GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY

Report of Federal Award Expenditures in Accordance
with OMB Circular A-133

Year Ended December 31, 2006

(With Independent Auditors' Reports Thereon)

Mary Taylor, CPA
Auditor of State

Board of Directors
Greater Cleveland Regional Transit Authority
1240 West 6th Street
Cleveland, Ohio 44113-1331

We have reviewed the *Independent Auditors' Report* of the Greater Cleveland Regional Transit Authority, Cuyahoga County, prepared by KPMG LLP, for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 9, 2007

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GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Report on Federal Award Expenditures in Accordance with OMB Circular A-133

Table of Contents

	Page
Part I – Supplemental Financial Information	
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Part II – Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	3
Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control Over Compliance in Accordance with OMB Circular A-133, and on the Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	7

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

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	$	45,117,707
Federal Transit Administration Capital Improvement Grants	20.500	N/A		28,363,950
Federal Transit Cluster total				73,481,657
Federal Transit Technical Assistance	20.512	N/A		2,054
Transit Planning and Research	20.514	N/A		307
Job access – Reverse Commute	20.516	N/A		320,169
U.S. Department of Homeland Security:				
Passed through Ohio Emergency Management Agency				
Urban Areas Security Initiative	97.008	2004-TU-T4-0015		826,901
Total expenditures of federal awards			$	74,631,088

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (Schedule) reflects the expenditures of the Greater Cleveland Regional Transit Authority under programs financed by the U.S. government for the year ended December 31, 2006. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Authority and agencies and departments of the federal government. Expenditures for federal award programs are recognized on the accrual basis of accounting.

KPMG LLP
Suite 2600
One Cleveland Center
1375 East Ninth Street
Cleveland, OH 44114-1796

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

The Board of Trustees
Greater Cleveland Regional Transit Authority
and
The Honorable Mary Taylor, CPA, Auditor of State:

We have audited the financial statements of the Greater Cleveland Regional Transit Authority (Authority) as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

KPMG LLP

Cleveland, Ohio
June 19, 2007

KPMG LLP
Suite 2600
One Cleveland Center
1375 East Ninth Street
Cleveland, OH 44114-1796

Report on Compliance With Requirements Applicable to Each Major Program, on Internal Control Over Compliance in Accordance with OMB Circular A-133, and on the Schedule of Expenditures of Federal Awards

The Board of Trustees
Greater Cleveland Regional Transit Authority
and
The Honorable Mary Taylor, CPA, Auditor of State:

Compliance

We have audited the compliance of the Greater Cleveland Regional Transit Authority (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement (Compliance Supplement)* that are applicable to its major federal program for the year ended December 31, 2006. The Authority's major federal program is identified in the summary of auditor's 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 program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 06-01.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for a limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 06-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

KPMG LLP

Cleveland, Ohio
June 19, 2007

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Schedule of Findings and Questioned Costs

Year ended December 31, 2006

(1) Summary of Auditors' Results:

(a)	The type of report issued on the financial statements as of and for the year ended December 31, 2006	Unqualified
(b)	Significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements	None reported
(c)	Noncompliance identified that is material to the financial statements of the Authority	None
(d)	Significant deficiencies or material weaknesses in internal control over major federal financial award programs disclosed by the audit of the financial statements	
	Significant Deficiency	Yes
	Material Weakness	No
(e)	The type of report issued on compliance for major federal financial award programs	Unqualified
(f)	Any audit findings that are required to be reported under Section 510(a) of OMB Circular A-133	Yes
(g)	Major federal financial assistance programs identified for the year ended December 31, 2006:	
	Federal Transit Cluster:	
	CFDA #20.507 Federal Transit Administration – Capital and Operating Assistance Formula Grants	
	CFDA #20.500 Federal Transit Administration – Capital Improvement Grants	
(h)	Dollar threshold used to distinguish between Type A and Type B programs	$ 2,238,933
(i)	Auditee qualified as a low-risk auditee under OMB Circular A-133	Yes

(2) Findings Relating to the Financial Statements That Are Required to Be Reported in Accordance with *Government Auditing Standards*: None

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 06-01	Submission of Financial Status Report (FSR)
Federal Agency:	Department of Transportation
CFDA # and Program Expenditures:	20.500 Federal Transit Capital Investment Grants
Grant Award Number:	OH-03-0227
Federal Fiscal Year Awarded:	2003
Questioned Costs:	N/A

Condition Found and Perspective:

The final financial status report (FSR) for grant OH-03-0227, did not include a draw-down of $140,067 that occurred prior to grant closeout. In 2006, the Authority incurred federal expenditures with regards to 25 grants and submitted FSRs for each. Total federal expenditures for the year totaled $74,631,088. Of the 25 grants selected for testwork, one grant did not report the accurate amount of federal expenditures for the second quarter of 2006, resulting in $140,067 not being reported.

Criteria:

According to FTA Circular 5010, "FTA grant recipients are to submit financial information through the electronic award and management system. This report should be provided concurrently with the milestone/ progress reports. Urbanized area formula and capital program financial status reports and milestone/ progress reports are due to FTA within 30 days after the end of each calendar quarter."

Effect:

Failure to report federal expenditures in the proper format required by FTA.

Recommendation:

We recommend that the Authority modify its grant closeout process to prevent similar occurrences and perform a reconciliation of amounts reported in the quarterly Financial Status Report (FSR) to the expenditures in FTA's Grant Management system.

View of Responsible Official:

The significant deficiency reported in the Single Audit was an isolated incident and GCRTA has modified its grant closeout process to prevent a similar occurrence.

GCRTA's internal grant closeout process has been revised and the Office of Management & Budget (OMB) will include a copy of the financial status report printed from FTA's Grant Management System in the closeout folder, which is routed internally. The report will be reviewed by OMB to ensure that it is reconciled with the expenditures in FTA's Grant Management system. The folder is then routed to Grants Management for review and initiation of the grant closeout in FTA's system.

Greater Cleveland Regional Transit Authority

Comprehensive Annual Financial Report

For The Year Ended December 31, 2006

Cuyahoga County, Ohio

Comprehensive Annual Financial Report
For the Year Ended December 31, 2006

RTA

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

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2006
INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents **1**

Certificate of Achievement in Financial Reporting **3**

Letter of Transmittal **5**

Organizational Chart **17**

Board of Trustees and Executive Management Team **18**

Community Boundaries in Cuyahoga County **19**

FINANCIAL SECTION

Independent Auditors' Report **21**

Management's Discussion and Analysis **22**

Financial Statements:

Balance Sheets **35**

Statements of Revenues, Expenses and Changes in Net Assets **36**

Statements of Cash Flows **37**

Notes to Financial Statements **39**

TABLE OF CONTENTS

PAGE

STATISTICAL SECTION

Revenues by Source **55**

Revenues and Operating Assistance - Comparison to Industry Trend Data **56**

Expenses by Function **57**

Operating Expenses - Comparison to Industry Trend Data **58**

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita **59**

Legal Debt Margin **60**

Computation of Direct and Overlapping Debt **61**

Long-Term Debt Coverage **62**

Farebox Recovery Percentage/Fare Structure **63**

Operating Statistics **64**

Demographic Statistics **66**

Financial Trends-Ten Year Comparison **68**

Operating Information-Capital Assets **69**

Miscellaneous Statistics **70**

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, 2005

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 31,2005. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

RTA

The Greater Cleveland
Regional Transit Authority
Main Office
1240 West 6th Street
Cleveland, Ohio 44113-1331
Phone 216 566-5100
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June 19, 2007

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, 2006. This is the nineteenth 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 to earn this important recognition and has consistently done so since 1988.

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

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 Executive Management Team of the GCRTA, and a map of municipalities in the County.

The FINANCIAL SECTION begins with the Management's Discussion and Analysis, Independent Auditors' Report and the GCRTA's financial statements.

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. The GCRTA provides virtually all-mass transportation within the County. The North Olmsted and Maple Heights transit systems merged with GCRTA in March 2005 to form a single transit system that will meet the needs of the public in Cuyahoga County. It is a multimodal system delivering bus, paratransit, heavy rail and light rail services.

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

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

The GCRTA had 2,644 employees as of December 31, 2006. The system delivered 22.5 million revenue miles of bus service and 2.8 million revenue miles on its heavy and light rail systems. The service fleet was composed of 663 motor bus coaches, 60 heavy rail cars, 48 light rail cars, and 77 demand responsive 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 fifty-six other jurisdictions. This is the largest metropolitan area in Ohio and one of the largest counties in the United States. The population of this area is approximately 1.3 million people.

Historically, the foundation for Greater Cleveland's economic vitality has been heavy industry with the largest employment sector being manufacturing. Since 1997, manufacturing employment has dropped significantly from 17.3% of the total workforce to 11.3%, while wholesale and retail trade has significantly decreased from 24.5% since 1997 to 14.4% in 2006. The professional and related services sector work force has steadily grown from 30.9% of the total workforce since 1997 to the present rate of 43.8%, of the workforce. Our local economy started to rebound during 2004, resulting in more of our workforce being employed. The County's 2006 unemployment was 5.5%, compared to the national rate of 5.2%.

During 2005, 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 $33.2 billion.

CURRENT YEAR REVIEW

During 2006, the effects of rising petroleum prices on the lives of Northeast Ohio residents continued to be a challenge. This challenge was partially met through GCRTA providing a cost-effective alternative to driving. This resulted in more seats being filled on trains and buses. Ridership grew to 54.8 million passenger trips; this is a fourth consecutive year of increased ridership. In addition, the Trolley service was re-introduced to downtown Cleveland. The nostalgic green and gold vehicles, complete with wooden rails, and brass bells, took people back in time. The Trolleys arrived every ten minutes to move people to their destinations. The free Trolley service was made possible by financial support from the Convention & Visitors Bureau of Greater Cleveland in 2006, and will continue in 2007 through sponsorship from other local organizations. By the end of 2006, nearly 3,000 riders were boarding the Trolley daily, a dramatic increase over the 700 daily riders of the old Downtown Loops.

To assist commuters in breaking their habit of driving, GCRTA sponsored No Drive Day with the Northeast Ohio Areawide Coordinating Agency. Mayor Frank Jackson, the Cuyahoga County Commissioners, the Governor, and both U.S. Senators supported the cause with proclamations. Most broadcast and print media outlets provided support by spreading the word on the benefits of walking, biking, and using GCRTA to break dependence on foreign oil.

New service offerings and enhancements also made a big difference. Along the Northeast Corridor, the 55-F Gold Line was created, providing area residents a faster commute to and from downtown. In addition, the Paratransit service continued to benefit from the integration of new scheduling software, with more than 343,000 trips made by those with disabilities.

GCRTA received high marks for the simplifying the commute through technology enhancements. These enhancements included a redesigned and easy to navigate Web site, an online Trip Planner, and NextConnect signs at passenger facilities. The NextConnect digital signage allows riders to view incoming bus and train information. Programmable digital signage at major stations offered riders updated schedule information along with important news updates.

Those who made the switch from driving to riding GCRTA discovered the transit authority had been reengineered. In addition to the 11 Trolley vehicles, 45 new buses were added, and 13 refurbished light-rail cars were brought into the system. The infusion of new equipment has streamlined the Authority’s operations while creating a completely different riding experience.

Part of GCRTA's ridership success can also be attributed to being responsive to customers' feedback. This meant providing more convenient access to the GCRTA system through Park-N-Rides and Transit Centers that are strategically placed throughout the region. The new $2.1 million Transit Center in Parma was completed in 2006. Park-N-Ride lots also were expanded through funding from the Ohio Department of Transportation. In December, the Strongsville facility was expanded, and soon, spaces will be added to North Olmsted and Westlake. Improvements were also made on the rail side. An investment of $1.0 million in improvements was made to the Shaker Square Rail Station including ADA-related enhancements and landscape beautification.

GCRTA's goal of improving public transportation service along one of Cleveland's busiest corridors is also nearing reality. In 2006, much progress was made on the Euclid Corridor Transportation Project (ECTP). ECTP will be known as the Silver Line and will move more than 30,000 riders each day along Euclid Avenue. The prototype buses that will transport passengers along the line are in production. This 60-foot articulated bus is powered by a GM/Allison internal combustion engine and hybrid transmission, consisting of two 100kw motors and a 600-volt nickel metal hydride battery pack. This unique powertrain reduces particulate emissions by 90 percent and offers a 30 percent improvement in fuel efficiency. The dual diesel/electric power and combination bus/rail feature make the Silver Line vehicle the ultimate hybrid. Once completed, this line will offer commuters the fastest connection between downtown and University Circle, and will have 36 transit stations to enable simplified boarding.

Safety and security often get little recognition, in part because they are measured by things that do not occur, but they remained a high priority in 2006. Safety, measured in terms of the number of preventable accidents, dropped by 11 percent across the board. To create a secure environment, GCRTA's Transit Police added a new class of recruits. They included eight officers and three bomb-sniffing dogs. The dogs are part of a new canine unit formed by the Transit Police to detect explosives on vehicles and passenger facilities

After receiving input from public officials and holding a series of public hearings, GCRTA's Board of Trustees decided to do exactly what the community was asking. The Board approved a modest fare increase spread over several years without cuts to service. This approach kept GCRTA with the most affordable transportation option in Northeast Ohio.

Unfortunately, pressures of rising oil prices had a negative impact on GCRTA's finances in 2006. The same energy costs draining the family budget caused increasing pressures on the Authority's operating budget. For every penny increase in fuel prices, GCRTA's annual expenses rose by $54,000. This forced the need for a fare increase after 13 years as described above.

We were humbled in 2006 by the recognition received from the American Public Transportation Association, by naming George F. Dixon, III, GCRTA Board President, as the Outstanding Public Transportation Board Member. In addition, Joseph A. Calabrese, CEO, General Manager/ Secretary-Treasurer of GCRTA was elected President of the Ohio Public Transit Association.

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 transportation 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 69 Community Circulators were operational in 2006. These small buses provide neighborhood services throughout the City and the suburbs, including transfers to mainline bus and rail services over ten routes.

Transit Centers - Transit centers are strategically located where bus routes intersect and service is timed to provide easy transferring. Larger centers include indoor waiting areas and concessions. GCRTA has five existing Transit Centers at Fairview Park, Euclid, North Olmsted, Maple Heights and Parma Mall. A sixth Transit Center is planned for 2007 located on the east side of town with many more planned over the next five years.

Park-N-Ride Lots - Parking lots are strategically located at freeway or other major intersections. Commuters leave their cars and ride express service to and from their destinations. GCRTA provides more than 8,500 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.

Euclid Corridor Transportation Project - This project, in progress, will 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.

Capital Improvement Plan

The development of the 2007 budget included preparation of a five year Capital Improvement Plan ("CIP"). This document is an outline for rebuilding and expanding service by the Authority. Totaling $490.5 million, the CIP constitutes a significant public works effort aimed at remaking the transit network and positioning the Authority, not just for the short-term, but also for the long-term future.

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

Local Capital Projects - $21.8 million

Classified as Routine Capital Projects ($11.7 million) and Asset Maintenance Projects ($10.1 million), these initiatives are funded entirely from local resources. Routine Capital Projects are typically equipment requested by various departments and not funded through grants. Asset Maintenance funds are used to maintain, rehabilitate, replace, or construct assets of a smaller scope or cost than those typically supported with grants. These projects are authorized within the Authority's Capital Fund and are supported with annual allocations of sales tax receipts.

Rail Projects - $147.4 million

This commitment of funds includes the upgrade of the Catenary system, rail extension, station rehabilitation, tracks, bridges, train control systems, and signage. Rail projects include the rehabilitation of the rail stations totaling $49.6 million, overhaul of our light and heavy rail vehicles of $29.5 million, rehabilitation of the rail tracks of $28.5 million, upgrade of Catenary electrical system of $27.5 million, upgrade of our train control and signal systems of $12.3 million.

Bridge Rehabilitation and Other Improvements - $20.4 million

Funding has been provided for the rehabilitation of six track bridges and three street bridges.

Bus Garage Rehabilitation - $1.7 million

GCRTA will rehab the Brooklyn garage at a cost of $1.7 million.

Bus Purchases, Paratransit Vehicles and Circulator Buses - $64.8 million

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

Transit Centers and Shelters - $68.7 million

The Authority will be making a significant investment in 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 - $14.8 million

This project continues to be the Authority'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.

Equipment and Non Revenue Vehicles - $6.1 million

This project calls for the upgrade of our security equipment of $3.1 million and the replacement of a line car of $1.5 million. Non-revenue machine equipment will be replaced at a cost of $775,000 and other miscellaneous equipment will be upgraded at $768,000.

Operating Expenses and Other Expenses - $144.8 million

Certain operating costs are budgeted as capital items as designated by the Federal Transportation Administration (FTA) to be incurred over the next several years and are reimbursable by the Federal and State governments. These costs are recorded as operating costs in the enclosed financial statements.

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 (GAAP). 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.

Management's Discussion and Analysis

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A beginning on page 22 and should be read in conjunction with it.

Retirement Plan

Employees of the GCRTA are covered under the Ohio Public Employees Retirement System (OPERS), 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 OPERS contribute 9.0% of earnable salary or compensation and the GCRTA contributes 13.70% (actuarially established for OPERS) of the same base. The OPERS does not make separate measurements of assets and pension benefit obligations for individual Ohio subdivisions. Effective January 1, 2007, the OPERS Retirement Board approved an increase in the OPERS rate from 9.0% to 9.5%. This rate will continue to increase by 0.5% each year thereafter until the statutory rate of 10% is reached in 2008. The contribution rate that GCRTA pays on behalf of each covered employee will also increase from 13.70% to 13.85% as of January 1, 2007; and from 13.85% to 14.0% effective January 1, 2008.

OPERS 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 OPERS is set aside to fund these benefits.

Under House Bill 158, effective February 1, 2002, state legislation was enacted, extending coverage of OPERS law enforcement benefit 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 an OPERS law enforcement officer to retire with full benefits at age 48 or older. The employee contribution rate is 10.1% of earnable salary or compensation and the GCRTA contribute 16.7% of the same base.

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.

GCRTA assesses their investments under the criteria developed by the Governmental Accounting Standards Board in Statement No. 40. 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 and to pay certain health care 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. This insurance reserve totaled $5.2 million as of December 31, 2006. GCRTA purchased catastrophic loss insurance to protect the Authority's assets against catastrophic losses. This umbrella liability coverage is in the amount of $75 million per occurrence 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 KPMG 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

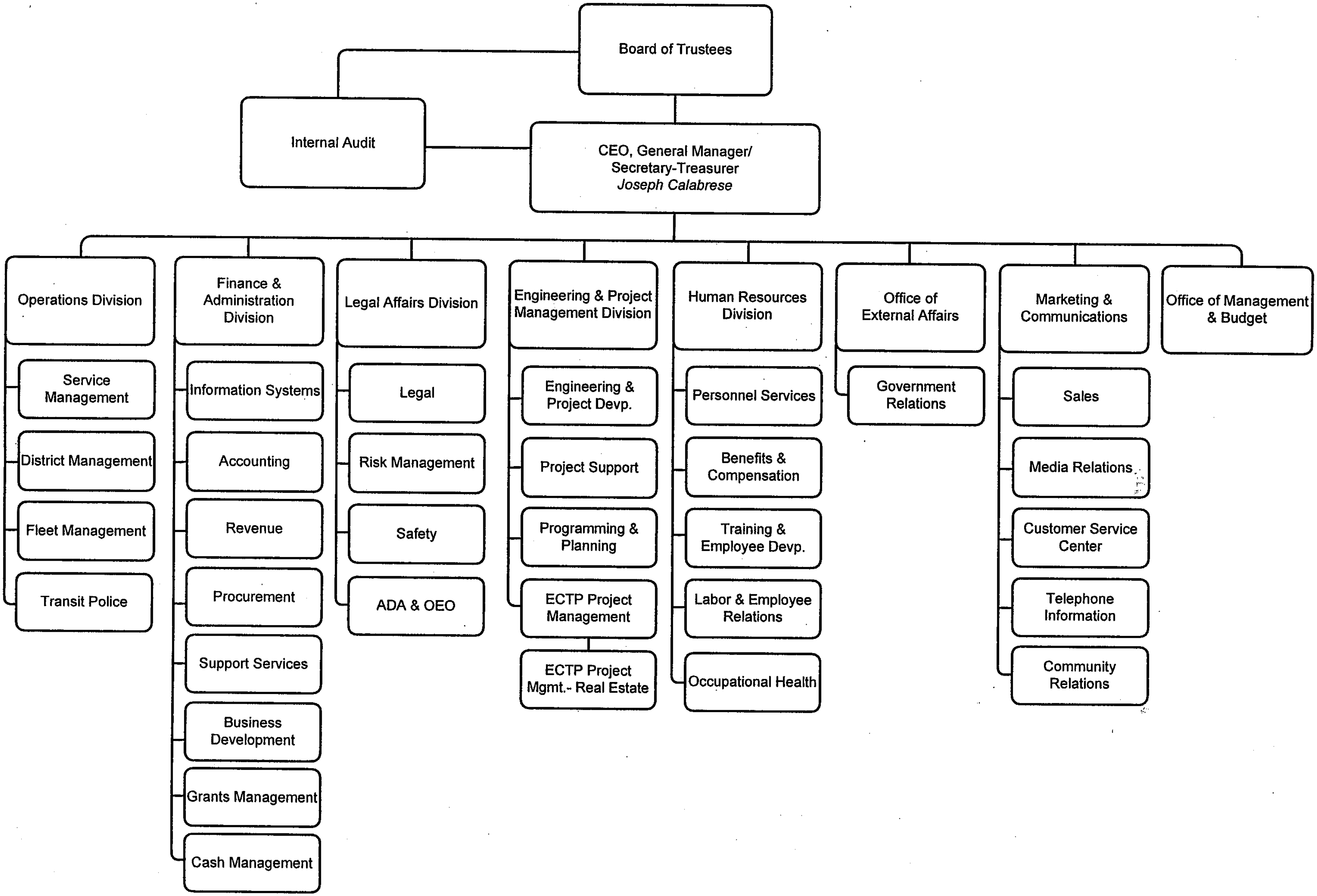
It is management's intention to submit this and future CAFRs to the Government Finance Officers Association of the United States and Canada for review under its Certificate of Achievement for Excellence in Financial Reporting Program. We believe the current report conforms to the program requirements, 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. Pamela Blackwell, Debra Benjamin, Louis Catalusci 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
DECEMBER 31, 2006



Board of Trustees and Executive Management Team

BOARD OF TRUSTEES

EXECUTIVE MANAGEMENT TEAM

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

Bruce Hampton
Deputy General Manager,
Human Resources

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

Stephen J. Bitto
Director,
Marketing & Communications

Grace Gallucci
Executive Director,
Office of Management and Budget

Anthony Garofoli
Executive Director,
Internal Audit

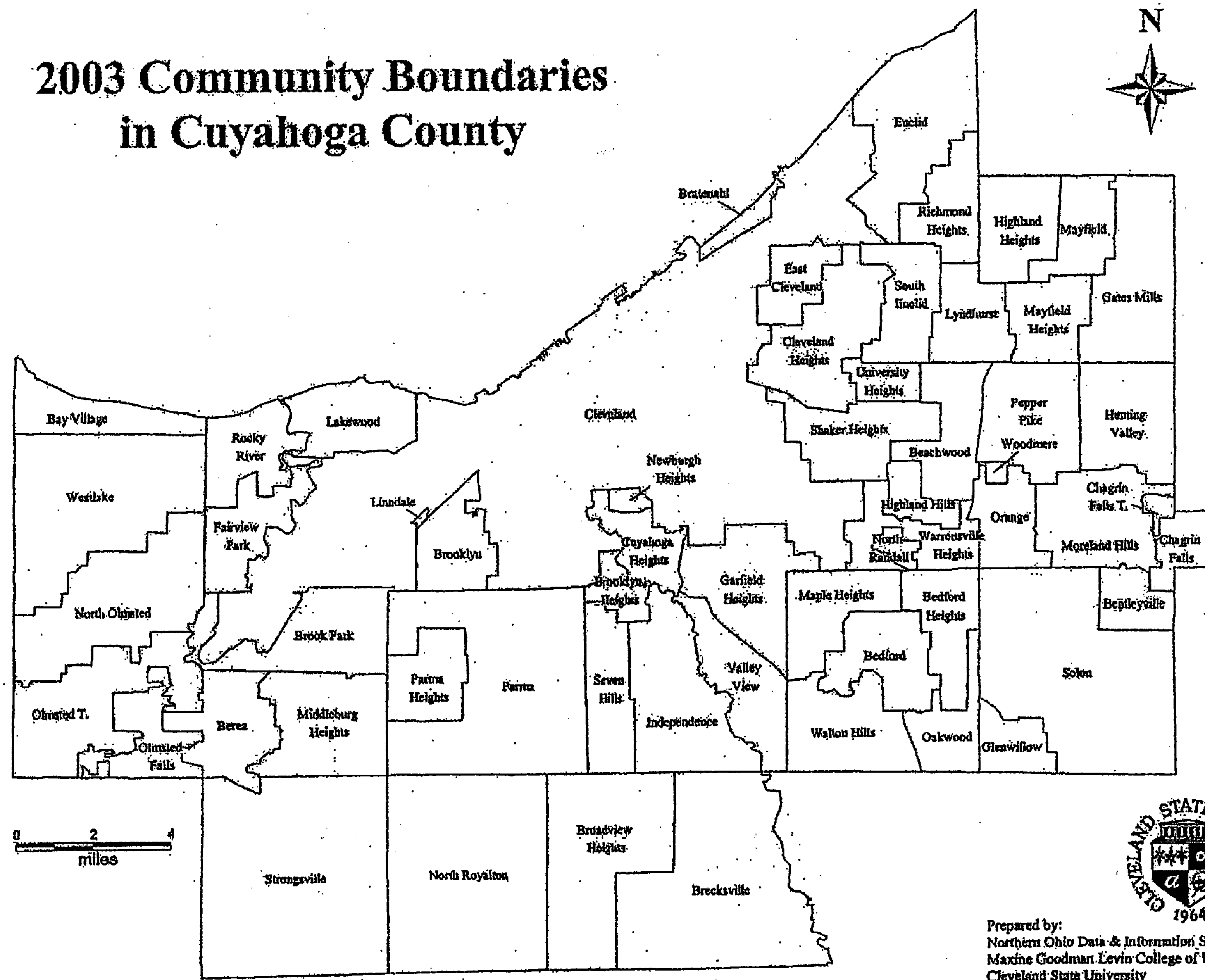
Loretta Kirk
Deputy General Manager,
Finance & Administration

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

Taras G. Szmagala
Executive Director,
External Affairs

Michael York
Deputy General Manager,
Operations

2003 Community Boundaries in Cuyahoga County



Prepared by:
Northern Ohio Data & Information Service
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
August 2003. B.Mc

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2006
FINANCIAL SECTION
BASIC FINANCIAL STATEMENTS AND NOTES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

KPMG LLP
Suite 2600
One Cleveland Center
1375 East Ninth Street
Cleveland, OH 44114-1796

Independent Auditors' Report

The Board of Directors
Greater Cleveland Regional Transit Authority
and
The Honorable Mary Taylor, CPA, Auditor of State:

We have audited the accompanying basic financial statements of the Greater Cleveland Regional Transit Authority (Authority) as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2007 on our consideration of the Authority's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management discussion and analysis on pages 22 through 34 and the statistical section on pages 55 through 70 are not a required part of the basic financial statements of the Authority, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The accompanying introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Cleveland, Ohio
June 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Greater Cleveland Regional Transit Authority (GCRTA or Authority), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2006 and 2005. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Overview of Financial Highlights

- The Authority's net assets increased in each of the past two years with a $23.2 million, or 4.1%, increase in 2006 compared to 2005 and a $8.0 million, or 1.5%, increase in 2005 compared to 2004.

- Current assets decreased by $0.9 million or 0.1% in 2006 compared to 2005. Current assets increased by $5.4 million or 7.1% in 2005 compared to 2004.

- Current liabilities decreased by $1.3 million, or 2.1%, for 2006 compared to 2005. Current liabilities increased by $7.2 million, or 13.2%, in 2005 compared to 2004.

- The Authority's non-current liabilities increased by $15.2 million or 9.4% in 2006 compared to 2005. Non-current liabilities decreased by $8.3 million or 4.9% in 2005 compared to 2004.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the comparative Balance Sheets; the comparative Statements of Revenues, Expenses and Changes in Net Assets; and the comparative Statements of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority is structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets, except land, are capitalized and depreciated, over their estimated useful lives.

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

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

The Statements of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statements are classified into four categories: 1) cash flows from operating activities, 2) cash flows from non-capital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

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

The basic financial statements can be found beginning on page 35 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

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

	December 31, 2006	2005	2004
Assets:			
Current assets	$ 81.5	$ 81.6	$ 76.2
Other noncurrent assets	35.9	25.5	45.8
Capital assets (net of accumulated depreciation)	702.5	675.7	653.8
Total assets	$ 819.9	782.8	775.8
Liabilities:			
Current liabilities	$ 59.5	61.6	54.4
Noncurrent liabilities	176.6	160.6	168.8
Total liabilities	236.1	222.2	223.2
Net assets:			
Invested in capital assets, net of related debt	558.4	538.2	532.4
Restricted	2.1	1.5	1.4
Unrestricted	23.3	20.9	18.8
Total net assets	583.8	560.6	552.6
Total liabilities and net assets	$ 819.9	$ 782.8	$ 775.8

The largest portion of the Authority's net assets reflect investment in capital assets consisting of buses, rail cars, right-of-ways, and operating facilities, less any related debt used to acquire those assets still outstanding. The Authority uses these capital assets to provide public transportation services for Cuyahoga County.

During 2006, major construction projects aggregating $16.8 million were completed and transferred to the appropriate property and facilities account. Major projects include the Light Rail Overhaul of $8.4 million, the Eagle Avenue Substation and Building addition of $2.7 million, Parma Town Transit Center of $1.4 million, the Transit Police Headquarters of $1.0 million, the Puritas Platform Replacement project of $0.8 million and several smaller projects with a combined total of $2.5 million.

Included in the December 31, 2006 construction in progress balance are costs associated with the Kingsbury Tunnels Project, LRV Overhaul Project, costs associated with the Euclid Corridor Project, West 117th Street Station Project, the Shaker Heights Traffic Signal Integration Project, and the Shaker Square Station Rehabilitation Project, along with various other projects.

During 2005, major construction projects aggregating $38.6 million were completed and transferred to the appropriate property and facilities account. Major projects include the Triskett Garage Rehabilitation $28.6 million, CRT Bus Purchase $2.7 million, Rehabilitation of the Lockwood, Carlyon & Elberon track bridge $2.5 million, the rehabilitation of the Quincy Station $1.5 million, Brookpark Tower to Airport Track and overhead $1.1 million, and several smaller projects with a combined total of $2.2 million.

Included in the December 31, 2005 construction in progress balance are costs associated with the Kingsbury Tunnels Project, LRV Overhaul Project, the Euclid Corridor Project, Kingsbury Tunnel Project, the Eagle Ave. Substation and Building Project, along with various other projects.

Readers desiring more detailed information on capital asset activity should read Note 4 - Capital Assets at page 46 included in the notes to the basic financial statements.

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

Description

	December 31, 2006	December 31, 2005	December 31, 2004
Operating revenues:			
Passenger fares	$ 40.9	$ 38.6	$ 37.6
Advertising and concessions	1.5	1.6	1.5
Total operating revenues	42.4	40.2	39.1
Operating expenses, excluding depreciation			
Labor and fringe benefits	(166.0)	(161.1)	(155.4)
Materials and supplies	(29.2)	(29.7)	(23.1)
Services	(9.3)	(10.6)	(9.7)
Utilities	(10.9)	(9.6)	(8.6)
Casualty and liability	(6.3)	(7.3)	(6.2)
Purchased transportation	(2.9)	(6.3)	(11.1)
Leases and rentals	(0.3)	(0.5)	(0.6)
Taxes	(1.9)	(2.0)	(1.5)
Miscellaneous	(2.0)	(4.4)	(3.9)
Total operating expenses before depreciation	(228.8)	(231.5)	(220.1)
Depreciation expense	(43.2)	(40.7)	(41.6)
Total operating expenses	(272.0)	(272.2)	(261.7)
Operating loss	(229.6)	(232.0)	(222.6)
Nonoperating revenues (expenses):			
Sales and use tax revenue	170.4	167.2	168.7
Federal operating grants and reimbursements	20.1	20.8	20.4
State/local operating grants and reimbursements	5.2	4.6	3.4
Investment income	2.8	1.5	0.4
Interest expense	(7.9)	(6.7)	(4.5)
Other income	3.4	4.0	1.9
Total nonoperating revenues	194.0	191.4	190.3
Net loss before capital grant revenue	(35.6)	(40.6)	(32.3)
Capital grant revenue	58.8	48.6	35.3
Increase in net assets during the year	23.2	8.0	3.0
Net assets, beginning of year	560.6	552.6	549.6
Net assets, end of year	$ 583.8	$ 560.6	$ 552.6

FINANCIAL OPERATING RESULTS

Revenues

Ridership and Passenger Fares – Farebox receipts and special transit fares are included within this caption. Passenger fare revenue increased by $2.3 million or 6.0% compared with 2005 attributable to an increase in fares and increase in total ridership from 54.4 million in 2005 to 54.8 million in 2006. Passenger fare revenue increased by $1.0 million or 2.7% compared with 2004 attributable to an increase in total ridership from 55.1 million in 2004 to 65.4 million in 2005.

Sales and Use Tax – This dedicated 1% tax is levied in Cuyahoga County as part of the 8% overall tax on retail sales that changed from 7% effective July 2003. Sales and use tax revenue accounted for 69.8% and for 70.2% of the Authority's revenue for 2006 and 2005 respectively. Revenue received from sales and use tax for 2006 increased $3.2 million, or 1.9% compared to 2005. Revenue received from sales and use tax for 2005 decreased $1.5 million, or less than 1.0% compared to 2004. This can be attributable to the leveling off of the economy starting in 2004.

Federal Operating Grants and Reimbursements – The Authority received approximately $20.1 million for 2006 and $20.8 million in 2005 in preventive maintenance reimbursement funds to cover the costs of certain inventory purchases and maintenance costs incurred.

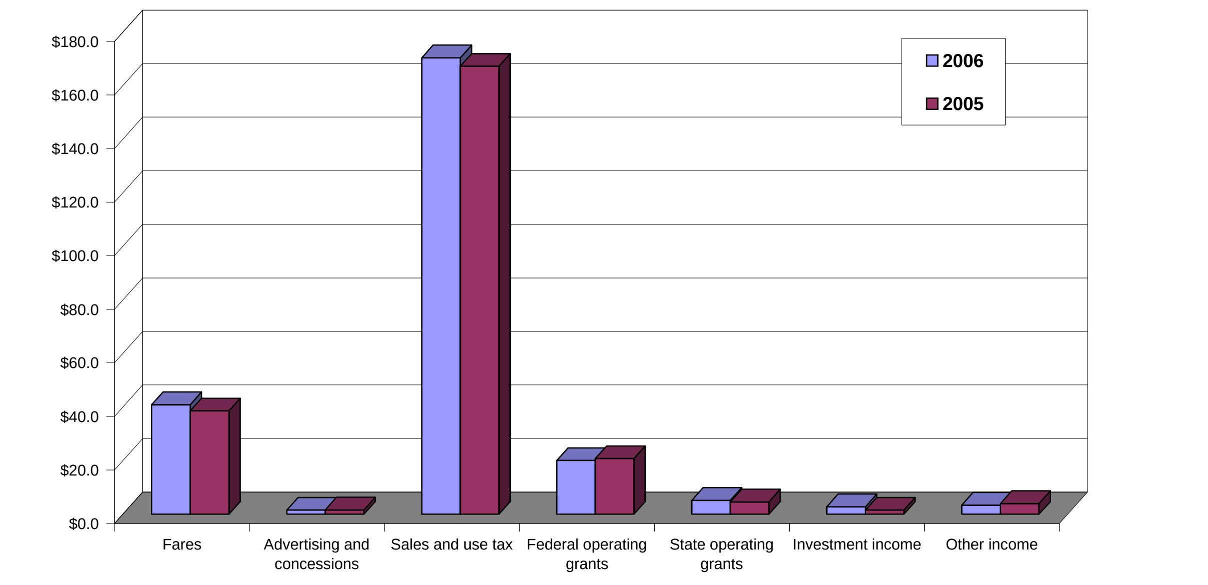
State/Local Operating Grants and Reimbursements – The Ohio Department of Transportation (ODOT) allocates grants for operating assistance and elderly and handicapped programs. This category also includes reimbursement for state fuel taxes paid by the Authority. The increases in this category of $0.6 million or 13.0% and $1.2 million or 35% for 2006 and 2005 respectively compared to the prior years were a direct result of receiving more funding at the State level.

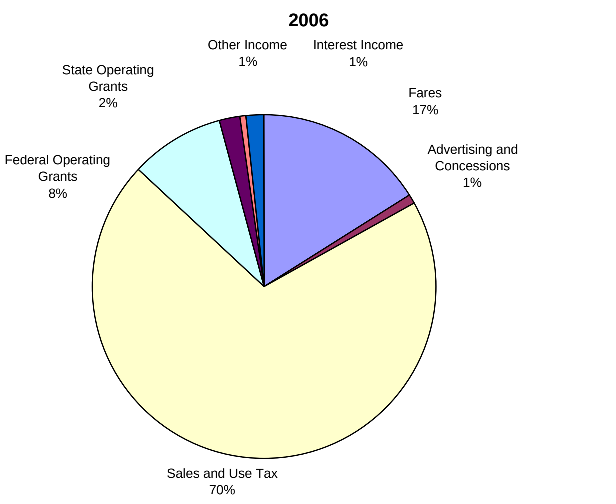
Investment Income – Investment income increased of $1.3 million or 86.7% in 2006 compared to 2005, which was a direct result of an increase in the average interest rate and a higher average investment balance. Investment income increased of $1.1 million or 275% in 2005 compared to 2004 was a direct result of an increase in the average interest rate and a higher average investment balance.

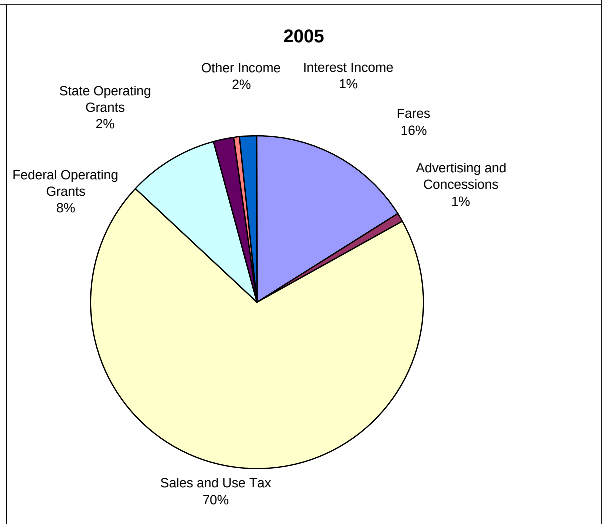
REVENUE

Millions of Dollars

	2006	2005	Increase/(Decrease) Amount	Percent
Fares	$40.9	$38.6	$2.3	6.0 %
Advertising and concessions	1.5	1.6	(0.1)	(6.3)
Sales and use tax	170.4	167.2	3.2	1.9
Federal operating grants	20.1	20.8	(0.7)	(3.4)
State operating grants	5.2	4.6	0.6	13.0
Investment income	2.8	1.5	1.3	86.7
Other income	3.4	4.0	(0.6)	(15.0)
Total	$244.3	$238.3	$6.0	2.5 %







Expenses

Labor and Fringe Benefits: Due to an increase in the overall wage rate and the cost of providing health care benefits, these personnel related costs increased by $4.9 million, or 3.0%, in 2006 compared to 2005, and by $5.7 million, or 3.7%, in 2005 compared to 2004.

Materials and Supplies: These costs have decreased $0.5 million or 1.7% in 2006 compared to 2005 due to the lower consumption of materials and supplies during 2006. These costs have increased $6.6 million or 28.6% in 2005 compared to 2004 due to the higher costs of diesel fuel and compressed natural gas.

Services: These costs decreased by $1.3 million or 12.3% in 2006 over 2005 as a result of using less computer consulting services for the perpetual inventory system in 2006 as compared with 2005. Costs in this category increased by $0.9 million or 9.3% in 2005 over 2004 as a result of additional computer consulting services relating to the implementation of our perpetual inventory system.

Utilities: Utility costs for 2006 compared to 2005 and 2005 compared to 2004 increased by $1.3 million and $1.0 million, respectively, due to higher utility rates.

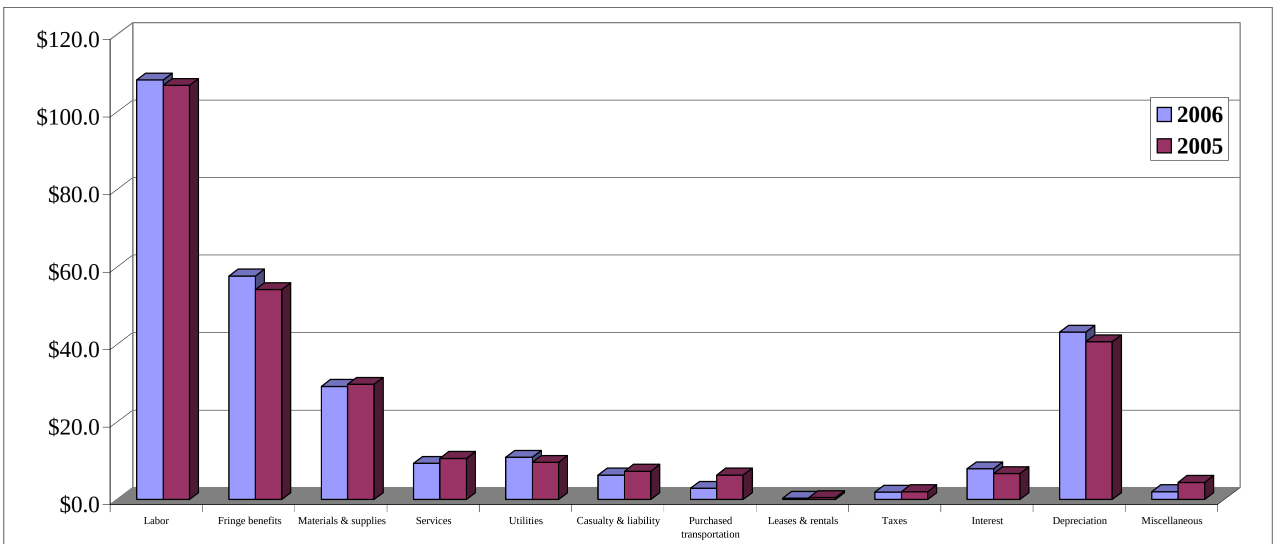
Casualty and Liability: The $1.0 million decrease in these costs is due to lower than expected claims for 2006 as compared to 2005. The $1.1 million increase in these costs is due to higher than expected claims for 2005 as compared to 2004. Casualty and liability claims are recorded based on actuarial studies performed in both 2006 and 2005.

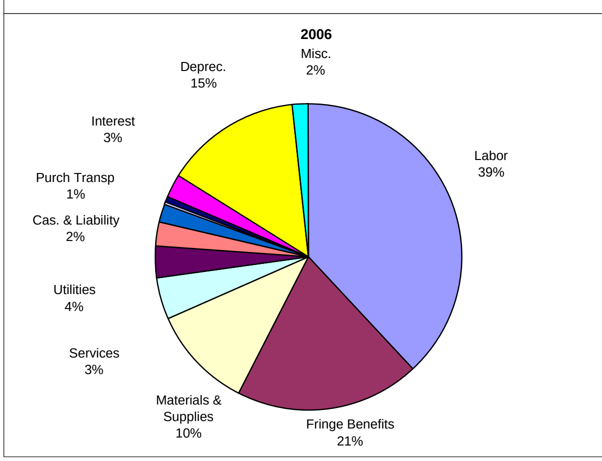
Purchased Transportation: Costs in this category decreased for 2006 compared to 2005 by $3.4 from million or 54.0% and from 2005 compared to 2004 by $4.8 million or 36.0% mainly due to the merging of North Olmsted and Maple Heights transit system into GCRTA in March 2005. GCRTA had operating agreements these two transit systems prior to March 2005 to provide transit services within Cuyahoga County.

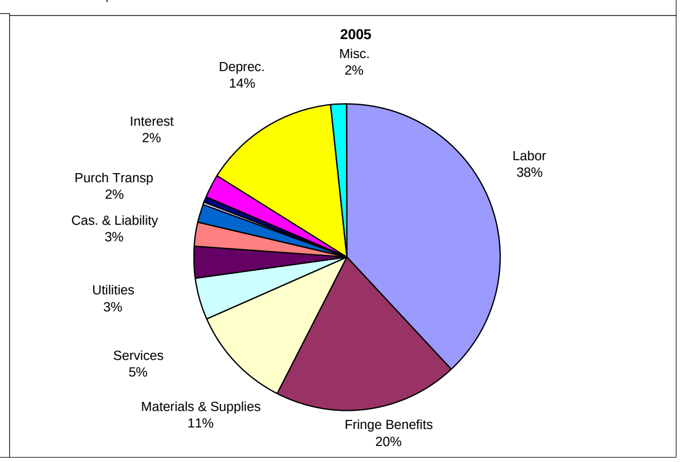
Expenses by Object Class

Millions of Dollars

			Increase/(Decrease)	
	2006	**2005**	**Amount**	**Percent**
Labor	$108.3	$106.9	$1.4	1.3 %
Fringe benefits	57.7	54.2	3.5	6.5
Materials & supplies	29.2	29.7	(0.5)	(1.7)
Services	9.3	10.6	(1.3)	(12.3)
Utilities	10.9	9.6	1.3	13.5
Casualty & liability	6.3	7.3	(1.0)	(13.7)
Purchased transportation	2.9	6.3	(3.4)	(54.0)
Leases & rentals	0.3	0.5	(0.2)	(40.0)
Taxes	1.9	2.0	(0.1)	(5.0)
Interest	7.9	6.7	1.2	17.9
Depreciation	43.2	40.7	2.5	6.1
Miscellaneous	2.0	4.4	(2.4)	(54.5)
Total	**$279.9**	**$278.9**	**$1.0**	**0.4 %**



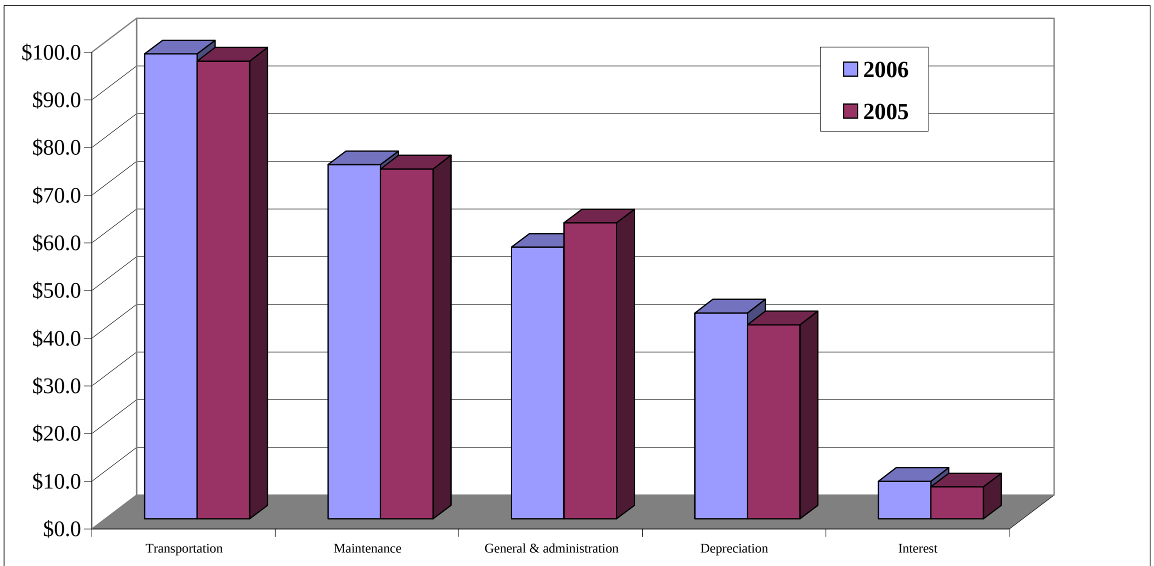


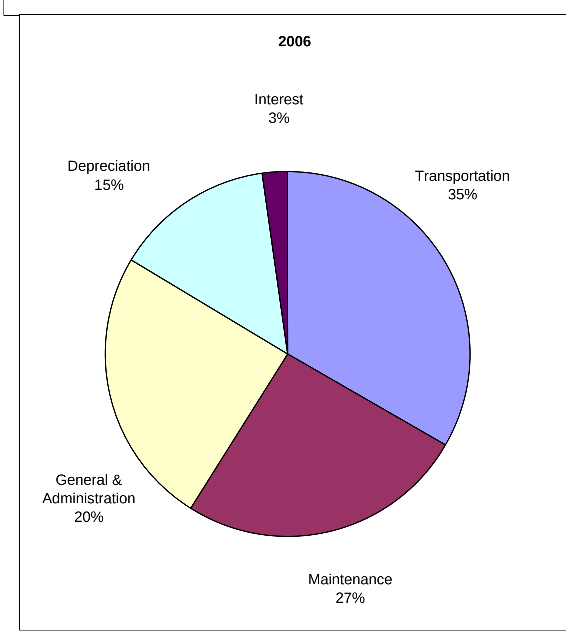


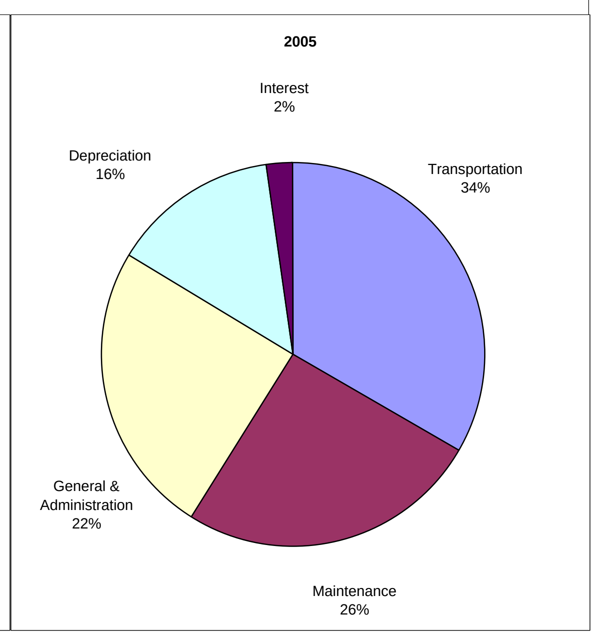
Expenses by Function

Millions of Dollars

	2006	2005	Increase/(Decrease) Amount	Increase/(Decrease) Percent
Transportation	$97.5	$96.0	$1.5	1.6 %
Maintenance	74.3	73.4	0.9	1.2
General & administration	57.0	62.1	(5.1)	(8.2)
Depreciation	43.2	40.7	2.5	6.1
Interest	7.9	6.7	1.2	17.9
Total	**$279.9**	**$278.9**	**$1.0**	**0.4 %**







Debt Administration

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

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

In 2006, The Authority advance refunded the Series 1998 and 2001 bonds to reduce its total debt service payments over the next 15 years by approximately $412,215, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $413,877.

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

In 2004, the Authority advance refunded the Series 1996, 1998 and 2001 bonds to reduce its total debt service payments over the next 13 years by approximately $1,052,747 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,057,912.

The Authority had $156.5 million of outstanding capital improvement bonds as of December 31, 2006 of which $81.1 million is non-callable and $75.4 million callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

For more information, see Note 5 at page 48 of this report.

Total outstanding bonds and loans as of December 31, 2006 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2006 Balance	Average Interest Rate
General Obligation Improvement Bonds					
1998	03/01/98	12/01/2018	32,955,000	2,990,000	4.61%
2001	12/11/01	12/01/2021	29,890,000	6,275,000	4.73%
2004	11/16/04	12/01/2024	67,235,000	64,320,000	2.96%
2006	02/23/06	12/01/2025	38,490,000	38,090,000	4.25%
General Improvement Refunding Bonds					
1998R (11/15/98 annually thru 2016)				27,895,000	4.17%
Series 2002R (12/2002 annually thru 2011)				16,930,000	3.75%
Total General Obligation Bonds				156,500,000	
Other- State Infrastructure Bank Loans (annually thru 2014)				4,580,196	4.25%
Total Debt				$161,080,196	
Deferred Refunding				(2,804,495)	
Premium				4,882,554	
Long-term Debt				$163,158,255	

At December 31, 2006, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $16.5 million.

The Authority had $139.8 million outstanding capital improvement bonds as of December 31, 2005 of which $78.6 million is non-callable and $61.2 million callable. The Authority general obligation debt is rated 'A3' by Moody's Investors Service, Inc. and 'A' by Fitch IBCA, Inc.

Total outstanding bonds and loans as of December 31, 2005 include:

Series	Issue Date	Maturity Date	Original Principal	December 31, 2005 Balance	Average Interest Rate
General Obligation Improvement Bonds					
1997	10/03/96	12/01/2011	$70,000,000	$3,435,000	5.24%
1998	03/01/98	12/01/2018	32,955,000	9,285,000	4.61%
2001	12/11/01	12/01/2021	29,890,000	15,950,000	4.73%
2004	11/16/04	12/01/2024	67,235,000	65,990,000	2.96%
General Improvement Refunding Bonds					
1998R (11/15/98 annually thru 2016)				28,055,000	4.17%
Series 2002R (12/2002 annually thru 2011)				17,075,000	3.75%
Total General Obligation Bonds				139,790,000	
Other- State Infrastructure Bank Loans (annually thru 2014)				5,051,815	4.25%
Total Debt				$144,841,815	
Deferred Refunding				(3,475,804)	
Premium				4,030,841	
Long-term Debt				$145,396,852	

At December 31, 2005, the maximum annual debt service charges permitted under Ohio law for new debt issuance was $15.9 million.

Request for Information

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

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Balance Sheets

December 31, 2006 and 2005

Assets	**2006**	**2005**
Current assets:		
Cash and cash equivalents	$ 19,770,844	$ 17,942,551
Short term investments	285,783	3,957,381
Receivables:		
Sales and use tax	44,547,537	42,686,262
Accrued interest and other	1,169,635	657,608
State capital assistance	1,850,401	3,008,865
Federal capital assistance	4,811,841	6,485,436
Material and supplies inventory	9,074,602	6,861,976
Total current assets	81,510,643	81,600,079
Noncurrent assets:		
Investments	13,538,719	15,345,605
Restricted for capital assets:		
Cash and cash equivalents	6,670,689	907,324
Investments	12,419,879	7,011,659
Restricted for debt service:		
Cash and cash equivalents	2,087,559	1,492,377
Other assets	1,212,790	718,173
Capital assets:		
Land	32,364,571	27,453,678
Infrastructure	54,339,324	54,315,824
Right of ways	251,668,113	251,539,935
Building, furniture and fixtures	429,802,541	421,230,219
Transportation and other equipment	389,576,768	373,103,437
Construction in progress	92,090,412	63,169,265
Total capital assets	1,249,841,729	1,190,812,358
Less accumulated depreciation	(547,373,270)	(515,096,598)
Capital assets – net	702,468,459	675,715,760
Total noncurrent assets and capital assets	738,398,095	701,190,898
Total assets	$ 819,908,738	$ 782,790,977
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 11,882,631	$ 8,066,221
Contracts and other payables	10,528,001	14,876,810
Contract retainers	1,851,104	2,078,564
Accrued compensation	19,876,446	21,414,304
Interest payable – bonds	584,338	511,936
Current portion of long-term debt	9,606,876	8,401,619
Current portion – self-insurance liabilities	5,190,779	5,457,391
Total current liabilities	59,520,175	60,806,845
Noncurrent liabilities:		
Long-term debt	153,551,379	136,995,233
Self-insurance liabilities	9,640,019	10,135,155
Deferred revenue	12,433,241	12,877,408
Other long-term liabilities	1,004,957	1,375,609
Total noncurrent liabilities	176,629,596	161,383,405
Total liabilities	236,149,771	222,190,250
Net assets:		
Invested in capital assets, net of related debt	558,400,773	538,237,891
Restricted	2,087,559	1,492,377
Unrestricted	23,270,635	20,870,459
Total net assets	583,758,967	560,600,727
Total liabilities and net assets	$ 819,908,738	$ 782,790,977

See accompanying notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2006 and 2005

	2006	2005
Operating revenues:		
Passenger fares	$ 40,924,290	$ 38,569,225
Advertising and concessions	1,525,462	1,658,314
Total operating revenues	42,449,752	40,227,539
Operating expenses:		
Labor and fringe benefits	165,975,690	161,085,305
Materials and supplies	29,263,998	29,696,180
Services	9,284,994	10,643,665
Utilities	10,886,037	9,645,429
Casualty and liability	6,263,268	7,283,596
Purchased transportation	2,886,623	6,302,627
Leases and rentals	269,624	495,237
Taxes	1,937,271	1,978,606
Miscellaneous	2,077,748	4,435,796
Total operating expenses before depreciation	228,845,253	231,566,441
Depreciation expense	43,199,303	40,669,943
Total operating expenses	272,044,556	272,236,384
Operating loss	(229,594,804)	(232,008,845)
Nonoperating revenue (expenses):		
Sales and use tax revenue	170,476,647	167,127,247
Federal operating grants and reimbursements	20,081,322	20,801,554
State/local operating grants and reimbursements	5,180,464	4,623,006
Investment income	2,782,204	1,537,959
Interest expense	(7,883,257)	(6,698,423)
Other income	3,353,368	4,014,142
Total nonoperating income	193,990,748	191,405,485
Net loss before capital grant revenue	(35,604,056)	(40,603,360)
Capital grant revenue:		
Federal	53,470,621	41,046,124
State	4,750,941	4,586,667
Local	540,734	3,000,000
Total capital grant revenue	58,762,296	48,632,791
Increase in net assets	23,158,240	8,029,431
Net assets, beginning of year	560,600,727	552,571,296
Net assets, end of year	$ 583,758,967	$ 560,600,727

See accompanying notes to financial statements.

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	$ 41,937,725	$ 41,402,842
Cash payments to suppliers for goods and services	(55,328,263)	(63,237,600)
Cash payments to employees for services	(109,912,065)	(105,438,817)
Cash payments for employee benefits	(57,601,483)	(54,209,140)
Cash payments for casualty and liability	(7,025,016)	(7,580,039)
Other receipts	2,549,512	3,210,286
Net cash used in operating activities	(185,379,590)	(185,852,468)
Cash flows from noncapital financing activities:		
Sales and use taxes received	168,615,372	168,997,359
Grants, reimbursements, and special fare assistance:		
Federal	20,081,322	20,801,554
State and local	5,180,464	4,623,006
Net cash provided by noncapital financing activities	193,877,158	194,421,919
Cash flows from capital and related financing activities:		
Federal capital grant revenue	55,144,216	36,328,632
State capital grant revenue	6,269,094	2,921,748
Local capital grant revenue	540,734	3,000,000
Acquisition and construction of capital assets	(74,337,546)	(55,571,613)
Proceeds from new debt	25,003,289	—
Principal paid on bond maturities and other debt	(8,801,619)	(7,687,196)
Interest paid on bonds and other debt	(6,981,365)	(6,869,525)
Net cash used in capital and related financing activities	(3,163,197)	(27,877,954)
Cash flows from investing activities:		
Proceeds from maturities of investments	26,078,061	22,009,725
Purchases of investments	(26,007,796)	(18,040,289)
Interest received from investments	2,782,204	1,537,959
Net cash provided by investing activities	2,852,469	5,507,395
Net increase (decrease) in cash and cash equivalents	8,186,840	(13,801,108)
Cash and cash equivalents, beginning of year	20,342,252	34,143,360
Cash and cash equivalents, end of year	$ 28,529,092	$ 20,342,252
Noncash investing and capital financing activities:		
Decrease in fair value of investments	$ (156,336)	$ (94,383)

See accompanying notes to financial statements.

(Continued)

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (229,594,804)	$ (232,008,845)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	43,199,303	40,669,943
Amortization-other assets	44,900	37,800
Other revenue	2,549,512	3,210,286
Change in assets and liabilities:		
(Increase) decrease in other receivables	(512,027)	1,175,303
(Increase) decrease in materials and supplies inventory	(2,212,626)	265,556
Increase in accounts payable, accrued compensation, self-insurance liabilities and other	1,146,152	797,489
Net cash used in operating activities	$ (185,379,590)	$ (185,852,468)

See accompanying notes to financial statements.

1. DESCRIPTION OF AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

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

Under Ohio law, the Authority is authorized to levy a sales and use tax for transit purposes, including both capital improvement and operating expenses, at the rate of 0.25, 0.5, 1, or 1.5% if approved by a majority of the 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 2006.

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

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

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

Under the guidelines of GASB Statement No. 14, the Authority is a jointly governed organization. Of its ten member board, four of the members are appointed by the Mayor of the City of Cleveland with the consent of City Council; three members, one of whom must reside in the City of Cleveland, are appointed by the County Commissioners; the remaining three members are elected by an association of suburban mayors, city managers, and township trustees. None of the participating governments appoints a majority of the Authority's board and none has an ongoing financial interest or responsibility. None of the participating governments provided any significant financial transactions with the Authority during 2006.

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 U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the GASB and other recognized authoritative sources.

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

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

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

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

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

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

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

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

Restricted Assets – Restricted assets consist of monies and other resources, the use of which is legally restricted for debt service, capital acquisition, and construction.

Bond Premiums, Issuance Costs, and Deferred Amounts on Refundings – Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Deferred amounts on refundings are deferred and amortized on a straight-line basis over the shorter of the remaining life of the old debt or the life of the new debt.

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

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

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

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

Classifications of Revenues and Expenses – The Authority has classified its revenues and expenses as either operating or non-operating in the statements of revenues, expenses, and changes in net assets.

Operating revenue includes activities that have the characteristics of exchange transactions including passenger fares, advertising, and concession revenue. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax proceeds and most federal, state, and local grants and contracts.

Operating expenses include the costs of operating a mass transit system, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition, including interest expense, are reported as non-operating expenses.

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

Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenues in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

Compensated Absences – The Authority accrues vacation benefits as earned by its employees. Unused vacation benefits are paid to the employees upon separation from service. Vacation days are limited to a maximum of 50 days.

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

These programs are administered by the Authority. Claims and the related claims expense are accrued in the period the incidents of loss occur, based upon the estimates of the claim liabilities made by management, legal counsel of the Authority, and actuaries. Also provided for are estimates of claims incurred during the year but not yet reported. Claims liability is the best estimate based on known information.

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

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

Changes in Accounting Policy – Effective for the periods beginning after June 15, 2005, the GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*-an amendment of GASB Statement No. 34. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government or the judiciary can compel a government to honor. This statement did not have an impact on the Authority's financial statements.

In June 2006, GASB Statement No. 47, *Accounting for Termination Benefits*. This Statement establishes accounting guidance and disclosure requirements for termination benefit arrangements. This statement is effective in two parts. The provisions related to termination benefits other than "other post employment benefit plans" (OPEB) are effective for periods beginning after June 15, 2005. The Statement was implemented for the year ended December 31, 2006 and did not have an impact on the Authority's financial statements. The remaining provisions related to OPEB are effective at the time GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension*, is implemented.

New Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) issued three new accounting pronouncements. Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension* is effective for periods beginning after December 2006. Statement No. 48 *Sales and Pledges of Receivable and Intra-entity Transfers of Assets and Future Revenues*, is effective for periods beginning after December 2006. Statement No. 49 *Financial Reporting for Pollution Remediation Obligations*, is effective for periods beginning after December 2007. The Authority is currently evaluating the impact of adopting these statements.

Reclassifications – Certain prior year amounts have been reclassified to conform with the 2006 presentation.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The following is a complete listing of deposits and investments held by the Authority at December 31, 2006:

	2006	2005
Demand deposits	$ 28,346,292	$ 20,159,302
Cash on hand	182,800	182,950
Investments	26,244,381	26,314,645
Total	$ 54,773,473	$ 46,656,897
Demand deposits – bank balance	$ 36,515,897	$ 27,346,829

The deposits and investments of the Authority at December 31, 2006 are reflected in the financial statements as follows:

	2006	2005
Current Assets:		
Cash and cash equivalents	$ 19,770,844	$ 17,942,551
Short term investments	285,783	3,957,381
Noncurrent Assets:		
Investments	13,538,719	15,345,605
Restricted Assets:		
Cash and cash equivalents	8,758,248	2,399,701
Investments	12,419,879	7,011,659
Total	$ 54,773,473	$ 46,656,897

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned by the bank. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities, the face value of which is at least 105% of the total value of public monies on deposit at the institution. The Federal depository insurance covers

$100,000 of the Authority's bank balance. The remaining balances of $28,246,292 and $20,059,302 as of December 31, 2006 and 2005, respectively, were uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the Authority's name, as permitted under Ohio Law.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset, or index, or both; separate from the financial instrument contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. As of December 31, 2006 and 2005, the Authority had no investments subject to custodial credit risk.

Interest Rate Risk

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

As of December 31, 2006, the Authority's investment maturities were as follows:

Investment		Fair value	Investment maturities in in years: Less than one year	One to five years
U.S. government agency securities	$	26,007,797	18,063,766	7,944,031
STAR Ohio		236,584	236,584	—
Total investments	$	26,244,381	18,300,350	7,944,031

As of December 31, 2005, the Authority's investment maturities were as follows:

Investment		Fair value	Investment maturities in in years: Less than one year	One to five years
U.S. government agency securities	$	26,314,645	14,592,560	11,722,085
STAR Ohio		246,727	246,727	—
Total investments	$	26,561,372	14,839,287	11,722,085

Credit Risk

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

As of December 31, 2006, the credit quality ratings of the Authority's investments were as follows:

Investment		Fair value	Rating	Rating organization
U.S. government agency securities	$	26,007,797	AAA	S&P/Moody
STAR Ohio		236,584	Not rated	N/A
Total investments	$	26,244,381		

As of December 31, 2005, the credit quality ratings of the Authority's investments were as follows:

Investment		Fair value	Rating	Rating organization
U.S. government agency securities	$	26,314,645	AAA	S&P/Moody
STAR Ohio		246,727	Not rated	N/A
Total investments	$	26,561,372		

Concentration of Credit Risk

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

More than 5% of the Fund's investments are in Federal Home Loan Mortgage Company, Federal National Mortgage Association and Federal Home Loan Bank. At December 31, 2006 these investments were 9%, 36% and 52%, respectively, and at December 31, 2005 these investments were 37%, 42.1% and 20%, respectively, of the Fund's total investments.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2006
Capital Assets Not Being Depreciated:				
Land	$ 27,453,678	$ 4,910,893	$ —	$ 32,364,571
Construction in Progress	63,169,265	45,679,776	16,758,629	92,090,412
Total Capital Assets Not Being Depreciated	90,622,943	50,590,669	16,758,629	124,454,983
Capital Assets Being Depreciated:				
Infrastructure	54,315,824	23,500	—	54,339,324
Right of Ways	251,539,935	128,178	—	251,668,113
Building, Furniture & Fixtures	421,230,219	8,572,322	—	429,802,541
Transportation and Other Equipment	373,103,437	27,605,440	11,132,109	389,576,768
Total Capital Assets Being Depreciated	1,100,189,415	36,329,440	11,132,109	1,125,386,746
Less Accumulated Depreciation:				
Infrastructure	7,991,067	1,136,191	—	9,127,258
Right of Ways	117,220,191	6,216,348	—	123,436,539
Building, Furniture & Fixtures	159,164,513	13,299,315	—	172,463,828
Transportation and Other Equipment	230,720,827	22,547,450	10,922,632	242,345,645
Total Accumulated Depreciation	515,096,598	43,199,304	10,922,632	547,373,270
Total Capital Assets Being Depreciated, Net	585,092,817	6,869,864	209,477	578,013,476
Total Capital Assets, Net	$ 675,715,760	$ 43,720,805	$ 16,968,106	$ 702,468,459

Remaining costs to complete construction projects, as of December 31, 2006, which will extend over a period of several years, total $113.8 million. Approximately $110.9 million of these costs are eligible for reimbursement under approved capital grants. The remaining portion of these costs is the responsibility of the Authority and will be funded with sales tax revenue or long-term debt.

For the year ended December 31, 2006, capitalized interest was $190,726.

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Transfers/ Additions	CIP Transfers/ Disposals	Balance December 31, 2005
Capital Assets Not Being Depreciated:				
Land	$ 21,352,023	$ 6,101,655	$ —	$ 27,453,678
Construction in Progress	67,547,836	34,184,205	38,562,776	63,169,265
Total Capital Assets Not Being Depreciated	88,899,859	40,285,860	38,562,776	90,622,943
Capital Assets Being Depreciated:				
Infrastructure	52,701,797	1,614,027	—	54,315,824
Right of Ways	248,327,165	3,212,770	—	251,539,935
Building, Furniture & Fixtures	387,748,984	33,481,235	—	421,230,219
Transportation and Other Equipment	367,304,861	22,566,178	16,767,602	373,103,437
Total Capital Assets Being Depreciated	1,056,082,807	60,874,210	16,767,602	1,100,189,415
Less Accumulated Depreciation:				
Infrastructure	6,933,269	1,057,798	—	7,991,067
Right of Ways	111,026,056	6,194,135	—	117,220,191
Building, Furniture & Fixtures	148,661,443	10,503,070	—	159,164,513
Transportation and Other Equipment	224,555,358	22,914,942	16,749,473	230,720,827
Total Accumulated Depreciation	491,176,126	40,669,945	16,749,473	515,096,598
Total Capital Assets Being Depreciated, Net	564,906,681	20,204,265	18,129	585,092,817
Total Capital Assets, Net	$ 653,806,540	$ 60,490,125	$ 38,580,905	$ 675,715,760

For the year ended December 31, 2005, capitalized interest was $1,083,116.

5. BONDS AND LOANS PAYABLE

Bonds and loans payable at December 31, 2006 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Series 1996	5.24	$ 3,435,000	$ —	$ 3,435,000	$ —	$ —
Series 1998	4.61	9,285,000	—	6,295,000	2,990,000	1,465,000
Series 1998R	4.17	28,055,000	—	160,000	27,895,000	165,000
Series 2001	4.73	15,950,000	—	9,675,000	6,275,000	1,155,000
Series 2002R	3.75	17,075,000	—	145,000	16,930,000	150,000
Series 2004	4.25	65,990,000	—	1,670,000	64,320,000	5,315,000
Series 2006	4.39	—	38,490,000	400,000	38,090,000	865,000
SIB Loan		5,051,815	—	471,619	4,580,196	491,876
Total Bond and Note		144,841,815	38,490,000	22,251,619	161,080,196	$ 9,606,876
Deferred Refunding		(3,475,804)	(696,326)	(1,367,635)	(2,804,495)	
Premium		4,030,841	1,199,132	347,419	4,882,554	
Long-term Bonds & Debt		$ 145,396,852	$ 38,992,806	$ 21,231,403	$ 163,158,255	

Bonds and loans payable at December 31, 2005 consist of the following:

Issue	Average Interest Rate	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due Within One Year
Series 1996	5.24	$ 6,710,000	$ —	$ 3,275,000	$ 3,435,000	$ 3,435,000
Series 1998	4.61	10,630,000	—	1,345,000	9,285,000	1,405,000
Series 1998R	4.17	28,210,000	—	155,000	28,055,000	160,000
Series 2001	4.73	17,025,000	—	1,075,000	15,950,000	1,115,000
Series 2002R	3.75	17,215,000	—	140,000	17,075,000	145,000
Series 2004	2.96	67,235,000	—	1,245,000	65,990,000	1,670,000
SIB Loan	4.25	5,504,011	—	452,196	5,051,815	471,619
Total Bond and Note		152,529,011	—	7,687,196	144,841,815	$ 8,401,619
Deferred Refunding		(4,727,532)	—	(1,251,728)	(3,475,804)	
Premium		4,333,293	—	302,452	4,030,841	
Long-term Bonds & Debt		$ 152,134,772	$ —	$ 6,737,920	$ 145,396,852	

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

During 1996, the Authority issued general obligation capital improvement bonds, Series 1996. The principal of the bonds was used to redeem the Authority's $70 million short-term Capital Improvement Bond Anticipation Notes. In 2002, $16,470,000 of the 2002 bond issue was used for the refunding of these bonds.

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 principal balance of the general obligation capital improvement refunding bonds at December 31, 2006 was $27,895,000.

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 (SIB) loan in an amount not to exceed $6,945,000 to be repaid over a fifteen-year period at an annual rate of 4.25%. Through December 31, 2006, the Authority had borrowed $6,945,000 under this loan agreement to finance the rehabilitation for the Cuyahoga River Viaduct Project.

On December 1, 2001, the Authority issued $29,890,000 of general obligation capital improvement bonds. The bonds bear interest at rates ranging from 2.50% to 5.63%, per annum, and mature in various installments through December 1, 2021. The principal balance of the capital improvement bonds at December 31, 2006 was $6,275,000.

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% 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 2002 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 $1,070,000. 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 2002, the Authority advance refunded the Series 1996 bonds to reduce its total debt service payments over the next nine years by approximately $462,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $396,000.

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

In 2004, the Authority advance refunded the Series 1996, 1998 and 2001 bonds to reduce its total debt service payments over the next 13 years by approximately $1,052,747, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,057,912.

On March 7, 2006 the Authority issued $38,490,000 of general obligation capital improvement and refunding bonds. Of the $38,490,000, $25,000,000 was issued to finance current and future capital improvement projects and the remainder for the advance refunding of a portion of the Series 1998 and 2001 bonds. The issuance is expected to reduce the Authority’s total debt service payments over the next 15 years by approximately $412,215, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $413,877. The bonds bear interest at rates ranging from 4.0% to 5.0% per annum, and mature in various installments through December 1, 2025. Proceeds of $14,146,326 were placed in an escrow trust fund for the purpose of generating resources for future debt services payments of the refunded debt.

In prior years, the Authority defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the Authority’s financial statements. As of December 31, 2006, a total of $40,705,000 of defeased debt remained outstanding from advance refundings entered into by the Authority.

The annual requirements to pay principal and interest on the bonds and loan outstanding at December 31, 2006 are as follows:

Year	Principal	Interest
2007	$ 9,606,876	$ 7,012,057
2008	9,868,002	6,718,020
2009	10,255,037	6,332,529
2010	10,648,017	5,942,195
2011 - 2015	59,767,264	22,737,814
2016 - 2020	40,050,000	9,794,213
2021 - 2025	20,885,000	2,523,953
Total	**$ 161,080,196**	**$ 61,060,781**

6. PURCHASED TRANSPORTATION SERVICES

During the first quarter of 2005, 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 on actual vehicle miles and standard operator platform hours. Expenses under these agreements were $3,165,615 in 2005. All passenger fares related to these transit services were collected by the Authority and recorded as revenue.

In March 2005, The Greater Cleveland Regional Transit Authority entered into separate Mass Transit System Transfer Agreements with The City of Maple Heights and The City of North Olmsted. The Authority determined that it was in the best interest of the Authority and the residents of Cuyahoga County to merge the transit systems. The terms of the merger require payments of $504,000 to The City of Maple Heights and $750,000 to The City of North Olmsted in three yearly installment ending in 2007.

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 $2,886,623 and $3,137,011 in 2006 and 2005, respectively.

7. GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE

Grants, reimbursements, and special fare assistance are included in the non-operating revenues (expenses) and the capital grant revenue categories on the Statement of Revenues, Expenses and Changes in Net Assets for the years ended, December 31, 2006 and 2005 as follows:

		2006		2005
FEDERAL:				
FTA Capital Grants	$	53,470,621	$	41,046,124
FTA Maintenance Assistance		20,000,001		20,436,200
FTA Operating Grants		81,321		365,354
Total	$	73,551,943	$	61,847,678
STATE:				
ODOT Capital Grants	$	4,750,941	$	4,586,667
ODOT Fuel Tax Reimbursement		1,482,458		1,421,109
ODOT Elderly and Handicapped Grants		1,879,767		1,750,852
ODOT Operating Grants		916,413		784,460
Total	$	9,029,579	$	8,543,088
LOCAL:				
Capital Grants	$	540,734	$	3,000,000
Operating Grants		901,826		666,585
Total	$	1,442,560	$	3,666,585

8. 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, 2006, there were no questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future.

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

9. RETIREMENT BENEFITS

Public Employees Retirement System of Ohio

Plan Description – All full-time employees of the Authority participate in the Ohio Public Employees Retirement System of Ohio (OPERS). OPERS is a cost-sharing multiple-employer defined benefit pension plan created by the State. OPERS 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 OPERS Board of Trustees. OPERS issues a stand-alone financial report. A copy of the report may be obtained by making a written request to the Ohio Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6701.

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 2006	2005	2004
By statutory authority	13.70 – 16.93%	$ 17,725,876	$ 17,770,474	$ 16,515,404
Less healthcare portion	4.50	(5,773,210)	(5,204,668)	(4,836,014)
Required employer contribution		11,952,666	12,565,806	11,679,390
By employees	9.0– 10.1	11,597,387	11,130,858	10,344,291
Total pension contributions		$ 23,550,053	$ 23,696,664	$ 22,023,681

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

Healthcare – OPERS provides post-retirement 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 OPERS (4.5% of the total 16.93% for law enforcement employees and 4.5% of the total 13.70% for other employees was contributed in 2006) is set aside for the funding of postretirement healthcare. The Ohio Revised Code provides the statutory authority requiring public employers to fund pension and post-retirement healthcare through their contributions to OPERS. The statutory healthcare contribution requirement from the GCRTA for the years ended December 31, 2006 and 2005 (which is included in the GCRTA's total OPERS contribution) was $5,773,210 and $5,204,668, respectively. At December 31, 2006, the GCRTA was not responsible for paying premiums, contributions, or claims for OPEB under OPERS 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 2003 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 – All investments are carried at market value. 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 annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2005 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health Care – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 6% for the next 9 years. In subsequent years, (10 and beyond) health care costs were assumed to increase 4.00% (the projected wage inflation rate).

At December 31, 2006 and 2005, there were 369,214 and 355,287 active participants contributing to the plan. The GCRTA's actuarially required OPEB contribution for 2006 and 2005 equaled the actual amount contributed to OPERS by the GCRTA. In addition, at December 31, 2005, the actual value of the plan's net assets available for OPEB approximated $11.1 billion and the actuarial accrued liability, based on the actuarial method used, was $31.3 billion and $20.2 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.

Supplemental Retirement Benefit Plan – GCRTA pays supplemental retirement benefits to various classifications of individuals under several different arrangements. This plan is not governed under ERISA (Employee Retirement Income Security Act of 1974). In 2006 there were 1,222 participants in pay status and 2,210 active employees and benefit payments of $94,797. In 2005 there were 1,096 participants in pay status and 2,193 active employees and benefit payments of $98,389.

As of December 31, 2006 and 2005, the Supplemental Pension Fund liability was determined to be $1,004,944 based on the 2006 actuarial study. The market value of associated assets totaled $883,709 and $839,387 as of December 31, 2006 and 2005, respectively.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to third-party liability claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has a contract with an outside insurance company to provide all-risk property coverage with various limits on property and equipment of the Authority. The maximum limit of liability in any one occurrence, regardless of the number of locations or coverages involved, cannot exceed $500,000,000 and the deductible is $250,000. The Authority 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 accident in excess of a $5,000,000 self-insured retention. 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 $300,000 in year one and declining thereafter. The GCRTA, by resolution of the Board of Trustees, established an insurance fund in fiscal year 1980 to accumulate monies to satisfy catastrophic or extraordinary losses. The insurance fund as of December 31, 2006 and 2005 was $5.2 and $6.0 million, respectively, and is recorded in the accompanying balance sheets. The Authority expects to settle claims in the amount of $5.2 million within one year of the date of the statement of net assets, which has been reflected as the current portion of the self-insurance liabilities.

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

	2006	2005	2004
Balance, Beginning of Year	$ 15,592,546	$ 15,682,299	$ 16,283,493
Incurred Claims	15,606,889	18,852,118	15,804,898
Payments	(16,368,637)	(18,941,871)	(16,406,092)
Balance, End of Year	$ 14,830,798	$ 15,592,546	$ 15,682,299

2006
STATISTICAL SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE 1

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

REVENUES BY SOURCE
LAST TEN YEARS (IN THOUSANDS)
(UNAUDITED)

YEAR	OPERATING	SALES AND USE TAXES	FEDERAL OPERATING GRANTS AND REIMBURSEMENTS	STATE/LOCAL OPERATING GRANTS, REIMBURSEMENTS, AND SPECIAL FARE ASSISTANCE	INVESTMENT INCOME	OTHER	CAPITAL GRANT INCOME*	TOTAL
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
2002	39,922	157,212	12,309	1,605	1,535	2,154	62,147	276,884
2003	39,862	159,051	21,149	2,231	622	1,628	54,439	278,982
2004	39,117	168,659	20,406	3,398	413	1,894	35,221	269,108
2005	40,228	167,127	20,802	4,623	1,538	4,014	48,633	286,965
2006	42,450	170,477	20,081	5,181	2,782	3,353	58,762	303,086

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

TABLE 2

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

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

TRANSPORTATION INDUSTRY (1):

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER**	**TOTAL**	**STATE & LOCAL**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
1997	40.1%	15.6%	55.7%	41.3%	3.0%	44.3%	100.0%
1998	40.8	15.2	56.0	40.1	3.9	44.0	100.0
1999	37.3	16.4	53.7	42.4	3.9	46.3	100.0
2000	36.1	17.4	53.5	42.4	4.1	46.5	100.0
2001	35.2	14.1	49.3	46.2	4.5	50.7	100.0
2002	32.5	17.3	49.8	45.3	4.9	50.2	100.0
2003	32.6	18.1	50.7	43.5	5.8	49.3	100.0
2004	32.9	16.7	49.6	43.4	7.0	50.4	100.0
P2005	32.4	15.7	48.1	44.6	7.3	51.9	100.0
2006	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

	OPERATING AND OTHER MISCELLANEOUS REVENUE			OPERATING ASSISTANCE			
YEAR	**FARES**	**OTHER(2)**	**TOTAL**	**STATE & LOCAL(3)**	**FEDERAL**	**TOTAL**	**TOTAL REVENUES**
1997	21.9%	3.0%	24.9%	73.1%	2.0%	75.1%	100.0%
1998	21.3	3.2	24.5	75.2	0.3	75.5	100.0
1999	20.1	2.5	22.6	76.0	1.4	77.4	100.0
2000	18.6	3.8	22.4	75.1	2.5	77.6	100.0
2001	18.7	2.3	21.0	73.6	5.4	79.0	100.0
2002	17.8	2.5	20.3	74.0	5.7	79.7	100.0
2003	17.1	1.6	18.7	71.9	9.4	81.3	100.0
2004	16.1	1.6	17.7	73.6	8.7	82.3	100.0
2005	16.2	3.0	19.2	72.1	8.7	80.8	100.0
2006	16.7	3.2	19.9	71.9	8.2	80.1	100.0

* Not Available
P Preliminary
(1) Source: The American Public Transit Association, APTA 2007 Public Transportation Fact Book, Table 52.
(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)
(UNAUDITED)

YEAR	TRANSPORTATION	MAINTENANCE	GENERAL AND ADMINISTRATIVE	DEPRECIATION	TOTAL OPERATING EXPENSES	INTEREST	OTHER	TOTAL EXPENSES
1997	$ 71,854	$ 56,805	$ 58,729	$ 29,476	$ 216,864	$ 4,888	$ —	$ 221,752
1998	76,200	61,757	59,176	34,417	231,550	5,617	—	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	—	263,035
2001	92,371	71,877	66,889	36,251	267,388	5,638	—	273,026
2002	88,306	70,073	53,185	36,085	247,649	6,064	—	253,713
2003	91,442	69,817	67,595	39,360	268,214	5,816	—	274,030
2004	93,738	68,675	57,655	41,610	261,678	4,465	—	266,143
2005	96,065	73,387	62,114	40,670	272,236	6,698	—	278,934
2006	97,454	74,345	57,047	43,199	272,045	7,883	—	279,928

TABLE 4

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING EXPENSES - COMPARISON TO INDUSTRY TREND DATA
LAST TEN YEARS
(UNAUDITED)

TRANSPORTATION INDUSTRY (1):

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1997	72.2%	9.4%	5.6%	3.7%	2.7%	9.1%	(2.7)%	100.0%
1998	71.7	9.4	6.0	3.5	2.4	10.1	(3.1)	100.0
1999	70.9	9.2	5.9	3.3	2.2	11.5	(3.0)	100.0
2000	69.8	10.0	5.7	3.2	2.2	12.2	(3.1)	100.0
2001	69.5	10.0	5.9	3.3	2.1	12.6	(3.4)	100.0
2002	70.2	9.2	6.2	3.1	2.5	12.0	(3.2)	100.0
2003	69.1	9.0	6.0	3.0	2.6	13.4	(3.1)	100.0
2004	68.7	9.1	5.8	3.0	2.6	13.4	(2.6)	100.0
P2005	66.9	10.1	5.8	3.2	2.5	13.8	(2.3)	100.0
2006	*	*	*	*	*	*	*	*

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY:

YEAR	LABOR AND FRINGES	MATERIALS AND SUPPLIES	SERVICES	UTILITIES	SELF-INSURANCE CLAIMS	PURCHASED TRANSPORTATION	OTHER	TOTAL OPERATING EXPENSES**
1997	71.3%	10.0%	4.8%	3.9%	2.9%	4.7%	2.4%	100.0%
1998	72.8	9.5	4.6	4.1	1.9	4.2	2.9	100.0
1999	73.9	8.6	4.8	3.6	1.4	4.4	3.3	100.0
2000	70.2	10.5	6.1	3.5	2.5	4.5	2.7	100.0
2001	69.7	9.7	4.2	4.1	5.1	4.9	2.3	100.0
2002	72.8	10.9	3.5	3.8	1.3	5.0	2.7	100.0
2003	69.3	8.7	6.9	3.5	3.8	5.0	2.8	100.0
2004	70.6	10.5	4.4	3.9	2.8	5.0	2.8	100.0
2005	69.6	12.8	4.6	4.2	3.1	2.7	3.0	100.0
2006	72.5	12.8	4.0	4.8	2.7	1.3	1.9	100.0

* Not Available
** Excludes Depreciation and Interest
Source:

(1) The American Public Transit Association, <u>APTA 2007 Public Transportation Fact Book , Table 47</u>.

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)
(UNAUDITED)

YEAR	POPULATION (1)	ASSESSED VALUE (2)	GENERAL BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	BONDED DEBT PER CAPITA
1997	1,387	$ 24,953,150	$ 73,645	0.30%	53.10
1998	1,381	25,355,787	103,242	0.41	74.76
1999	1,372	25,633,181	99,920	0.39	72.83
2000	1,394	28,572,250	96,370	0.34	69.13
2001	1,380	28,699,372	123,030	0.43	89.15
2002	1,379	28,545,714	126,193	0.44	91.51
2003	1,364	30,306,032	120,262	0.40	88.17
2004	1,351	30,647,672	152,529	0.50	112.90
2005	1,336	30,646,005	144,841	0.48	108.42
2006	1,314	33,158,047	161,080	0.48	122.58

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, 2006 (IN THOUSANDS)

(UNAUDITED)

OVERALL DEBT LIMITATION:

Total Of All GCRTA Debt Outstanding	$	161,080
Exempt Debt		161,080
Net Indebtedness (Voted and Unvoted)	$	-
Assessed Valuation Of County (2006 Tax Year)	$	33,158,047
Overall Debt Limitation (%)		5.0%
5.0% of Estimated Assessed Valuation (Voted and Unvoted Debt Limitation)		1,657,902
Net Indebtedness (Voted and Unvoted)		-
Overall Debt Margin	$	1,657,902

UNVOTED DEBT LIMITATION:

Unvoted Debt Limitation (0.1% of County Assessed Valuation)	$	33,158
Maximum Aggregate Amount Of Principal and Interest Payable In Any One Calendar Year		(16,618)
Maximum Annual Debt Service Charges Permitted For New Debt Issuances	$	16,540

TABLE 7

GREATER REGIONAL TRANSIT AUTHORITY

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2006
(UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUND	NET DEBT	PERCENT APPLICABLE (3)	AUTHORITY SHARE
Greater Cleveland Regional Transit Authority	$ 161,080,196	$ —	$ 161,080,196	100%	$ 161,080,196
County of Cuyahoga (1)	214,339,000	6,811,000	207,528,000	100	207,528,000
Cuyahoga County Cities, Villages, Townships (1)	1,069,264,000	26,901,000	1,042,363,000	100	1,042,363,000
Cuyahoga County School Districts (2)	722,867,000	42,335,000	680,532,000	100	680,532,000
Total Net Direct and Overlapping Debt					$ 2,091,503,196

(1) 2006 Tax Budgets filed in July, 2006 and certified unencumbered 2006 balances filed in January, 2007 with Cuyahoga County Budget Commission. Budgetary basis.

(2) Cuyahoga County School Districts file on fiscal year ended June 30, 2006. 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)

(UNAUDITED)

YEAR	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL	COVERAGE
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	0.65
1999	207,906	206,683	1,223	3,620	5,891	9,511	0.13
2000	223,965	220,270	3,695	3,835	5,672	9,507	0.39
2001	219,194	231,137	(11,943)	4,198	5,637	9,835	(1.21)
2002	214,737	211,564	3,173	5,544	6,064	11,608	0.27
2003	222,401	228,854	(6,453)	5,931	5,816	11,747	(0.55)
2004	233,887	220,068	13,819	6,173	4,465	10,638	1.30
2005	238,331	231,566	6,765	7,687	6,698	14,385	0.47
2006	244,324	228,845	15,479	8,802	6,981	15,783	0.98

(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
(UNAUDITED)

YEAR	PERCENTAGE
1997	24.0
1998	23.0
1999	21.3
2000	20.2
2001	18.7
2002	18.9
2003	17.4
2004	17.6
2005	17.4
2006	18.5

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

FARE STRUCTURE
DECEMBER 31, 2006

Cash Fares (Effective 7/1/06)	
Bus	$1.50
Rapid	$1.75
Park-N-Ride Bus	$1.75
Trolley/Loop/Circulator	$0.75
Senior/Disabled	$0.60
Paratransit	$1.50
Out-of-County	$2.75

Farecards - 5 Ride (Effective 7/1/06)	
Bus/Rapid	$7.50
Park-N-Ride Bus	$8.75
Trolley/Loop/Circulator	$3.75
Senior/Disabled	$3.00

Monthly Passes (Effective 7/1/06)	
Bus/Rapid	$58.00
Park-N-Ride Bus	$63.00
Senior/Disabled	$24.00

7 Day Passes (Effective 7/1/06)	
Bus/Rapid	$15.00
Park-N-Ride Bus	$17.50
Senior/Disabled	$6.00

All Day Passes (Effective 7/1/06)	
Individual	$3.50
Senior/Disabled/Child	$1.25

Student Ticket $1.25 - available only through local schools

Children under 6 years of age with adult (up to three children) ride free.

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS
(UNAUDITED)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
SYSTEM RIDERSHIP:										
Motor Bus	51,523,280	50,682,872	49,140,405	51,591,534	47,100,582	45,157,626	48,768,342	44,969,751	43,533,491	44,577,504
Heavy Rail	5,241,176	5,455,860	5,658,763	7,340,705	8,232,176	7,186,189	7,372,472	7,282,845	7,472,908	7,029,344
Light Rail	4,082,873	4,091,176	4,164,389	4,318,399	4,444,545	3,057,728	3,160,523	2,560,710	3,089,707	2,844,207
Demand Responsive	324,008	327,870	340,190	310,894	281,191	323,976	248,427	297,087	335,970	343,443
AVERAGE WEEKDAY SYSTEM RIDERSHIP:										
Motor Bus	177,280	174,798	169,338	170,191	165,203	152,444	157,764	162,303	166,238	166,754
Heavy Rail	18,129	18,817	19,500	18,736	19,132	17,052	15,824	17,331	18,733	18,892
Light Rail	14,122	14,110	14,351	13,654	13,093	10,699	9,300	9,395	9,506	10,030
Demand Responsive	1,121	1,130	1,173	1,209	1,140	1,103	1,080	1,343	1,530	1,550
AVERAGE WEEKDAY MILES OPERATED:										
Motor Bus	85,135	89,012	91,394	91,626	89,600	85,427	85,585	81,972	86,751	80,134
Heavy Rail	6,243	6,176	6,309	3,854	3,823	3,582	3,529	5,002	3,566	3,593
Light Rail	3,984	3,848	3,831	2,749	2,656	2,628	2,647	3,150	2,661	2,459
Demand Responsive	5,960	6,479	5,502	7,092	6,765	6,768	6,576	6,129	7,941	8,200
REVENUE MILES:										
Motor Bus	21,306,672	22,532,413	23,325,952	23,523,043	23,000,048	21,898,961	21,353,812	20,471,913	21,698,089	20,377,376
Heavy Rail	2,046,418	2,030,450	2,066,821	2,064,918	1,989,332	1,773,310	2,191,748	2,397,243	2,373,093	1,960,534
Light Rail	1,180,827	1,182,715	1,254,164	1,202,173	1,144,240	860,336	954,081	1,011,795	1,005,741	869,868
Demand Responsive	1,395,656	1,130,418	1,232,838	1,785,104	1,757,197	1,577,180	1,610,609	1,688,026	2,023,190	2,081,941
PASSENGER MILES:										
Motor Bus	195,815,042	206,200,170	206,546,438	198,957,849	179,985,792	171,543,310	189,098,115	293,338,619	210,122,020	215,657,817
Heavy Rail	56,561,092	54,247,521	51,419,115	54,008,892	61,606,818	53,955,185	50,159,652	47,439,898	49,849,158	52,779,889
Light Rail	30,685,785	29,029,628	25,986,194	24,851,765	25,525,892	18,063,245	18,678,884	15,198,796	18,302,619	16,548,377
Demand Responsive	1,397,001	1,412,694	1,457,392	1,926,818	1,308,376	1,398,185	1,359,841	1,864,993	2,264,463	2,356,610

(Continued)

TABLE 10

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING STATISTICS (1)
LAST TEN YEARS (Continued)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
ENERGY CONSUMPTION:										
Motor Bus										
(gallons of fuel)	5,575,969	4,866,308	4,522,858	4,993,462	4,426,598	3,985,709	4,110,242	4,449,490	4,793,246	5,266,709
(lbs. of natural gas)	1,505,091	1,725,192	2,098,956	1,940,307	2,114,755	1,470,492	1,834,515	1,593,424	1,390,926	1,064,151
Heavy Rail										
(kilowatt hours)	28,556,916	27,399,187	28,739,870	28,337,880	27,400,794	27,558,604	28,820,459	30,572,901	29,381,337	28,047,493
Light Rail										
(kilowatt hours)	16,906,883	15,699,132	17,106,108	17,427,148	14,446,957	12,339,510	11,537,966	11,340,326	10,383,138	11,964,612
Demand Responsive										
(gallons of fuel)	229,331	282,229	223,947	230,579	243,577	994,962	222,370	247,010	271,723	283,029
FLEET REQUIREMENT DURING PEAK HOURS:										
Motor Bus	595	594	604	619	614	544	548	544	518	514
Heavy Rail	30	30	28	28	28	22	22	22	22	22
Light Rail	26	26	26	25	25	15	17	17	17	17
Demand Responsive	60	58	59	81	77	66	75	62	75	68
TOTAL ACTIVE VEHICLES DURING PERIOD:										
Motor Bus	754	750	747	753	731	738	701	686	654	663
Heavy Rail	59	59	60	60	60	60	60	60	60	60
Light Rail	47	47	47	47	48	48	48	48	48	48
Demand Responsive	60	58	83	81	77	82	76	74	75	77
NUMBER OF EMPLOYEES	2,821	2,859	2,968	3,052	2,830	2,753	2,644	2,597	2,643	2,644

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

(Concluded)

TABLE 11

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

DEMOGRAPHIC STATISTICS
(UNAUDITED)

YEAR	COUNTY POPULATION (1)	MSA
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
2000	1,863,479	1,393,978
2004	1,351,009	1,842,749
2005	1,335,317	1,830,011
2006	1,314,241	1,812,162

AGE DISTRIBUTION (2)

	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	100.0%
Median age	37	
Males	658,481	
Females	735,497	

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

INCOME (2)	NUMBER	PERCENTAGE
$0 – 14,999	40,279	11.3%
$15,000 – 24,999	38,075	10.7
$25,000 – 49,999	101,299	28.4
$50,000 – 99,999	123,948	34.8
$100,000 -199,999	41,701	11.7
OVER $200,000	10,919	3.1
TOTAL	356,221	100.0%
MEDIAN FAMILY INCOME	49,559	
PER CAPITAL INCOME	22,272	

Source:

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

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Civilian Labor Force	678,800	676,800	699,200	681,200	691,000	692,600	669,700	675,400	664,600	669,600	663,400
Total Employed*	643,800	637,400	668,500	649,900	659,900	661,700	624,900	629,600	623,700	629,000	626,700
Total Unemployed	35,000	39,400	30,700	31,300	311,000	31,000	44,000	45,800	40,900	40,600	36,700
Unemployment Rate	5.2%	5.8%	4.4%	4.6%	4.5%	4.5%	6.7%	6.8%	6.2%	6.1%	5.5%

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

	MANUFACTURING		WHOLESALE RETAIL TRADE		PROFESSIONAL AND RELATED SERVICES		FEDERAL, STATE AND LOCAL GOVERNMENT **		FINANCE, INSURANCE, REAL ESTATE		TRANSPORTATION AND PUBLIC UTILITIES		OTHER		TOTAL	
YEAR	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
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*	100.0
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*	100.0
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*	100.0
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*	100.0
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*	100.0
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*	100.0
2002	96.5	12.4	118.5	15.3	320.5	41.2	102.7	13.2	68.3	8.8	23.4	3.0	47.6	6.1	777.5*	100.0
2003	90.8	11.9	117.4	15.3	319.0	41.6	100.6	13.1	69.4	9.1	23.6	3.1	45.3	5.9	766.1*	100.0
2004	89.2	11.7	113.4	14.9	320.7	42.2	99.3	13.1	69.4	9.1	23.7	3.1	45.0	5.9	760.7*	100.0
2005	86.7	11.4	109.7	14.5	326.9	43.2	99.2	13.1	68.2	9.0	23.4	3.1	43.1	5.7	757.2*	100.0
2006	85.9	11.3	108.9	14.4	332.0	43.8	98.9	13.1	65.9	8.7	23.6	3.1	42.5	5.6	757.7*	100.0

Sources:

(1) Ohio Bureau of Employment Services

* Difference due to non-County residents employed in County.
** Federal employment was included beginning in 2003

(Concluded)

TABLE 12

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

FINANCIAL TRENDS-TEN YEAR COMPARISON
FISCAL YEAR 1997 THROUGH FISCAL YEAR 2006 (IN THOUSANDS)
(UNAUDITED)

YEAR	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operating Revenues:										
Passenger Fares	$ 43,493	$ 43,230	$ 41,773	$ 41,584	$ 41,042	$ 38,185	$ 38,412	$ 37,578	$ 38,569	$ 40,924
Advertising and Concessions	1,481	2,206	2,258	3,005	2,234	1,737	1,450	1,539	1,658	1,525
Total Operating	44,974	45,436	44,031	44,589	43,276	39,922	39,862	39,117	40,227	42,449
Operating Expenses	187,387	197,133	206,681	220,270	231,137	211,564	228,854	220,068	231,566	228,845
Depreciation Expense	29,476	34,417	36,389	37,093	36,251	36,086	39,360	41,610	40,670	43,199
Operating Loss	(171,889)	(186,114)	(199,039)	(212,774)	(224,112)	(207,728)	(228,352)	(222,561)	(232,009)	(229,595)
Nonoperating Revenues (expenses):										
Sales and Use Tax Revenue	138,654	146,703	151,406	161,273	157,297	157,212	159,050	168,659	167,127	170,477
Federal Funds	4,000	552	2,936	5,540	11,818	12,309	21,149	20,406	20,802	20,081
Other State and Local Funds	6,835	6,069	6,501	6,178	4,076	1,605	2,231	3,398	4,623	5,181
Investment Income	3,205	3,756	2,654	2,743	1,713	1,535	622	413	1,538	2,782
Interest Expense	(4,888)	(5,617)	(5,891)	(5,672)	(5,637)	(6,064)	(5,816)	(4,465)	(6,698)	(7,883)
Other Income	1,231	602	(890)	2,923	1,014	2,154	1,629	1,894	4,014	3,353
Total Nonoperating	149,037	152,065	156,716	172,985	170,281	168,751	178,865	190,305	191,406	193,991
Net Income (loss)	(22,852)	(34,049)	(42,323)	(39,789)	(53,831)	(38,977)	(49,487)	(32,256)	(40,603)	(35,604)
Capital Contributions	59,708	33,823	31,580	31,891	41,581	62,147	54,440	35,221	48,633	58,762
Increase (decrease) in Net Assets	36,856	(226)	(10,743)	(7,898)	(12,250)	23,170	4,953	2,965	8,030	23,158
Net Assets, End of Year	$ 536,551	$ 536,325	$ 525,582	$ 518,403	$ 521,483	$ 544,653	$ 549,606	$ 552,571	$ 560,601	$ 583,759

TABLE 13

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

OPERATING INFORMATION-CAPITAL ASSETS
FISCAL YEAR 1997 THROUGH FISCAL YEAR 2006 (IN THOUSANDS)
(UNAUDITED)

YEAR	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Capital Assets Not Being Depreciated:										
Land	$ 13,083	$ 13,999	$ 16,870	$ 18,388	$ 18,394	$ 18,842	$ 20,901	$ 21,352	$ 27,454	$ 32,365
Construction in Progress	85,423	42,554	34,039	40,850	56,348	83,416	46,474	67,548	63,169	92,090
Total Capital Assets Not Being Depreciated	98,506	56,553	50,909	59,238	74,742	102,258	67,375	88,900	90,623	124,455
Capital Assets Being Depreciated:										
Infrastructure	35,337	41,055	38,302	38,526	40,604	41,985	46,670	52,702	54,316	54,339
Right of Ways	200,200	202,647	217,046	217,740	230,090	238,765	240,718	248,327	251,540	251,668
Building, Furniture and Fixtures	284,739	331,528	351,204	364,669	366,379	370,381	386,376	387,749	421,230	429,803
Transportation and Other Equipment	300,387	301,874	290,605	298,017	308,136	322,119	376,079	367,305	373,103	389,577
Total Capital Assets Being Depreciated	820,663	877,104	897,157	918,952	945,209	973,250	1,049,843	1,056,083	1,100,189	1,125,387
Less Accumulated Depreciation:										
Infrastructure	3,788	3,931	4,124	4,480	4,863	5,363	6,095	6,933	7,991	9,127
Right of Ways	71,976	74,683	78,360	85,130	92,415	98,557	104,822	111,026	117,220	123,437
Building, Furniture and Fixtures	85,646	88,869	93,243	101,298	112,126	124,037	136,235	148,662	159,165	172,464
Transportation and Other Equipment	167,999	174,319	182,899	198,700	214,089	222,545	221,089	224,555	230,721	242,346
Total Accumulated Depreciation:	329,409	341,802	358,626	389,608	423,493	450,502	468,241	491,176	515,097	547,374
Net Capital Assets Being Depreciated	491,254	535,302	538,531	529,344	521,716	522,748	581,602	564,907	585,092	578,013
Net Capital Assets, End of Year	$ 589,760	$ 591,855	$ 589,440	$ 588,582	$ 596,458	$ 625,006	$ 648,977	$ 653,807	$ 675,715	$ 702,468

Note: Prior to 2002, Infrastructure was combined with Right of Ways under Capital Assets Being Depreciated. Also, Accumulated Depreciation was shown as a total and not allocated to individual asset types. Years 1997-2001 were updated to report these items on a proportionate basis.

TABLE 14

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

MISCELLANEOUS STATISTICS
(UNAUDITED)

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	458
Population of County	1.3 million
Miles of Route:	
Motor Bus	1,665
Rail	68
Number of Routes	101
Wheelchair Equipped Standard Buses	731
Number of Rail Stations	52
Number of Buses	731
Free Rail Parking Spaces	8,500
Number of Rail Lines	3
Average Speed in Miles Per Hour:	
Motor Bus	13
Rail	48
Demand Responsive	13
Rail Cars Per Train	1 or 2
RTAnswerline	1,000,000 Calls
RTA Web Site	1.6 million visitors

Greater Cleveland Regional
Transit Authority

1240 West Sixth Street
Cleveland, Ohio 44113-1331

RTA

rideRTA.com

Mary Taylor, CPA
Auditor of State

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 23, 2007

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