category summarizes various expenses not included in other expense categories.

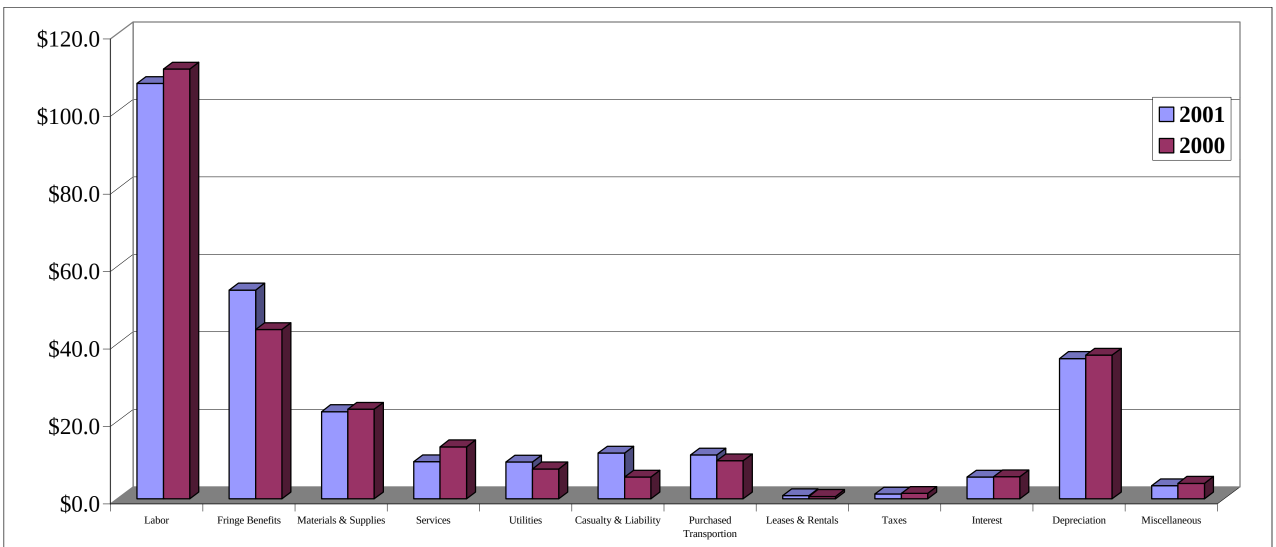
On page 18, expenses are charted by function, explained briefly as follows:

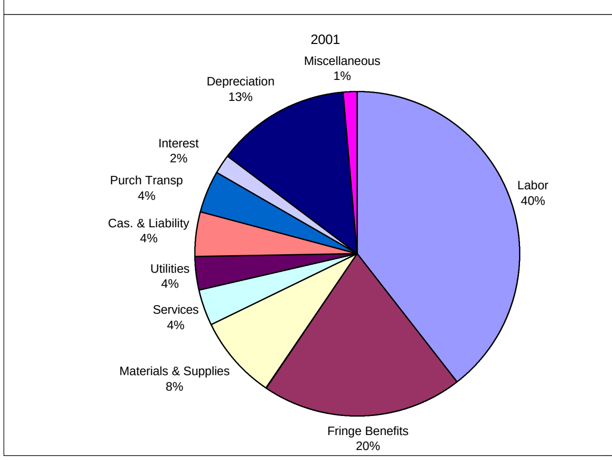
> **Transportation** - These are expenses directly relating to the operation of bus and rail vehicles. Included are the wages and fringe benefits of operators, booth attendants, and line supervisors, as well as diesel fuel, propulsion power, and purchased transportation.
>
> **Maintenance** - Vehicle and facility maintenance labor costs, fringe benefits, supplies, parts inventory and utility costs are grouped here.
>
> **General and Administration** - This grouping consists primarily of administrative personnel costs, public liability and property damage claims, workers compensation claims, professional services, and related expenses.
>
> **Depreciation** -Included here is depreciation on assets acquired with capital grants and GCRTA equity.
>
> **Interest** - This is interest incurred on debt.

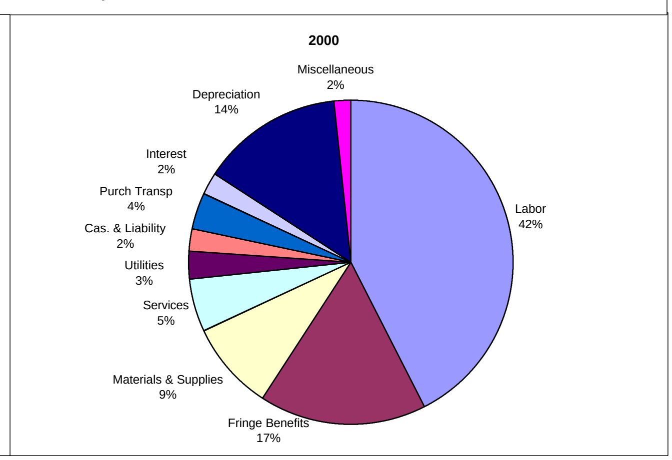
Expenses by Object Class

Millions of Dollars

	2001	2000	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Labor	$107.2	$110.9	($3.7)	(3.3) %
Fringe Benefits	53.9	43.7	10.2	23.3
Materials & Supplies	22.5	23.1	(0.6)	(2.6)
Services	9.6	13.4	(3.8)	(28.4)
Utilities	9.5	7.7	1.8	23.4
Casualty & Liability	11.8	5.6	6.2	110.7
Purchased Transportion	11.3	9.8	1.5	15.3
Leases & Rentals	0.8	0.6	0.2	33.3
Taxes	1.2	1.4	(0.2)	(14.3)
Interest	5.6	5.7	(0.1)	(1.8)
Depreciation	36.2	37.1	(0.9)	(2.4)
Miscellaneous	3.4	4.0	(0.6)	(15.0)
Total	**$273.0**	**$263.0**	**$10.0**	**3.8 %**



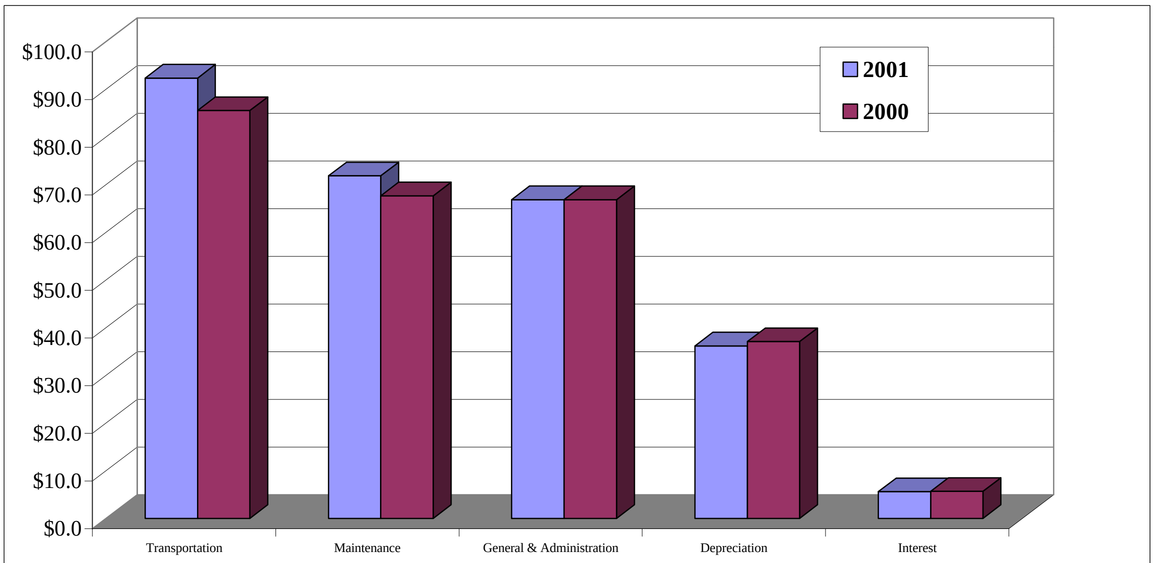


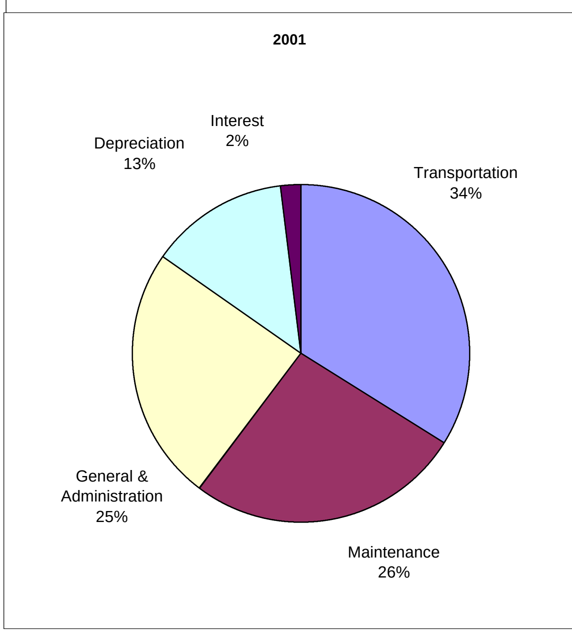


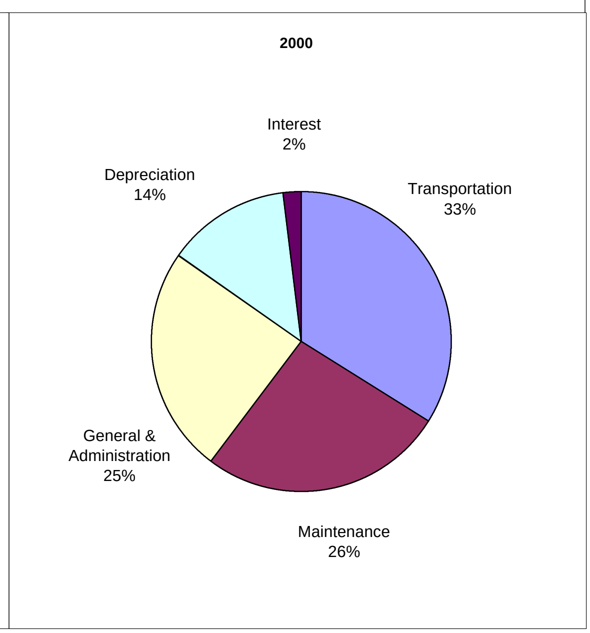
Expenses by Function

Millions of Dollars

	2001	2000	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Transportation	$92.4	$85.6	$6.8	7.9 %
Maintenance	71.9	67.7	4.2	6.2
General & Administration	66.9	66.9	-	0.0
Depreciation	36.2	37.1	(0.9)	(2.4)
Interest	5.6	5.7	(0.1)	(1.8)
Total	**$273.0**	**$263.0**	**$10.0**	**3.8 %**







Retirement Plan

Employees of the GCRTA are covered under the Public Employees Retirement System (PERS) of Ohio, a cost-sharing multiple-employer pension plan (including disability and health care benefits).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees covered by PERS contribute 8.5% of earnable salary or compensation and the GCRTA contributes 13.55% (actuarially established for PERS) of the same base. The PERS of Ohio does not make separate measurements of assets and pension benefit obligations for individual Ohio subdivisions.

PERS also provides post-retirement healthcare coverage to those employees who retire with ten or more years of qualifying Ohio service credit as well as healthcare coverage for disability recipients and primary survivor recipients. A portion of each employer's contribution to PERS is set aside to fund these benefits.

Under House Bill 158, effective February 1, 2002, state legislation was enacted extending coverage of PERS law enforcement benefits to our full time Transit Police officers. Current Transit Police members may elect to be covered under this new legislation. However, newly hired Transit Police officers will automatically be covered under this new legislation. This legislation permits an officer with at least 25 years of service as a PERS law enforcement officer to retire with full benefits at age 48 or older. The employee contribution rate will increase from 8.5% to 10.1 % of earnable salary or compensation and the GCRTA contributes 16.7% of the same base.

Debt Administration

The GCRTA has sold unvoted general obligation (capital improvement) bonds to partially finance the purchase and construction of various capital assets. Payment of debt service on the outstanding unvoted general obligation bonds of the GCRTA is secured by a pledge of all revenues of the GCRTA, 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 GCRTA might execute. In practice, debt service has been paid from the receipts of the GCRTA'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 GCRTA of ad valorem taxes within the ten-mill limitation provided by Ohio law. The GCRTA 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 GCRTA of ad valorem taxes that are outside that ten mill limitation.

The GCRTA had $123 million outstanding capital improvement bonds as of December 31, 2001 of which $29.7 million is non-callable and $93.3 million callable. The GCRTA general obligation debt is rated ‘A3’ by Moody’s Investors Service, Inc. and ‘A’ by Fitch IBCA, Inc.

Total outstanding bonds and loans as of December 31, 2001 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2001 Balance	Average Interest Rate
General Obligation Improvement Bonds					
1996	10/03/96	12/01/2011	$70,000,000	$35,735,000	5.24%
1998	03/01/98	12/01/2018	32,955,000	29,655,000	4.61%
2001	12/11/01	12/01/2021	29,890,000	29,890,000	4.73%
General Improvement Refunding Bonds					
1998R (11/15/98 annually thru 2016)				28,635,000	4.17%
Premium on Series 1998 bonds				38,250	
Premium on Series 2001 bonds				488,210	
Deferred Amortization on Refunding				(1,411,344)	
Total General Obligation Bonds				123,030,116	
Other- State Infrastructure Bank Loans (annually thru 2014)				6,751,900	4.25%
Total Outstanding Debt				$129,782,016	

At December 31, 2001, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $16.4 million.

Cash Management

The GCRTA pursues an aggressive cash management and investment program in order to achieve reasonable financial return on all available funds. Cash balances are invested at the best interest rates available in the money markets within the constraints imposed by the Bylaws of the GCRTA 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 GCRTA to invest its moneys in certificates of deposit, savings accounts, commercial paper, money market mutual funds, bankers' acceptance notes, the State Treasurer's investment pool (STAR OHIO), and obligations of the United States government or certain agencies thereof. The GCRTA may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Under the criteria developed by the Governmental Accounting Standards Board, $11.4 million of the GCRTA's investments are included in Risk Category 1 as defined in Note 3 to the financial statements. See Note 3 to the financial statements regarding credit risk relating to GCRTA's deposits. The procedures used for securing the Authority's deposits and investments are governed by the Ohio Revised Code. Because the GCRTA's deposits and investments are generally held by large, financially sound, national banks, we believe that the security supporting the GCRTA's deposits and investments is adequate.

Risk Management

The GCRTA is self-insured for public liability. The GCRTA also operates a self-insurance program for workers' compensation claims. Claims are normally paid with the general operating revenues of the GCRTA. The GCRTA, by resolution of the Board of Trustees, established an insurance reserve in fiscal year 1980 to accumulate funds to satisfy catastrophic or extraordinary losses. The insurance reserve as of December 31, 2001 was $5.0 million. GCRTA currently has catastrophic loss insurance coverage to protect the Authority's assets against catastrophic losses. This umbrella liability coverage is in the amount of $75 million per claim in excess of the $5 million self-insured retention.

Blanket insurance coverage is maintained for property and equipment. In addition, the GCRTA has insurance to protect against internal losses.

OTHER INFORMATION

Independent Audit

The GCRTA's independent audit was conducted by Deloitte & Touche LLP, who has issued an unqualified audit report on these financial statements.

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.

Certificate of Achievement for Financial Reporting

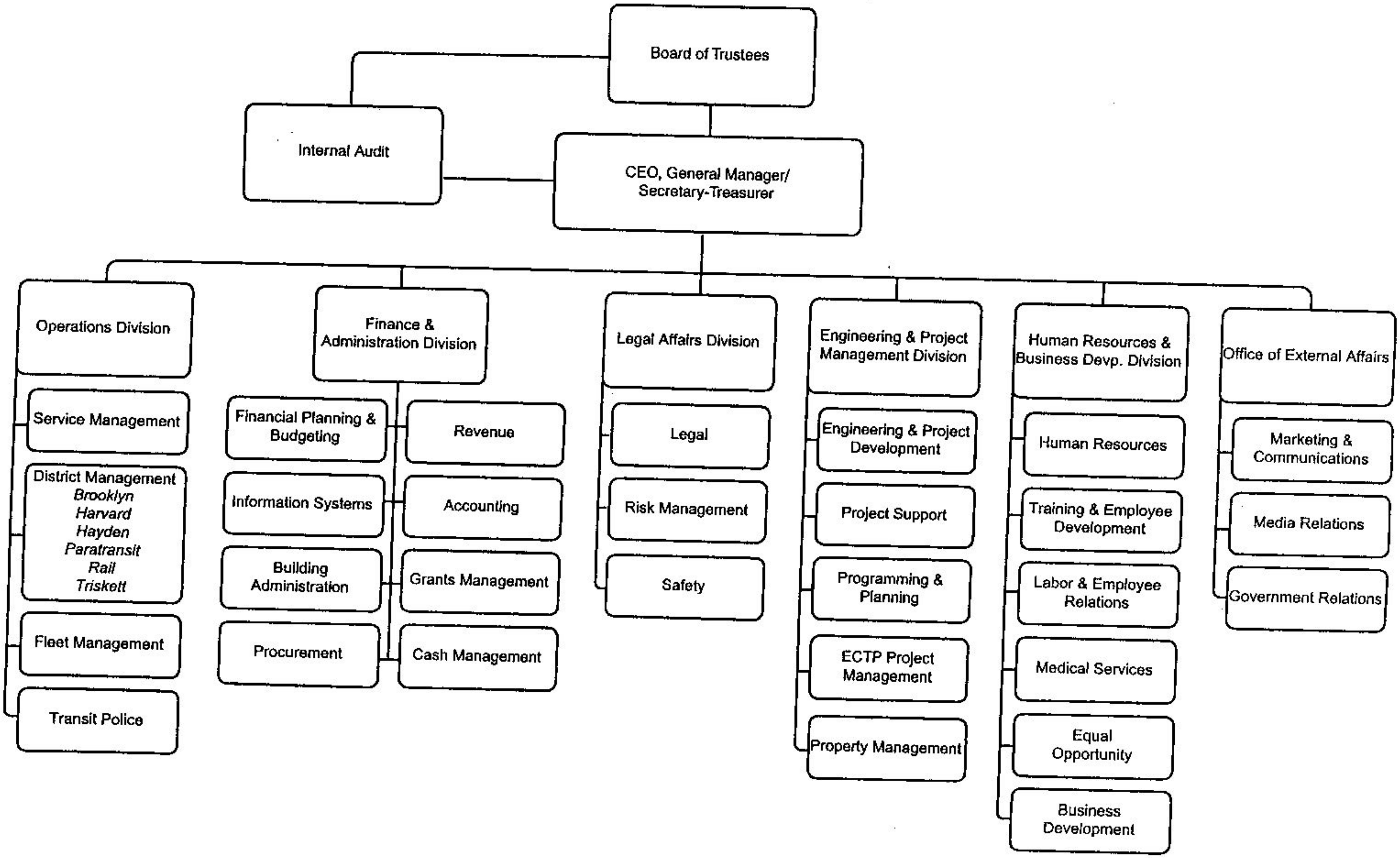
It is also management's intention to submit this and future CAFRs to the Government Finance Officers Association of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe the current report conforms to the program requirements, 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 and assisted by Pamela Fairfax, for their work in preparing this report. William Smith, Pamela Blackwell, Debra Benjamin and Joseph Ivan organized the project. Frances Barnett typed and proofread the entire document, and prepared it for printing. Cuyahoga County and Steven C. Letsky, Director of Accounting for the Cuyahoga County Auditor, provided 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



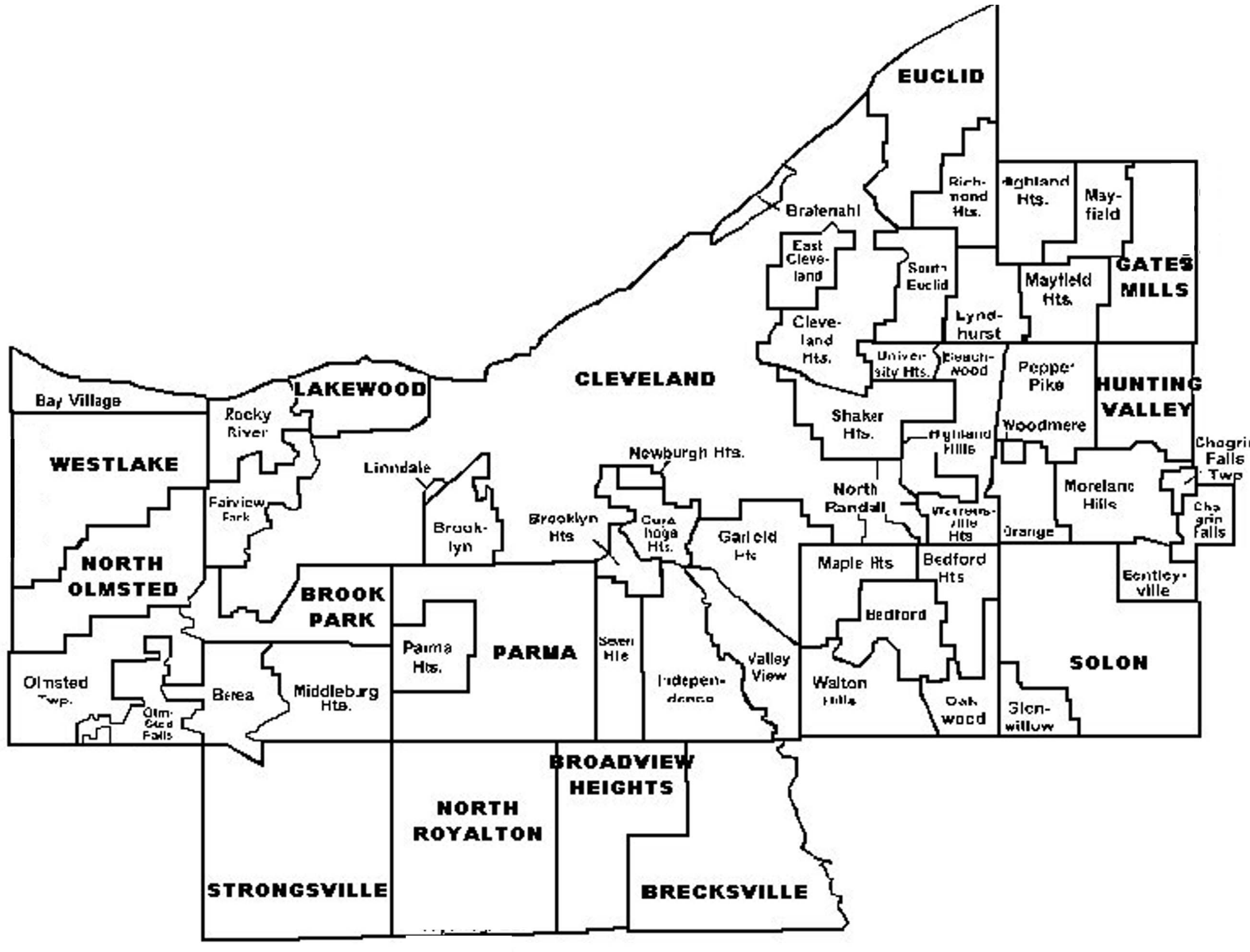
GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

BOARD OF TRUSTEES AND ADMINISTRATION

BOARD OF TRUSTEES

ADMINISTRATION

MUNICIPALITIES IN CUYAHOGA COUNTY



Source: 1997 TIGER files, U.S. Bureau of the Census

Prepared by:

Northern Ohio Data & Information Service (NODIS)
a member of Ohio GIS-Net
The Urban Center
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
June 1999 mjs

2001 FINANCIAL SECTION
General Purpose Financial Statements and Notes

Deloitte & Touche LLP
Suite 2500
127 Public Square
Cleveland, Ohio 44114

Tel: 216-589-1300
Fax: 216-589-1369
www.us.deloitte.com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Greater Cleveland Regional Transit Authority
Cleveland, Ohio 44113

We have audited the accompanying financial statements of the Greater Cleveland Regional Transit Authority (the "Authority") as of December 31, 2001 and 2000, and for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Authority. 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. Those standards require that we plan and perform the audit 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 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, such financial statements present fairly, in all material respects, the financial position of the Authority at December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, effective January 1, 2001, the Authority implemented Government Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and, retroactively, restated its financial statements as of and for the year ended December 31, 2000 for the change.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents, which are also the responsibility of the management of the Authority, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. Such additional information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

The statistical data on pages 47 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such additional information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

June 25, 2002

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE BALANCE SHEETS

December 31, 2001 and 2000

ASSETS	2001	2000
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 14,482,820	$ 14,699,470
Short Term Investments	1,768,812	8,955,557
Receivables:		
Sales and Use Tax	40,668,737	41,469,114
State Operating Assistance	209,514	442,259
State Contribution	1,695,000	1,620,000
Accrued Interest and Other	1,441,209	605,063
Materials and Supplies Inventory	8,807,345	9,446,424
Total Current Assets	69,073,437	77,237,887
RESTRICTED ASSETS:		
Cash and Cash Equivalents	35,957,168	21,058,972
Investments	9,613,895	5,543,913
Receivables:		
Accrued Interest and Other	50,184	44,045
State Capital Assistance	1,836,472	907,101
Federal Capital Assistance	1,464,234	1,790,462
Total Restricted Assets	48,921,953	29,344,493
PROPERTY, FACILITIES AND EQUIPMENT		
Land	18,393,575	18,388,176
Right-of-Ways	270,894,209	256,840,059
Buildings, Improvements, Furniture and Fixtures	366,378,970	364,669,014
Transportation and Other Equipment	308,136,056	298,016,931
Construction in Progress	56,347,891	40,849,882
Total	1,020,150,701	978,764,062
Less Accumulated Depreciation	(423,492,942)	(389,607,930)
Property, Facilities and Equipment-Net	596,657,759	589,156,132
OTHER NON-CURRENT ASSETS:		
Receivables-State Contribution		1,695,000
TOTAL ASSETS	$714,653,149	$ 697,433,512

LIABILITIES AND EQUITY	2001	2000
CURRENT LIABILITIES:		
Accounts Payable	$ 8,225,273	$ 7,271,632
Accrued Compensation	21,616,235	21,510,000
Other Accrued Expenses	1,892,338	2,096,140
Interest Payable – Bonds	594,729	412,646
Current Portion of Long-Term Debt	5,488,598	4,140,347
Capital Lease Obligation-Current Portion	1,695,000	1,620,000
Deferred Revenue	1,695,000	1,620,000
Self-Insurance Liabilities - Current Portion	6,296,150	5,124,181
Total Current Liabilities	$ 47,503,323	43,794,946
CURRENT LIABILTIES PAYABLE FROM RESTRICTED ASSETS:		
Contracts and Other Payables	5,894,313	5,758,256
Contract Retainers	1,398,247	1,596,654
Total Current Liabilities Payable from Restricted Assets	7,292,560	7,354,910
NON-CURRENT LIABILITES:		
Long-Term Debt	124,293,418	97,097,639
Self-Insurance Liabilities	11,692,850	9,516,335
Capital Lease Obligation		1,695,000
Deferred Revenue	1,203,280	3,056,806
Other	1,184,925	1,184,925
Total Non-Current Liabilities	138,374,473	112,550,705
Total Liabilities	193,170,356	163,700,561
EQUITY:		
Contributed Capital:		
Federal Grants	362,383,910	362,383,910
State Grants	36,394,590	36,394,590
Total Contributed Capital	398,778,500	398,778,500
Retained Earnings	122,704,293	134,954,451
Total Equity	521,482,793	533,732,951
TOTAL LIABILITIES AND EQUITY	$ 714,653,149	$ 697,433,512

See notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
OPERATING REVENUES:		
Passenger Fares	$ 41,042,207	$ 41,583,403
Advertising and Concessions	2,234,097	3,005,320
Total Operating Revenues	43,276,304	44,588,723
OPERATING EXPENSES:		
Labor and Fringe Benefits	161,145,907	154,575,131
Materials and Supplies	22,475,097	23,184,688
Services	9,551,045	13,431,625
Utilities	9,448,351	7,676,277
Self-Insurance Claims	11,826,805	5,584,150
Purchased Transportation	11,324,747	9,817,965
Leases and Rentals	775,526	616,924
Taxes	1,191,732	1,366,468
Miscellaneous	3,397,966	4,016,635
Total Operating Expenses Excluding Depreciation	231,137,176	220,269,863
OPERATING LOSS BEFORE DEPRECIATION EXPENSE	(187,860,872)	(175,681,140)
DEPRECIATION EXPENSE	36,251,294	37,093,494
OPERATING LOSS	(224,112,166)	(212,774,634)
NON-OPERATING REVENUES (EXPENSES):		
Sales and Use Tax Revenues	157,297,363	161,272,890
Federal Grants and Reimbursements	11,817,902	5,540,224
State Grants, Reimbursements, and Special Fare Assistance	4,076,079	6,178,290
Investment Income	1,712,765	2,743,549
Interest Expense	(5,637,147)	(5,672,442)
Gain on Disposal of Fixed Assets		2,213,468
Other Income	1,013,551	709,321
Total Non-operating Income – Net	170,280,513	172,985,300
NET LOSS BEFORE CAPITAL GRANT ACTIVITY	(53,831,653)	(39,789,334)
CAPITAL GRANT REVENUE:		
Federal	28,744,778	27,159,220
State	11,225,441	4,731,753
Local	1,611,276	
TOTAL CAPITAL GRANT REVENUE	41,581,495	31,890,973
Decrease in Equity During the Year	(12,250,158)	(7,898,361)
Equity, Beginning of Year (As Restated-See Note 2)	533,732,951	541,631,312
Equity, End of Year	$ 521,482,793	$ 533,732,951

See notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Cash received from customers	$ 42,434,019	$ 45,216,311
Cash payments to suppliers for goods and services	(56,775,546)	(56,076,890)
Cash payments to employees for services	(109,775,876)	(111,277,058)
Cash payments for employee benefits	(51,263,796)	(42,668,083)
Cash payments for casualty and liability	(8,478,321)	(5,751,389)
Net cash used in operating activities	(183,859,520)	(170,557,109)
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES:		
Sales and use taxes received	158,097,740	160,748,147
Grants, reimbursements and special fare assistance:		
Federal	11,817,902	5,540,224
State	4,308,824	5,736,031
Other revenue	830,846	559,593
Net cash provided by non-capital financing activities	175,055,312	172,583,995
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Federal capital grants received	29,071,006	27,776,472
State capital grants received	8,520,228	2,208,334
Local capital grants received	1,611,276	
Proceeds from bond issuance	30,378,210	
Proceeds from State Infrastructure Bank Loan	2,077,121	4,867,879
Proceeds from disposal of land		3,300,000
Acquisition and construction of fixed assets	(43,874,755)	(36,530,360)
Principal paid on bond maturities and other debt	(4,198,100)	(3,835,000)
Interest paid on bonds and other debt	(4,937,889)	(5,175,268)
Net cash provided by (used in) capital and related financing activities	18,647,097	(7,387,943)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Proceeds from maturities of investments	33,417,896	35,146,675
Purchases of investments	(30,301,133)	(9,878,145)
Interest received from investments	1,721,894	2,681,380
Net cash provided by investing activities	4,838,657	27,949,910
Net Increase In Cash and Cash Equivalents	14,681,546	22,588,853
Cash and Cash Equivalents, Beginning of Year	35,758,442	13,169,589
Cash and Cash Equivalents, End of Year	$50,439,988	$35,758,442

See notes to financial statements

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)

	2001	2000
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating Loss	$(224,112,166)	$(212,774,634)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	36,251,294	37,093,494
Change in assets and liabilities:		
(Increase) decrease in other receivables	(842,285)	627,588
Decrease in materials and supplies inventory	639,079	116,171
Increase in accounts payable, accrued compensation, self-insurance liabilities and other	4,204,558	4,380,272
Net Cash Used In Operating Activities	$ (183,859,520)	$(170,557,109)

See notes to financial statements.

(Concluded)

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 electors 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 2001.

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 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 support or had any significant financial transactions with the Authority during 2001.

As discussed in Note 7, the Authority contracts with two municipalities for assistance in providing transit service within the County.

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 accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources. The Authority also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to the extent that they do not contradict/conflict with GASB pronouncements.

Basis of Accounting - The Authority follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

Nonexchange Transactions - Effective January 1, 2001, the Authority implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". In general, GASB Statement No. 33 establishes accounting and financial reporting standards about when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving equal value in return. The Authority's principal nonexchange transactions involve the receipt of sales and use tax monies from the State of Ohio Department of Taxation, along with federal, state, and local grants for operating assistance as well as the acquisition of property, facilities and equipment. Substantially all of the Authority's nonexchange transactions represent reimbursement-type grants and sales tax revenues. The reimbursement-type grants are recorded as revenue in the period in which the related expenditures are incurred. Sales tax revenues are recorded as revenue in the months in which the underlying sales transactions occur.

The principle changes in accounting that resulted from GASB Statement No. 33 are the requirement that the Authority report capital grants as revenues rather than contributed capital, and that the Authority record sales tax revenue in the months the underlying sales transactions occur, rather than when the taxes are collected by the State of Ohio. As part of the implementation of GASB Statement No. 33, the Authority also ceased its practice of closing depreciation expense recognized on assets funded through capital grants to contributed capital. As required under GASB 33, the Authority has retroactively restated its financial statements as of and for the year ended December 31, 2000 as follows:

Increase (decrease) in amounts previously reported:

Balance Sheet	
Sales and use tax receivable	$15,330,417
Retained earnings	15,330,417
Statement of Revenues and Expenses	
Sales and use tax revenues	(718,675)

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.

Investment Securities - Investments are stated at fair value.

Materials and Supplies Inventory - Materials and supplies inventory are stated at average cost. 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 is not expected to be utilized within one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Depreciation - Property, facilities 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
Buildings and improvements	20-60
Transportation and other equipment	5-15
Furniture and fixtures	3-15
Rolling stock	7-12

Restricted Assets - Restricted assets consist of monies and other resources, the use of which is legally restricted for the following purposes:

- Capital acquisition and construction
- Self-insurance; catastrophic losses
- Law enforcement

Recognition of Revenue and Receivables - Passenger fares are recorded as revenue at the time services are performed.

Sales and use tax revenues are recognized in the month in which the underlying sales transactions occur.

The federal government, through the Federal Transit Administration ("FTA") and the Ohio Department of Transportation ("ODOT"), provide financial assistance and make grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant 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 nonoperating 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 nonoperating revenues in the period operating expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

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 fifty days.

Self-Insurance Liabilities and Expense - The Authority has a self-insurance program for third party public liability and property damage claims. The Authority also operates a self-insurance program for 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.

Both 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 and legal counsel of the Authority. Also provided for are estimates of claims incurred during the year but not yet reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Accounting and Control - The Authority's annual budget, as provided by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The major differences between the budget basis and GAAP basis are:

1) Revenues are recorded when received (budget) as opposed to when earned (GAAP);

2) Expenses are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP); and

3) Budget basis includes proceeds of long-term debt as revenue and capital outlay and debt principal payments as expenses, and excludes depreciation on, as well as gains and losses on disposition of, property and equipment.

Reported budgeted amounts are as originally adopted and amended by appropriations resolutions passed by the Board. Four budget amendments were passed by the Board during 2001, increasing 2001 appropriations by $2.6 million, and three budget amendments were passed by the Board during 2000, increasing 2000 appropriations by $2.0 million. The budget for each division and department is represented by appropriations. Any increase in the total Authority appropriations must be approved by the Board. Any inter-divisional budget transfers must be approved by the General Manager. Appropriations to applicable departments within a division and to accounts within a department may be modified by the appropriate Deputy General Manager and the Financial Planning & Budgeting Department. All budget transfers must be reported to the Board within 30 days after the end of the month in which the transfer occurred.

Reclassifications - Certain reclassifications have been made to the 2000 financial statements to conform with the 2001 presentation.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The investment and deposit of Authority monies is 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 saving 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 thirty days.

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. 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. State law does not require that security maintained for public deposits and investments be held in the Authority's name.

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.

Deposits - The carrying amount of the Authority's deposits was an overdraft of $633,713 at December 31, 2001 with a $2,338,142 bank balance. Of the bank balance, $100,000 was covered by federal depository insurance. The remaining balance, $2,238,142 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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments – The Authority's investments are detailed below and are categorized to give an indication of the level of credit risk assumed as of year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by its trust department or agent but not in the Authority's name. Balances with Star Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the Authority's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Description	**Risk Category** 1	2	3	**Fair Value/ Carrying Value**
U.S. Government and Agency Securities	$11,382,706			$11,382,706
Investment in state treasurer's investment pool (STAROhio)				51,073,702
Total				$62,456,408

At December 31, 2001, the Authority's cash, cash equivalents and investments consist of the following:

Demand deposits	$ (633,713)
Investments	62,456,408
Total	$61,822,695

The balances are included in the accompanying December 31, 2001 balance sheet under the following captions:

Current Assets:	
Cash and cash equivalents	$ 14,482,820
Investments	1,768,812
Restricted Assets:	
Cash and cash equivalents	35,957,168
Investments	9,613,895
Total	$ 61,822,695

4. CONSTRUCTION IN PROGRESS AND COMMITMENTS

During 2001, major construction projects aggregating $18.3 million were completed and transferred to the appropriate property, facilities and equipment accounts. Major projects included the rehabilitation of rail track and bridges ($13.6 million), and the purchase of Orion II Circulator buses ($3.9 million). Included in the December 31, 2001 construction in progress balance are costs associated with the Integrated Communication Center, the Euclid Corridor Transportation Project, the Windermere Headstart Project, the purchase of Nova LFS bus coaches, and various other projects. Remaining costs to complete these projects as of December 31, 2001, which will extend over a period of several years, total $89.7 million. Approximately $66.1 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.

5. LONG TERM DEBT

Long-term debt consists of the following:

	December 31,	
LOAN & GENERAL OBLIGATION BONDS PAYABLE:	**2001**	**2000**
Capital improvement bonds, Series 1996, due annually to 2011 at an average rate of 5.24%	$ 35,735,000	$ 38,460,000
Capital improvement bonds, Series 1998, due annually to 2018 at an average rate of 4.61%	29,655,000	30,800,000
Capital improvement refunding bonds, Series 1998R, due annually to 2016 at an average rate of 4.17%	28,635,000	28,770,000
Capital improvement bonds, Series 2001, due annually to 2021, at an average rate of 4.73%	29,890,000	
State Infrastructure Bank Loan, due annually to 2014, at a fixed rate of 4.25%	6,751,900	4,867,879
Total debt	130,666,900	102,897,879
Deferred amount on refunding	(1,411,344)	(1,700,393)
Premium on Series 1998 bonds	38,250	40,500
Premium on Series 2001 bonds	488,210	
Long-term debt	129,782,016	101,237,986
Less current portion	5,488,598	4,140,347
Long-term portion	$ 124,293,418	$ 97,097,639

Certain bonds maturing after December 31, 2006 are subject to optional redemption by the Authority prior to maturity.

5. LONG TERM DEBT (Continued)

On November 15, 1998, the Authority issued $28,965,000 of general obligation capital improvement refunding bonds. A portion of the proceeds of the bonds was used for the advance refunding of $26,425,000 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 total amount of funds available in the trust at December 31, 2001 was $27,833,653. The refunded bonds, which have an outstanding balance of $26,425,000 at December 31, 2001 are not included in the Authority's outstanding debt since the Authority has satisfied its obligations through the advance refunding. The principal balance of the general obligation capital improvement refunding bonds at December 31, 2001 was $28,635,000.

The 1998 general obligation capital improvement refunding bonds' advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,288,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations in proportion to stated interest requirements through the year 2006.

In 1998, the Authority entered into a loan agreement with the State of Ohio, Department of Transportation for a State Infrastructure Bank 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, 2001, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation of the Cuyahoga River Viaduct Project.

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 percent to 5.63 percent per annum and mature in various installments through December 1, 2021. The principal balance of the capital improvement bonds at December 31, 2001 was $29,890,000.

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 percent 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.

The annual requirements to pay principal and interest on the bonds and loan outstanding at December 31, 2001 are as follows:

Year	Principal	Interest
2002	$ 5,488,598	$ 6,785,673
2003	5,795,717	6,515,617
2004	6,038,574	6,252,155
2005	6,302,196	5,928,457
2006	6,586,619	5,584,937
2007 and thereafter	100,455,196	35,516,807
Total	**$ 130,666,900**	**$ 66,583,646**

6. CAPITAL LEASE OBLIGATION

In 1995, $10 million Series 1995 Certificates of Participation were issued by a bank to fund a portion of the construction of the Waterfront Transit Line Project. In connection with the issuance of the Series 1995 Certificates of Participation, the Authority entered into a capital lease agreement (as lessee) with McDonald Financial Services, Inc. (MFSI) for certain parcels of real property together with all buildings, structures, and other improvements related to the Waterfront Transit Line Project.

6. CAPITAL LEASE OBLIGATION (continued)

The Authority has entered into an agreement with the State of Ohio Department of Transportation (ODOT) whereby ODOT has agreed to make payments to the Authority in amounts equal to the payments required under the capital leases. The payments by ODOT to the Authority are subject to receipt by ODOT of appropriations of sufficient amounts of money for that purpose by the General Assembly of the state of Ohio and the Certification as to the availability of such funds by the State Director of Budget and Management pursuant to Section 126.07 of the Ohio Revised Code (the "OMB Certification"). The Authority has recognized a receivable and deferred revenue from ODOT related to this agreement. Nonoperating revenues are recognized upon receipt of the annual payments made by ODOT.

Future capital lease payments are as follows as of December 31, 2001:

YEAR	TOTAL PAYMENTS
2002	$ 1,775,512
Less amount representing interest	(80,512)
Present Value of Lease Payments	$ 1,695,000

7. PURCHASED TRANSPORTATION SERVICES

During 2001 and 2000, the Authority had operating agreements with two Ohio cities that provide transit services within Cuyahoga County. The agreements provide for a fixed rate of reimbursement based on actual vehicle miles and standard operator platform hours. Expenses under these agreements were $7,520,800 in 2001 and $7,610,981 in 2000. All passenger fares related to these transit services are collected by the Authority and recorded as revenue.

In addition, the 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 $3,803,946 in 2001 and $2,206,984 in 2000.

8. GRANTS, REIMBURSEMENTS AND SPECIAL FARE ASSISTANCE

Grants, reimbursements and special fare assistance included in the comparative statements of revenues, expenses and changes in equity for the years ended December 31 consist of the following:

	2001	2000
FEDERAL:		
FTA Capital Grants	$28,744,778	$27,159,220
FTA Maintenance Assistance	11,817,902	5,540,224
Total	$40,562,680	$32,699,444
STATE:		
ODOT Capital Grants	$11,225,441	$4,731,753
ODOT Maintenance Assistance	2,073,553	4,757,935
ODOT Elderly and Handicapped Grants	896,796	291,303
ODOT Fuel Tax Reimbursement	1,105,730	1,129,052
Total	$15,301,520	$10,910,043

9. 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, 2001, there were no significant 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. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

In 1997 the Authority entered into a contract with a third party for preliminary engineering work associated with the Euclid Corridor Transportation Project, for a firm fixed price of $3.5 million. Through a series of change orders, the contract price increased to approximately $13 million as the project progressed from being conceptual in nature to the actual preliminary engineering phases. Since 1997, the Authority has received approximately $6 million in Federal funding with respect to this project. During 2001, the Federal Transit Administration ("FTA"), through a third party consultant, reviewed the Authority's records for this contract and identified a number of concerns with the administration of the contract by the Authority. The Authority believes the contract, including the change orders, was procured and administered in accordance with Federal requirements. The Authority is in the process of preparing its response to FTA's concerns and has engaged an independent public accounting firm to assist them in preparing the response. Pending receipt of the Authority's response, FTA has stopped its funding of the contract, but has not requested a refund of previous Federal funding. The ultimate outcome of this matter cannot presently be determined.

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.

10. RETIREMENT BENEFITS

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description - All full time employees of the Authority participate in the Public Employees Retirement System of Ohio (PERS). It is a cost-sharing multiple-employer defined benefit pension plan created by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefits to the PERS Board of Trustees. PERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085.

Funding Policy - The Ohio Revised Code provides statutory authority for employee and employer contributions which are summarized as follows:

	Contribution Rate as a % of Covered Salaries	Contributions		
		2001	**2000**	**1999**
By Authority	10.84 – 13.55	$16,839,876	$ 13,395,931	$16,113,397
Less healthcare portion	4.20 – 4.30	(5,344,020)	(5,313,884)	(4,994,559)
Required employer contribution		11,495,856	8,082,047	11,118,838
By employees	8.50	10,563,760	10,504,190	10,108,035
Total pension contributions		$22,059,616	$ 18,586,237	$21,226,873

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

10. RETIREMENT BENEFITS (continued)

Healthcare - PERS provides postretirement healthcare coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and primary survivor recipients are also available.

The healthcare coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to PERS (4.3% of the total 13.55% contributed in 2001) is set-aside for the funding of postretirement healthcare. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and postretirement healthcare through their contributions to PERS. The statutory healthcare contribution requirement from the Authority for years ended December 31, 2001 and 2000 (which is included in the Authority's total PERS contribution) was $5,344,020 and $5,313,884, respectively. At December 31, 2001, the Authority was not responsible for paying premiums, contributions or claims for OPEB under PERS for any retirees, terminated employees or other beneficiaries.

The OPEB is advance-funded on an actuarially determined basis through employer contributions and investment earnings thereon. The principal assumptions used for the 2000 actuarial computations (latest available) were as follows:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. For actuarial valuation purposes, a smoothed marked approach is used . Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2000 was 7.75%.

Active Employee Total Payroll. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to ranged from 0.54% to 5.1%.

Health Care. Health care costs were assumed to increase 4.75%.

At December 31, 2000 (latest information available), there were 411,076 active participants contributing to the plan. The Authority's actuarially required OPEB contribution for 2000 equaled the actual amount contributed to PERS by the Authority. In addition, at December 31, 2000, the actual value of the plan's net assets available for OPEB approximated $11.7 billion and the actuarial accrued liability, based on the actuarial method used, were $14.4 billion and $2.7 billion, respectively.

The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

11. 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 $843,487,000 and the deductible is $250,000 so there is substantial insurance protection in this area. The Authority also purchases excess liability insurance to protect its assets against severe losses. This umbrella liability coverage is in the amount of $75,000,000 per claim in excess of a $5,000,000 self-insured retention. In essence, the Authority is self-insured for third party or public liability and property damage but has protection for the catastrophic loss exposure. Settled claims have not exceeded coverage in any of the last three years.

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.

The Authority also operates a self-insurance program for workers' compensation claims. Excess workers' compensation insurance coverage protects the Authority in excess of a self insured retention of $250,000 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, 2001 was $5 million and is recorded in restricted assets in the accompanying balance sheets.

Changes in the Authority's self insurance liabilities for third party public liability, property damage, and worker's compensation claims in 2001 and 2000 were:

Year	Balance Beginning of Year	Incurred Claims	Payments	Balance End of Year
2001	$ 14,640,516	$11,826,805	$ 8,478,321	$ 17,989,000
2000	14,807,755	5,584,150	5,751,389	14,640,516

12. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments," Statement No. 37, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Disclosures." These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. These statements are effective for the Authority's year ending December 31, 2002. The Authority has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

GREATER CLEVELAND REGIONAL AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN EQUITY – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2001

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES:			
Passenger and Other Transit Fares	$43,692,600	$40,061,733	$(3,630,867)
Advertising and Concessions	2,800,000	1,620,907	(1,179,093)
Total Operating Revenues	46,492,600	41,682,640	(4,809,960)
OPERATING EXPENSES:			
Departmental (See detail on following page)	212,456,654	207,895,480	4,561,174
Non-Departmental	8,603,236	6,892,715	1,710,521
Total Operating Expenses	221,059,890	214,788,195	6,271,695
OPERATING PROFIT (LOSS)	(174,567,290)	(173,105,555)	1,461,735
NON-OPERATING REVENUES (EXPENSES):			
Sales and Use Tax Revenues	165,180,000	158,097,740	(7,082,260)
Federal Operating Grants and Reimbursements	8,800,000	16,009,405	7,209,405
State Operating Grants, Reimbursements	5,370,000	4,240,158	(1,129,842)
Interest Income	3,208,000	1,835,365	(1,372,635)
Debt Service:			
Principal Retirement	(4,166,833)	(4,198,101)	(31,268)
Interest	(6,050,771)	(5,099,333)	951,438
Other Income	39,210,000	39,312,374	102,374
Total Non-Operating Revenues (Expenses)-Net	211,550,396	210,197,608	(1,352,788)
NET CAPITAL OUTLAY:			
Capital Outlay	(106,262,066)	(50,754,660)	55,507,406
Capital Grants Reimbursements:			
Federal	67,842,726	30,552,593	(37,290,682)
State and Local	10,858,000	6,547,580	(4,310,420)
Total Capital Outlay-Net	(27,561,340)	(13,654,487)	13,906,853
Net Income (Loss)	9,421,766	23,437,566	14,015,800
Fund Balance - January 1	34,888,228	35,906,845	1,018,617
Fund Balance – December 31	$ 44,309,994	$ 59,344,411	$ 15,034,417

GREATER CLEVELAND REGIONAL AUTHORITY

SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL EXPENSES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

DEPARTMENT	BUDGET	ACTUAL	VARIANCE
Euclid Corridor Improvement Project	$ 336,029	$ 314,846	$ 21,183
Office of Small Business & Equal Opportunity	947,285	941,584	5,701
Project Development & Engineering	1,319,380	1,309,160	10,220
Executive	1,597,411	1,537,500	59,911
Human Resources	1,242,870	1,213,857	29,013
Risk Management	6,997,856	6,862,805	135,051
Secretary-Treasurer/Board of Trustees	260,123	214,947	45,176
Labor Relations	500,746	484,309	16,437
Internal Audit	485,073	469,232	15,841
Legal Services	1,589,811	1,450,963	138,848
Employee Development & Training	1,548,780	1,484,411	64,369
Paratransit	7,359,262	7,346,881	12,381
Rail Operations	14,099,627	13,833,571	266,056
Transit Police	7,088,294	7,022,240	66,054
Service Management	3,474,367	3,452,407	21,960
Power	10,840,411	10,523,153	317,258
Facilities Maintenance	10,741,531	10,034,600	706,931
Bus Equipment	26,162,993	26,152,480	10,513
Rail Equipment	6,308,809	6,136,850	171,959
Technical Services	528,758	517,715	11,043
Satellites and Subgrantees	7,750,530	7,746,530	4,000
Paratransit Equipment	1,815,787	1,792,280	23,507
Hayden Station	17,313,950	17,290,991	22,959
Harvard Station	17,792,578	17,783,138	9,440
Brooklyn Station	12,342,505	12,320,392	22,113
Triskett Station	14,327,099	14,275,496	51,603
Customer Relations	1,463,771	1,439,218	24,553
Community Relations	249,196	238,149	11,047
Marketing	1,862,847	1,828,454	34,393
Operations Planning	3,511,403	3,345,095	166,308
Project Support	954,942	935,881	19,061
External Affairs	261,285	249,898	11,387
Programming & Planning	488,787	479,823	8,964
Accounting	1,517,770	1,452,904	64,866
Information Systems	3,334,940	2,888,821	446,119
Support Services	1,977,170	1,699,224	277,946
Procurement	1,943,030	1,772,137	170,893
Revenue	2,358,302	2,129,921	228,381
Inventory	17,202,620	16,547,755	654,865
Finance	653,726	528,089	125,637
Organizational Planning & Development	(95,000)	(152,227)	57,227
Total	212,456,654	207,895,480	4,561,174
Fund Transfers	19,868,379	19,264,000	604,379
Grand Total	$232,325,033	$227,159,480	$5,165,553

2001 STATISTICAL SECTION

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES BY SOURCE
LAST TEN YEARS (IN THOUSANDS)

YEAR	OPERATING	SALES AND USE TAXES	FEDERAL OPERATING GRANTS AND REIMBURSEMENTS	STATE OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE	INVESTMENT INCOME	OTHER	TOTAL
1992	$ 39,729	$ 102,684	$ 10,069	$ 8,080	$ 3,013	$ 1,877	$ 165,452
1993	43,116	108,700	11,978	8,464	2,230	612	175,100
1994	44,200	118,087	8,986	8,417	2,618	784	183,092
1995	44,062	127,771	7,954	7,505	3,357	644	191,293
1996	44,504	131,773	4,007	6,751	4,807	396	192,238
1997	44,975	138,654	4,000	6,835	3,204	1,232	198,900
1998	45,437	146,703	552	6,069	3,756	602	203,119
1999	44,031	151,406	2,936	6,502	2,654	377	207,906
2000	44,589	161,992	5,540	6,178	2,743	2,923	223,965
2001	43,276	157,297	11,818	4,076	1,713	1,014	219,194

TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES AND OPERATING ASSISTANCE – COMPARISON TO INDUSTRY TREND DATA LAST TEN YEARS

TRANSPORTATION INDUSTRY (1):

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	FARES	OTHER	TOTAL	STATE & LOCAL	FEDERAL	TOTAL	TOTAL REVENUES
1992	36.4%	3.8%	40.2%	54.1%	5.7%	59.8%	100%
1993	36.8	4.4	41.2	53.2	5.6	58.8	100
1994	37.6	12.6	50.2	44.7	5.1	49.8	100
1995	37.3	15.4	52.7	42.8	4.5	47.3	100
1996	37.6	15.5	53.1	44.0	2.9	46.9	100
1997	40.1	15.6	55.7	41.3	3.0	44.3	100
1998	40.8	15.2	56.0	40.1	3.9	44.0	100
1999	37.3	15.2	53.7	42.4	3.9	43.3	100
P2000	36.1	17.4	53.5	42.4	4.1	46.5	100
2001	*	*	*	*	*	*	*

GREATER CLEVLEAND REGIONAL TRANSIT AUTHORITY:

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	FARES	OTHER(2)	TOTAL	STATE & LOCAL(3)	FEDERAL	TOTAL	TOTAL REVENUES
1992	23.3%	3.6%	26.9%	67.0%	6.1%	73.1%	100%
1993	23.8	2.5	26.3	66.9	6.8	73.7	100
1994	23.5	2.5	26.0	69.1	4.9	74.0	100
1995	22.3	2.8	25.1	70.7	4.2	74.9	100
1996	22.3	3.5	25.8	72.1	2.1	74.2	100
1997	21.9	3.0	24.9	73.1	2.0	75.1	100
1998	21.3	3.2	24.5	75.2	0.3	75.5	100
1999	20.1	2.5	22.6	76.0	1.4	77.4	100
2000	18.6	3.8	22.4	75.1	2.5	77.6	100
2001	18.7	2.3	21.0	73.6	5.4	79.0	100

* Not Available
P Preliminary

(1) Source: The American Public Transit Association, APTA 2002 Transit Fact Book , Table 17.
(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.

TABLE 3

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

EXPENSES BY FUNCTION
LAST TEN YEARS (IN THOUSANDS)

YEAR	TRANSPORTATION	MAINTENANCE	GENERAL AND ADMINISTRATIVE	DEPRECIATION	TOTAL OPERATING EXPENSES	INTEREST	OTHER	TOTAL EXPENSES
1992	$ 57,195	$ 41,784	$ 60,415	$ 26,245	$ 185,639	$ 2,195	$ 2,814	$ 190,648
1993	56,381	42,716	58,443	25,012	182,552	2,137	-0-	184,689
1994	60,522	43,286	61,292	28,185	193,285	1,561	85	194,931
1995	64,756	52,050	54,806	46,347	217,959	1,070	4	219,033
1996	71,565	54,146	56,977	31,621	214,309	4,492	-0-	218,801
1997	71,854	56,805	58,729	29,476	216,864	4,888	-0-	221,752
1998	76,200	61,757	59,176	34,417	231,550	5,617	-0-	237,167
1999	81,033	63,726	61,924	36,389	243,072	5,891	1,267	250,230
2000	85,647	67,727	66,896	37,093	257,363	5,672	-0-	263,035
2001	92,371	71,877	66,889	36,251	267,388	5,638	-0-	273,026

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING EXPENSES – COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS

TRANSPORTATION INDUSTRY (1):

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1992	71.4%	9.1%	5.4%	3.6%	3.3%	9.6 %	(2.4)%	100%
1993	71.0	8.9	5.3	3.6	3.4	10.4	(2.6)	100
1994	70.8	8.9	4.7	3.6	3.4	10.9	(2.3)	100
1995	71.1	9.0	4.8	3.5	2.9	10.8	(2.1)	100
1996	71.6	9.3	5.1	3.6	2.8	9.9	(2.3)	100
1997	72.2	9.4	5.6	3.7	2.7	9.1	(2.7)	100
1998	71.7	9.4	6.0	3.5	2.4	10.1	(3.1)	100
1999	70.9	9.2	5.9	3.3	2.2	11.5	(3.0)	100
P2000	69.8	10.0	5.7	3.2	2.2	12.2	(3.1)	100
2001	*	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1992	72.6%	8.5%	5.5%	4.7%	2.0%	4.6 %	2.1%	100 %
1993	73.0	9.6	4.6	4.5	0.6	4.7	3.0	100
1994	73.1	9.2	4.8	4.0	2.2	4.4	2.3	100
1995	73.6	8.3	4.3	3.8	3.4	3.9	2.7	100
1996	71.8	10.4	4.7	3.5	2.9	4.3	2.4	100
1997	71.3	10.0	4.8	3.9	2.9	4.7	2.4	100
1998	72.8	9.5	4.6	4.1	1.9	4.2	2.9	100
1999	73.9	8.6	4.8	3.6	1.4	4.4	3.3	100
2000	70.2	10.5	6.1	3.5	2.5	4.5	2.7	100
2001	69.7	9.7	4.2	4.1	5.1	4.9	2.3	100

P Preliminary
* Not Available
** Excludes Depreciation and Interest

Source:
(1) The American Public Transit Association, APTA 2002 Transit Fact Book , Table 24.

TABLE 5

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)

YEAR	POPULATION (1)	ASSESSED VALUE (2)	GENERAL BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
1992	1,414	$20,740,124	$23,400	.11	16.55
1993	1,411	20,899,290	20,700	.10	14.67
1994	1,403	22,780,189	17,000	.07	12.12
1995	1,396	22,942,030	13,250	.06	9.49
1996	1,402	23,358,249	78,500	.34	56.00
1997	1,387	24,953,150	73,645	.31	53.10
1998	1,381	25,355,787	103,242	.41	74.76
1999	1,372	25,633,181	99,920	.39	72.83
2000	1,394	28,572,250	96,370	.34	69.13
2001	1,380	28,699,372	123,030	.43	89.15

Sources:
(1) Estimates – Various Sources.
(2) Cuyahoga County Auditor’s Office, Budget Commission – Collection Year Data

TABLE 6

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

LEGAL DEBT MARGIN
DECEMBER 31, 2001 (IN THOUSANDS)

OVERALL DEBT LIMITATION:

Total Of All GCRTA Debt Outstanding	$ 129,782
Exempt Debt	129,782
Net Indebtedness (Voted and Unvoted)	$ 0
Assessed Valuation Of County (2000 Tax Year)	$28,699,372
Overall Debt Limitation (%)	5.0%
5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation)	$ 1,434,969
Net Indebtedness (Voted and Unvoted)	$ 0
Overall Debt Margin	$ 1,434,969

UNVOTED DEBT LIMITATION:

Unvoted Debt Limitation (0.1% of County Assessed Valuation)	$ 28,699
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year	(12,311)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	$ 16,388

TABLE 7

GREATER REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2001

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	$ 129,782,016	--	$ 129,782,016	100%	$ 129,782,016
County of Cuyahoga (1)	216,544,636	$ 371,048	216,173,588	100	216,173,588
Cuyahoga County Cities, Villages, Townships (1)...........	911,645,557	33,092,896	878,552,661	100	878,552,661
Cuyahoga County School Districts (2)...	569,376,744	105,142,233	464,234,511	100	464,234,511
Total Net Direct and Overlapping Debt					$1,688,742,776

(1) 2002 Tax Budgets filed in July, 2001 and certified unencumbered 2002 balances filed in January, 2002 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2001. 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 8

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

LONG TERM DEBT COVERAGE
LAST TEN YEARS (IN THOUSANDS)

YEAR	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
1992	$165,452	$162,208	$ 3,244	$5,100	$2,195	$7,295	.45
1993	175,100	157,540	17,560	2,700	2,137	4,837	3.63
1994	183,092	165,185	17,907	3,700	1,561	5,261	3.40
1995	191,293	171,616	19,677	3,750	1,070	4,820	4.08
1996	192,238	182,688	9,550	4,750	4,492	9,242	1.03
1997	198,900	187,387	11,513	4,855	4,888	9,743	1.18
1998	203,119	197,133	5,986	3,655	5,617	9,272	.65
1999	207,906	206,683	1,223	3,620	5,891	9,511	.13
2000	223,965	220,270	3,695	3,835	5,672	9,507	.39
2001	219,194	231,137	(11,943)	4,198	5,637	9,835	(1.21)

(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 9

GREATER REGIONAL TRANSIT AUTHORITY

FAREBOX RECOVERY PERCENTAGE
LAST TEN YEARS

YEAR	PERCENTAGE
1992	24.9
1993	27.4
1994	26.7
1995	25.7
1996	24.4
1997	24.0
1998	23.0
1999	21.3
2000	20.2
2001	18.7

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

FARE STRUCTURE
DECEMBER 31, 2001

	LOCAL	EXPRESS AND RAPID TRANSIT
Cash Fare	$ 1.25	$ 1.50
Senior Citizens	.50	.50
Handicapped	.50	.50
Students	1.00	1.00
Children (under 6 yrs. of age with adult)	Free	Free
Downtown Loop and Community Circulators	.50	*
Tickets (5)	5.95	7.15
Passes:		
All Day Pass	4.00	4.00
Weekly	11.25	13.50
Monthly	45.00	54.00
Transfer:		
Local	No Charge	.25
Express	No Charge	No Charge
Family Fares:		
Adult with up to three (3) children	1.25	1.50
Children (6 yrs. to 15 yrs.)	1.00	1.00
All Day Family Pass	6.00	6.00
Special:		
Through rides between Downtown Cleveland and:		
Avon Lake (Lorain County)	*	2.50
Willowick/Wickliffe (Lake County)	*	2.50
Brunswick (Medina County)	*	2.50
Richfield Township (Summit County)	*	2.50

* Not applicable

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SYSTEM RIDERSHIP:										
Motor Bus.........................	55,932,275	52,906,861	52,547,441	50,235,364	49,433,107	51,523,280	50,682,872	49,140,405	51,591,534	47,100,582
Heavy Rail........................	4,657,616	4,072,575	4,520,799	4,663,656	5,139,718	5,241,176	5,455,860	5,658,763	7,340,705	8,232,176
Light Rail	3,319,588	2,747,968	2,888,243	3,052,571	3,846,521	4,082,873	4,091,176	4,164,389	4,318,399	4,444,545
Demand Responsive..........	411,120	357,832	333,461	314,655	316,927	324,008	327,870	340,190	310,894	281,191
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus.........................	192,671	184,110	181,345	172,782	170,541	177,280	174,798	169,338	170,191	166,920
Heavy Rail........................	16,013	14,170	15,639	17,063	17,732	18,129	18,817	19,500	18,736	19,198
Light Rail	11,413	9,561	9,992	10,847	13,270	14,122	14,110	14,351	13,654	13,142
Demand Responsive..........	1,518	1,404	1,265	1,065	1,086	1,121	1,130	1,173	1,209	1,142
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus.........................	81,432	78,308	79,313	82,391	84,750	85,135	89,012	91,394	91,626	89,600
	7,251	6,351	6,467	6,351	6,525	6,243	6,176	6,309	3,854	3,823
Light Rail	3,975	3,471	3,562	3,472	3,953	3,984	3,848	3,831	2,749	2,656
Demand Responsive..........	3,909	3,595	3,422	3,422	3,347	5,960	6,479	5,502	7,092	6,765
REVENUE MILES:										
Motor Bus.........................	20,737,117	19,864,055	20,366,927	20,481,259	21,008,961	21,306,672	22,532,413	23,325,952	23,523,043	23,000,048
Heavy Rail........................	2,133,698	1,907,502	1,909,905	1,988,626	2,014,972	2,046,418	2,030,450	2,066,821	2,064,918	1,989,332
Light Rail	1,170,330	970,694	953,453	1,015,575	1,118,618	1,180,827	1,182,715	1,254,164	1,202,173	1,144,240
Demand Responsive..........	1,179,785	699,729	667,870	679,667	1,042,942	1,395,656	1,130,418	1,232,838	1,785,104	1,757,197
PASSENGER MILES:										
Motor Bus.........................	169,052,451	156,752,810	188,199,597	175,161,932	183,451,305	195,815,042	206,200,170	206,546,438	198,957,849	179,985,792
Heavy Rail........................	41,279,454	50,181,515	52,986,065	51,333,253	61,466,197	56,561,092	54,247,521	51,419,115	54,008,892	61,606,818
Light Rail	31,185,127	26,511,608	27,179,362	27,675,419	30,034,676	30,685,785	29,029,628	25,986,194	24,851,765	25,525,892
Demand Responsive..........	1,708,995	1,264,932	1,442,864	1,510,661	1,673,429	1,397,001	1,412,694	1,457,392	1,926,818	1,308,376

(Continued)

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS (Continued)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
ENERGY CONSUMPTION:										
Motor Bus										
(gallons of fuel)	6,203,078	5,373,272	5,821,016	5,362,831	5,726,202	5,575,969	4,866,308	4,522,858	4,993,462	4,426,598
(lbs. of natural gas)	815,608	813,815	870,301	1,058,628	1,446,431	1,505,091	1,725,192	2,098,956	1,940,307	2,114,755
Heavy Rail										
(kilowatt hours)	37,798,462	30,821,033	29,615,264	28,075,195	28,266,317	28,556,916	27,399,187	28,739,870	28,337,880	27,400,794
Light Rail										
(kilowatt hours)	14,933,592	13,897,779	14,715,134	16,479,056	17,117,212	16,906,883	15,699,132	17,106,108	17,427,148	14,446,957
Demand Responsive										
(gallons of fuel)	173,120	161,455	160,238	164,346	206,311	229,331	282,229	223,947	230,579	243,577
FLEET REQUIREMENT DURING PEAK HOURS:										
Motor Bus	617	586	636	591	601	595	594	604	619	614
Heavy Rail	30	35	35	35	30	30	28	28	28	28
Light Rail	26	24	26	26	25	26	26	26	25	25
Demand Responsive	52	49	49	49	51	60	58	59	81	77
TOTAL ACTIVE VEHICLES DURING PERIOD:										
Motor Bus	649	702	723	782	709	754	750	747	753	731
Heavy Rail	59	59	59	59	59	59	59	60	60	60
Light Rail	47	47	47	47	47	47	47	47	47	48
Demand Responsive	52	49	59	58	52	60	58	83	81	77
NUMBER OF EMPLOYEES:	2,670	2,550	2,604	2,738	2,807	2,821	2,859	2,968	3,052	2,830

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

(Concluded)

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS

YEAR	COUNTY POPULATION (1)	MSA
1940	1,217,250	1,319,734
1950	1,389,532	1,532,574
1960	1,647,895	1,909,483
1970	1,721,300	2,063,729
1980	1,498,400	1,898,825
1990	1,412,140	1,831,122
2001	1,380,421	1,856,399

AGE DISTRIBUTION (2)

	2000	
	NUMBER	PERCENTAGE
Under 5 years	90,996	6.5%
5 - 9 yrs	101,372	7.3
10 – 14 yrs	99,235	7.1
15 – 19 yrs	89,960	6.5
20 – 24 yrs	77,515	5.6
25 – 34 yrs	188,873	13.5
35 – 44 yrs	219,449	15.7
45 – 54 yrs	187,601	13.5
55 – 59 yrs	65,599	4.7
60 – 64 yrs	56,217	4.0
65 – 74 yrs	107,327	7.7
75 – 84 yrs	82,469	5.9
85 yrs and over	27,365	2.0
TOTAL	1,393,978	100.00%
Median age	37.3	
Males	658,481	
Females	735,497	

DISTRIBUTION OF FAMILIES BY IN COME BRACKET (Average 3.06 persons) (3)

	2000		1990	
INCOME (2)	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
$0-14,999	40,279	11.30 %	73,811	15.07%
$15,000-24,999	38,075	10.70	71,961	14.70
$25,000-49,999	101,299	28.40	188,143	38.42
$50,000-99,999	123,948	34.80	155,791	31.81
$100,000-199,999	41,701	11.70	-	-
Over $200,000	10,919	3.10	-	-
Total	356,221	100.00%	489,706	100.00%
	$49,559		$37,140	
	$22,272		$15,092	

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 2001 are estimates provided by the U. S. Census Bureau.

(2) U. S. Census Bureau, Census 2000

(3) U. S. Census Bureau. Census 2000

(Continued)

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
LAST TEN YEARS (Continued)

EMPLOYMENT-ANNUAL AVERAGE (1):

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Total Civilian Labor Force	678,000	673,900	675,600	676,600	678,800	676,800	699,200	681,200	691,000	692,600
Total Employed*	629,200	627,900	636,300	644,200	643,800	637,400	668,500	649,900	659,900	661,700
Total Unemployed	48,800	46,000	39,300	32,400	35,000	39,400	30,700	31,300	31,100	31,000
Unemployment Rate	7.2%	6.8%	5.8%	4.8%	5.2%	5.8%	4.4%	4.6%	4.5%	4.5%

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

	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		STATE AND LOCAL GOVERNMENT		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
YEAR	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
1992.........	147.3	20.4	176.6	24.4	210.1	29.0	82.1	11.3	53.1	7.3	32.4	4.5	22.4	3.1	724.0*	100
1993.........	140.9	19.1	176.4	24.0	219.8	29.9	82.2	11.3	53.7	7.3	31.8	4.3	30.2	4.1	735.0*	100
1994.........	139.5	18.6	181.0	24.1	227.3	30.2	83.6	11.1	56.7	7.5	33.1	4.4	30.5	4.1	751.7*	100
1995.........	140.0	18.3	187.7	24.5	236.3	30.8	80.1	10.5	57.6	7.5	33.2	4.3	31.2	4.1	766.1*	100
1996.........	137.1	17.8	188.8	24.5	236.8	30.7	81.1	10.5	59.8	7.8	33.8	4.4	32.8	4.3	770.2*	100
1997.........	136.3	17.3	192.9	24.5	242.8	30.9	84.1	10.7	62.2	7.9	34.4	4.4	33.4	4.3	786.1*	100
1998.........	136.5	17.0	195.1	24.4	252.9	31.6	84.8	10.6	63.7	7.9	34.9	4.4	32.9	4.1	800.8*	100
1999.........	133.3	16.5	195.5	24.2	259.6	32.2	83.3	10.3	67.9	8.4	34.7	4.3	33.1	4.1	807.4*	100
2000…….	128.8	16.0	189.3	23.6	264.4	32.9	83.9	10.4	68.4	8.5	34.8	4.3	34.7	4.3	804.3*	100
2001.........	121.4	15.3	182.4	23.0	262.3	33.0	88.4	11.1	70.3	8.9	35.8	4.5	33.1	4.2	793.7*	100

Sources:

(1) Ohio Bureau of Employment Services

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

(Concluded)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

MISCELLANEOUS STATISTICS

Date of Creation of Authority by Local Legislature	December 30, 1974
Date the Authority Began Operation	September 5, 1975
Form of Government	Board of Trustees with General Manager
Number of Trustees	10
County in which Authority Operates	Cuyahoga County, Ohio
Type of Tax Support	Cuyahoga County Sales Tax - 1%
Cities and Towns Serviced	59
Area of Authority in Square Miles	459
Population of County	1,380,421
Miles of Route:	
Motor Bus	1,108.0
Rail	68.0
Number of Routes	102
Wheelchair Equipped Standard Busses	741
Number of Rail Stations	52
Number of Busses	785
Free Rail Parking Spaces	8,500
Number of Scheduled Lines:	
Motor Bus	102
Rail	3
Average Speed in Miles Per Hour:	
Motor Bus	12.6
Rail	18.6
Demand Responsive	10.5
Rail Cars Per Train	1, 2 or 3
RTAnswerline	1 Million Calls
RTA Web Site	8.1 Million Hits (requests)

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
AUGUST 27, 2002