2019 FUND BUDGETS

The Authority maintains its financial books of accounts on the accrual basis of accounting, using a single enterprise fund to report the results of its operations. However, separate funds are maintained on the books of the Authority in order to best account for its various revenues that are designated for specific purposes.

Since the Authority is an independent, special purpose political subdivision of the State of Ohio, fund budgets are prepared on a modified accrual basis of accounting. The revenues are budgeted on a cash basis – when they are received as opposed to when they are earned. The expenditures are adjusted monthly on the accrual basis, or when the liabilities were incurred. The Authority uses the following **appropriated funds** to account for its operations:

ALL FUNDS (Summary of all Funds) (See figure 25)

- **GENERAL FUND** (**Enterprise Fund** - Operating Budget and transfers to other funds)
  - CAPITAL IMPROVEMENT FUNDS (Summary of RTA Capital and RTA Development Funds)
    - **RTA CAPITAL FUND** (Funding set aside for Short-Term and locally-funded Capital projects)
    - **RTA DEVELOPMENT FUND** (Funding set aside for Long-Term and grant-funded Capital projects)
  - **BOND RETIREMENT FUND** (Funding set aside to pay off debt)
  - **SUPPLEMENTAL PENSION FUND** (Funding set aside for employees hired before GCRTA)
  - **INSURANCE FUND** (Funding set aside for self-insurance purposes)
  - **LAW ENFORCEMENT FUND** (Funding set aside for law enforcement purposes)
  - **RESERVE FUND** (Funding set aside to protect the Authority from economic downturns and replace aging revenue vehicles)

A fund balance is the difference between total resources (beginning cash balance plus total revenues) and total expenditures.

In the following presentation, fund balances for the General Fund and RTA Capital Fund represent the unencumbered, unreserved balance (referred to as the available end of year balance). These fund balances are shown net of reserves for encumbrances. All other funds are reflected in cash balances.

HOW TO CALCULATE FUND BALANCE

Beginning Balance + Current Revenues = **Total Resources**

- (Less) **Total Current Expenditures**

= (Equals) **Available Ending Balance** (Also called **Fund Balance**)

Figure 23

The end of year balance of a fund provides a measure of a fund or entity's financial health and is useful in spotting negative trends. The following analysis focuses on the Authority's major funds (listed above in bold) and addresses future trends within those balances. The analysis also presents details on the components of revenue and trends in expenditures.

ALL FUNDS

BALANCE ANALYSIS

Figure 25 presents the combined fund balances of all the Authority's appropriated Funds (General, Capital Improvement, Bond Retirement, Insurance, Supplemental Pension, Law Enforcement, and Reserve Fund). The ending balance shows cyclical patterns, primarily increasing as a result of debt issuances, and decreasing as those funds are consumed. RTA has been diligent in creating a sustainable budget, however, as levels of Federal and State funding are questionable, keeping a sustainable budget remains difficult. Funding for Sales and Use Tax in 2017 and 2018 decreased as Medicaid Managed Health Care was removed from the tax base due to Federal regulations. This has impacted revenues for 2017 in the

Fourth Quarter and then annualized in 2018. The Authority has improved financially over the last six years; however, challenges remain as total expenditures exceed total revenues in the out years.

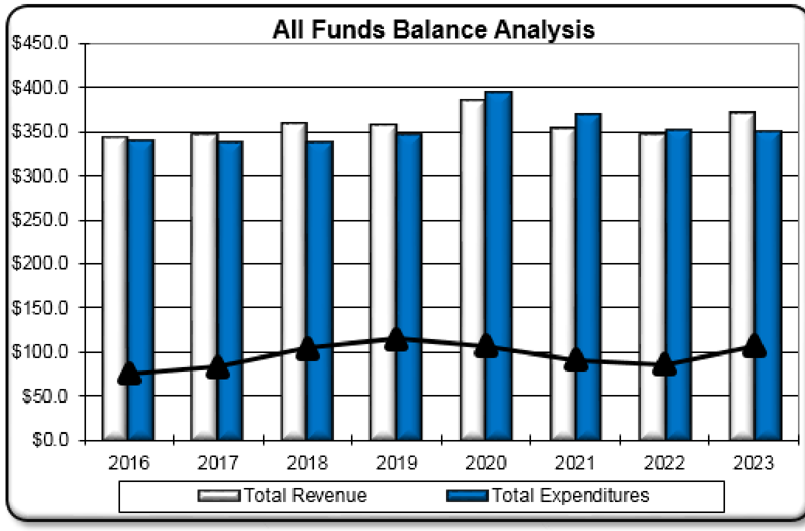

Figure 24

2019 Amended Budget - All Funds Summary

	ALL FUNDS	GENERAL FUND	RTA CAPITAL FUND	DEVELOPMENT FUND	BOND RETIREMENT FUND	SUPPLEMENTAL PENSION FUND	INSURANCE FUND	LAW ENFORCEMENT FUND	RESERVE FUND
Beginning Balance	$104,718,457	$38,959,996	$3,214,558	$18,099,415	$2,739,205	$1,352,482	$12,640,748	$34,063	$27,677,990
Revenues									
Passenger Fares	$46,497,104	$46,497,104							
Sales & Use Tax	$207,396,683	$207,396,683							
Federal	$42,082,188	$0		$42,082,188					
State	$1,384,658	$0		$1,384,658					
Investment Income	$2,164,000	$600,000	$60,000	$800,000	$130,000	$14,000	$90,000	$20,000	$450,000
Other Revenue									
Advertising & Concessions	$4,253,800	$2,162,000							
Trolley Assistance		$640,000							
Other Revenue		$1,450,000						$1,800	$0
Debt Service Proceeds	$52,075,000	$22,075,000		$30,000,000					
Transfer from General Fund			$11,887,181		$15,228,052	$50,000	$2,700,000		$37,830,292
Transfer from RTA Capital Fund				$8,984,255					
Transfer from Reserve Fund		$0		$0					
Total Revenues	$355,853,433	$280,820,787	$11,947,181	$83,251,101	$15,358,052	$64,000	$2,790,000	$21,800	$38,280,292
Total Resources	$460,571,889	$319,780,783	$15,161,739	$101,350,516	$18,097,257	$1,416,482	$15,430,748	$55,863	$65,958,282
Expenditures									
Personnel Services									
Salaries & Overtime	$192,437,918	$138,563,985							
Payroll Taxes and Fringes		$53,873,933							
Fuel (Diesel, CNG, Prop Pwr., Propane, Gas)	$10,848,550	$10,848,550							
Services and Materials & Supplies	$31,749,341	$31,749,341							
Purchased Transportation	$8,434,045	$8,434,045							
Other Expenditures		$11,047,922			$1,500			$0	$0
Claims and Premium Outlay	$18,123,422						$7,014,000		
Benefit Payments						$60,000			
Reserve Fund Expenses									
Total Operating Expenditures		$254,517,776							
Capital Outlay				$64,741,828					
Asset Maintenance	$68,072,011		$1,405,000						
Routine Capital			$1,925,183						
Debt Service									
Principal	$15,882,679				$10,405,589				
Interest					$5,477,090				
Transfer to Other Funds									
General Fund									$0
Insurance Fund		$2,700,000							
Supplemental Pension Fund		$50,000							
Bond Retirement Fund		$15,228,052							
RTA Capital Fund		$11,887,181							
RTA Development Fund			$8,984,255						$0
Reserve Fund		$7,965,059							
Total Transfers to Other Funds		$37,830,292							
Total Expenditures	$345,547,966	$292,348,068	$12,314,438	$64,741,828	$15,884,179	$60,000	$7,014,000	$0	$0
Available Ending Balance	$115,023,923	$27,432,715	$2,847,301	$36,608,688	$2,213,078	$1,356,482	$8,416,748	$55,863	$65,958,282

Figure 25

GENERAL FUND

BALANCE ANALYSIS

The General Fund is the Enterprise Fund and general operating fund of the Authority and accounts for all revenue and expenditures except for activities related to capital improvements, debt service, catastrophic/extraordinary losses, supplemental pension benefits, economic downturns, and replacing of revenue vehicles. The combination of dramatic sales tax reduction due to the removal of Medicaid receipts from the sales tax base, decrease of passenger fare revenue, and increasing operating expenses, will present challenges for 2020 through 2023. The State of Ohio provided one-time financial assistance in 2017 and 2018 to cover the MCO losses from the sales tax. Additional funding from the state is unlikely.

In 2020, hard decisions will need be made, including a possible service reduction and increased sources of revenue, either from passenger fares or from an increase in the Sales and Use Tax percentage. The Authority currently receives 1 percent of sales tax receipts in Cuyahoga County.

In 2018, the Authority commissioned five strategic studies: Fare Equity, Economic Impact, System Redesign, Efficiency & Operation Review, and Rail Car. The Authorities' goals are to enhance financial stability and develop a unified plan forward. These five "Pillar Studies" will develop a strategy while learning from the community, our customers, civic leaders, and key business influencers by establishing a shared vision on the future of RTA.

REVENUES

Revenue is received from a number of sources to support activity in the General Fund. A further discussion of the major sources of revenue follows.

SALES & USE TAX

The Authority's main source of revenue is a one percent Sales and Use Tax on sales of tangible personal property and on other transactions subject to the State Sales and Use Tax within the boundaries of Cuyahoga County. The one percent tax is of unlimited duration and was approved by the voters of Cuyahoga County in July 1975. The tax is levied and collected at the same time and on the same transactions as the permanent 5.25 percent Sales and Use Tax levied by the State, plus the one-half percent temporary state sales tax, a special one-quarter percent levied for Cuyahoga County, and the one percent tax levied by Cuyahoga County. The tax is administered and enforced by State taxing authorities and is distributed on a monthly basis, approximately two months following the collection of the tax by the State (three months after the tax is paid by consumers).

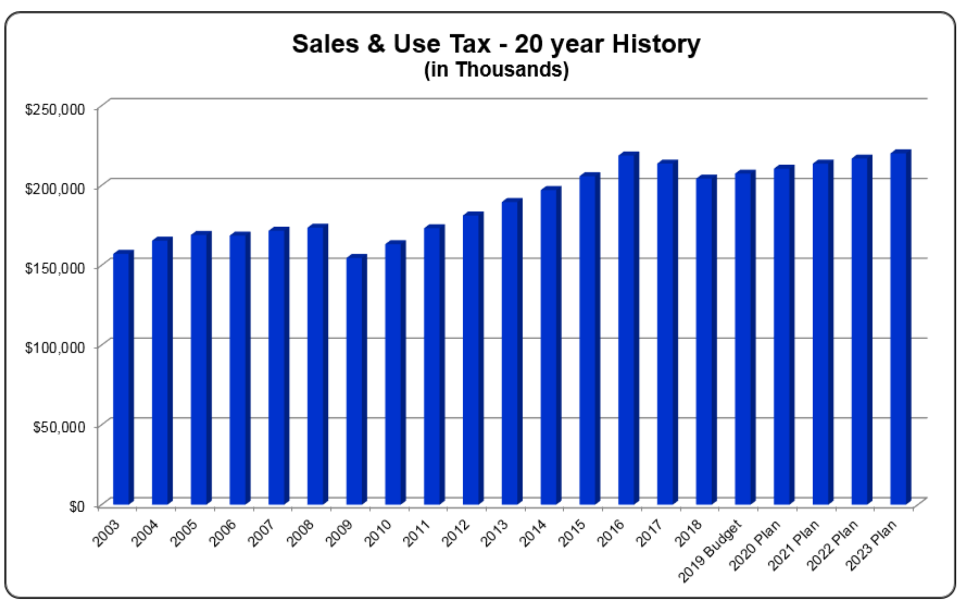

Figure 26

Sales tax receipts dedicated to capital improvements are reported as a fund transfer from the General Fund to the RTA Capital Fund. However, in the Authority's accounting records, sales tax receipts dedicated to capital improvements are treated as direct revenue to the RTA Capital Fund, not as a transfer. In 1995, the direct contribution was further defined to include the transfer to the Bond Retirement Fund.

Receipts in 2017 were $5 million less than 2016 receipts, mainly due to Medicaid MCOs being removed from the tax base as of July 1, 2017. There is a 3-month lag time between when the receipts are paid and when the Authority receives the revenue and the effect was felt starting in October 2017. With the Federal Government mandate prohibiting the taxing of a subset of Managed Care Organizations (MCOs), the State removed the Medicaid MCOs from the sales tax base and put all MCO receipts in the insurance tax, supporting the State's revenues, but diminishing revenues for the 88 counties and transit authorities that levy sales tax. The 2019 General Fund budget was approved on December 18, 2018. Revenues were based upon 3rd Quarter estimates. Sales Tax revenue for 2018 ended the year 1.5 percent higher than projected, at $204.3 million. The 2019 Budget was amended, presented to the Board of Trustees and approved in March to increase sales tax revenue by 1.5 percent from 2018 year-end receipts.

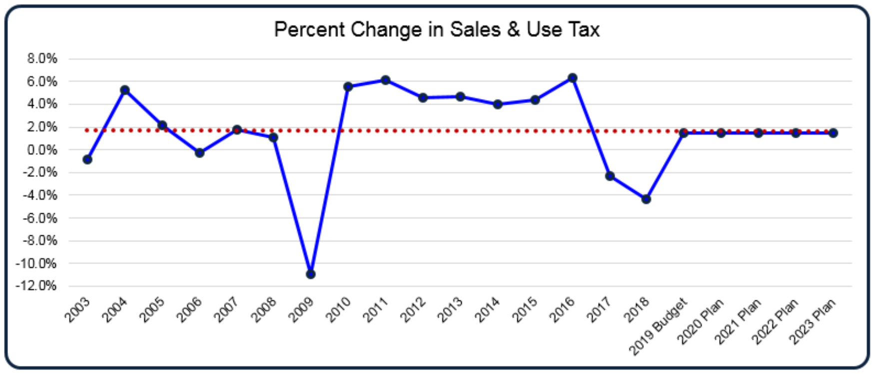

Figure 27

PASSENGER FARES

Passenger Fares are the second largest source of revenue for the Authority. Passenger fares consist of cash fare box revenue from Authority trains and buses, fares for Paratransit, receipts collected through the RTA CLE Mobile Ticketing App, and sales of passes and tickets from various vendors within Cuyahoga County.

A 20-year history of Passenger Fare increases is below and refers to figure 28.

Diesel fuel prices increased 60 percent, from $12.1 million in 2007 to $19.3 million in 2008. In 2009, a firm fixed price contract was created, which slightly lowered fuel prices to $17.4 million by year-end. In order to offset the significant increase in fuel prices, the Authority added a 50-cent fuel surcharge. The Federal and State governments provided operating assistance and the fuel surcharge was implemented into two 25-cent phases, the first, beginning October 2008, and the second, implemented in September 2009. With the Great recession of 2009, the fuel surcharge was permanently added as part of the fare in 1st Quarter 2010. RTA adjusted service levels in 2010 and implemented a 12 percent service reduction in April and minor service changes throughout the remainder of the year. As the price of diesel fuel and gasoline remained high, the fare increases took effect, and some service was restored, passenger fares

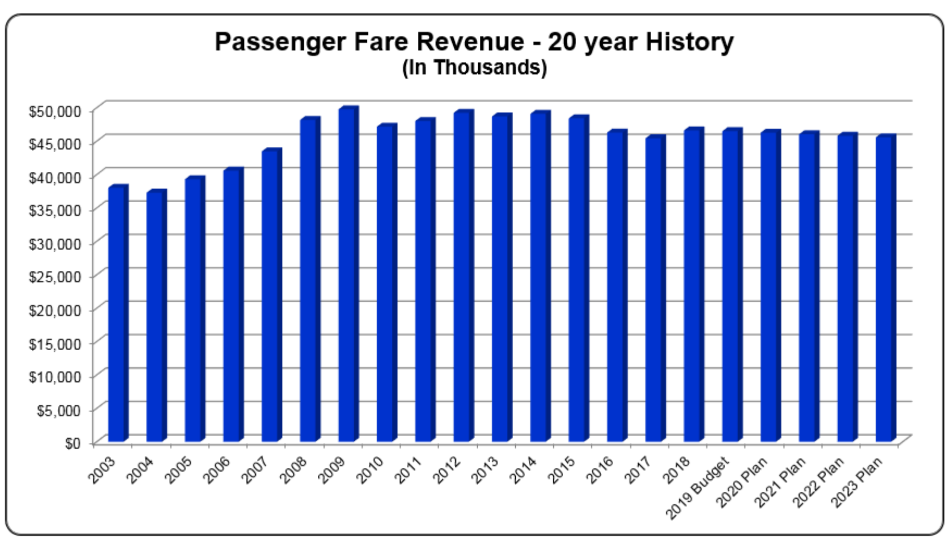

Figure 28

increased in 2011 and 2012 by 1.8 percent and 2.5 percent, respectively. Passenger Fares continued to fluctuate between 2013 and 2015. In 2016, a 25-cent increase in cash fares was budgeted for mid-year, but not executed until the Third Quarter. Ridership increased slightly in June as the Cleveland Cavaliers won the NBA Championship and subsequent parade, which provided for the Authority's heaviest ridership in history and enabled a trial run for the Republican National Convention in July. However, ridership for the remainder of the year dropped and has continued to fall each of the following years. Passenger Fare revenue for 2019 is budgeted at $46.5 million this is a 0.2 percent decrease from 2018. Passenger fare estimates for future years decline. As fuel, prices remain low, choice riders are opting to drive to work rather than take public transit. The 2019 Budget does not include any fare increase or service change. The fare increase scheduled for August 2018 has been postponed until further review and the base fare remains at $2.50.

INVESTMENT INCOME

The Authority pursues an aggressive cash management and investment program in order to achieve maximum financial return on all available funds. Idle cash balances are invested at the best interest rates available within the constraints imposed by State law and RTA financial policies. Current policy permits the Investment Officer to invest idle cash in certificates of deposit or repurchase agreements with depositories designated by the Board of Trustees, in U.S. Government securities, in securities of agencies, which are guaranteed by the U.S. Government, and in the State investment pool (Star Ohio).

Under the criteria developed by the Governmental Accounting Standards Board (GASB), much of the Authority's deposits and investments are included in risk category 2 or 3. Such deposits and investments are either secured by a pool of investments (not in the Authority's name) held by a Federal Reserve Bank or other banks for the pledging financial institution, or are held in the Authority's name at the trust department of the counter party to the investment transaction. Because the Authority's deposits and investments are generally held by large, financially sound, national banks, the security supporting the Authority's deposits and investments is adequate.

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 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement.

Investment income is budgeted at $600,000 as interest rates remain low and projected to decrease each year from 2020 through 2023. Interest earned on General Fund investments varies depending upon the timing of revenue receipts, expenditures, and the transfers made to other funds (shifting interest earnings from the General Fund to other funds).

ADVERTISING & CONCESSIONS

Another source of local income is the Authority's contract to place advertisements upon buses and trains. A 3-year contract was signed in 2016, where guaranteed receipts would be received at the beginning of the contract year, which increased 2016 revenue to $2.9 million. In this new contract, advertisements are heard on buses and trains through canned "commercials" on the overhead speakers. Revenue from advertising was at $2.4 million in 2017 and $786,836 in 2018. The decrease in 2018 was a result of a timing issue, the receipts expected in December 2018 for Advertising were received in January 2019.This is a new venture for the Authority. The Advertising and Concessions budget for 2019 is $2.2 million. For 2020 through 2023, receipts are projected at the guaranteed levels for each year.

FEDERAL OPERATING ASSISTANCE

This category includes grant reimbursements related to the capital program (project force account labor, administration, and overhead costs), fuel tax refunds on diesel and gasoline purchases in Ohio, and Federal and State (capitalized) operating assistance. An emphasis on capital financing urges maximum use of capital grants to recover a portion of our engineering and construction costs.

Federal Operating grant dollars are drawn down on cash flow requirements in the General Fund. The amount and timing of revenue received from this source in any year fluctuates, based on the Authority's ability to draw down these funds and the amount of the grant. Although Federal Operating Assistance was eliminated, some flexibility was given to use increases in capital grant awards for traditional maintenance type expenditures. A new authorization, TEA-21, was approved in mid-1998 and although it was generous in its support of the capital program and provided some flexibility in capitalizing operating expenses, it was certain in its elimination of Federal Operating Assistance, which at one time was nearly 14.3 percent of the Authority's resources.

Though utilizing the flexibility provided has helped to support the Authority's level of service, as revenue challenges have arisen and been met over the years, it represents an ongoing disinvestment in the Authority's capital state of good repair in favor of maintaining service levels. Further explanations of revenues from this source are presented under Reimbursed Expenditures and Other Revenue.

STATE OPERATING ASSISTANCE

State operating funds were received from the Ohio Department of Transportation (ODOT) for elderly and handicapped assistance. These funds were awarded annually and correspond to the state fiscal year (July 1 through June 30). In 1999, nearly $5 million of State Operating Assistance was completely eliminated with an equivalent amount given as a capital grant. The same was true in 2000 – 2004, though flexibility was given to allow the capitalization of operating expenses, but beginning in 2005, its use for capitalized operating assistance was limited.

In 2007, $2.2 million was awarded and received from the state for elderly and handicapped fare assistance. The 2008 award for elderly and handicapped fare assistance was reduced and delayed until 2009 when the combined amount received for the two years was $2.76 million. In 2010, the amount received for elderly and handicapped fare assistance was further reduced to $619,057. In 2011, the State halted all funding in this category.

REIMBURSED EXPENDITURES AND OTHER REVENUE

Reimbursed expenditures include grant funded reimbursements of expenses within the General Fund and include Preventive Maintenance (PM) activities; expense reimbursements for the Access to Jobs program, Paratransit, HealthLine and Trolley operations; for labor costs associated with the capital program; fuel tax refunds on diesel, compressed natural gas, propane, and gasoline purchases from the State of Ohio; and one-time fuel cost reimbursements from the State of Ohio. In 2013, three new Trolley lines (C-line, L-Line, and Nine-Twelve Line) were added to the downtown service. Reimbursements for these new routes were received through a CMAQ grant from 2013 through 2015.

The Authority's goal is to keep Preventive Maintenance reimbursements at $20 million or below. For 2017, Reimbursed Expenditures totaled $22.8 million, of which $20 million was from preventive maintenance reimbursements and $1.1 million from state fuel tax reimbursements.

For 2019, $22.1 million was originally budgeted this includes $20.0 million for Preventive Maintenance reimbursements and $1.1 million for fuel tax reimbursements, and $1.0 million for force account labor and other reimbursement. For the out-years, $22.1 million is budgeted each year for Reimbursed Expenditures. Increasing PM Reimbursement would, in turn, lower available funding for capital projects and increase the difficulty of achieving and maintaining a state of good repair.

Other Revenues of $1.6 million includes contractor and hospitalization reimbursements, rent, salvage sales, and claims receipts, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years due to one-time receipts settlements and miscellaneous reimbursements.

EXPENDITURES

Due to the great recession in 2008 and 2009, the Authority had to implement some drastic changes in order to improve the financial outlook. Through the Price Risk Management Program, fuel (diesel and CNG) and electric costs have been controlled and stabilized. Figure 29 represents the General Fund Expenditures from 2016 through 2023, and the ending balances for each year. Total operating expenditures in 2019 were budgeted at $254.6 million, a 4.2 percent increase over 2018 year-end.

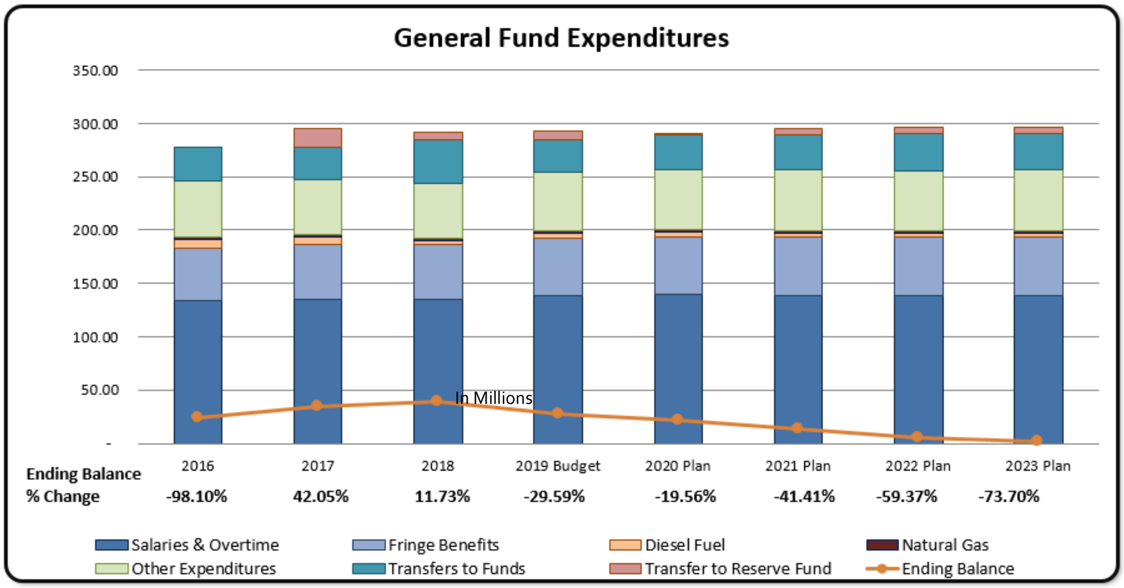

Figure 29

For 2019, 1 position was added to the Operating Budget, totaling 2,333.5 positions. During 2018, 14 positions were moved out of Marketing & Communications. These positions included the Supervisors of Telephone Information Center, Telephone Operators/ Information Clerks, and Customer Service Representatives. The positions in the Telephone Information Center and Customer Service Center were moved to Paratransit and the two call centers are planned to be merged.

The FOP and ATU contracts ended in 2017 and negotiations have continued through the year and into the 1st Quarter of 2018. The FOP signed a new contract in 2018. The ATU negotiations have continued through 1st Quarter 2019 but a contract has not been signed. A 3 percent service reduction was annualized in 2017 and 31 operator positions were removed. On the Administrative side, a part-time position was created to accommodate additional safety audits. A brief description of the employment and service level changes over the past four years are described in Figure 30.

Employment Level and Service Level Changes				
FY	**2016**	**2017**	**2018**	**2019**
Positions	**2,361.75**	**2,332.25**	**2,332.50**	**2,333.50**
Net Increase (Decrease)	**17.3**	**(29.5)**	**0.3**	**1.0**
	12 Operator positions added to alleviate challenges with long-term absences; 2 Assistant Transportation Managers added; 2 Training Instructors; 1 Material Handler; 1 Administrative position increased by 0.25	31 Operator positions removed due to 3% service reduction; added 1 part-time Safety Awareness Coordinator; added 1 Administrative Assistant position (budgeted half year and dependent upon State's decision of the Sales & Use Tax base)	Total Operator positions reallocated between Rail and Bus, down 1 FTE compared to 2017; Reinstated a Planning Team Leader position; Added 1 Material Handler Leader position due to a grievance ruling; Reduced 2 Marketing positions and added a Part-Time Intern position as the Department reorganizes; Added 2 positions and reduced 1 position in OMB as the Department is reorganized;	Increase of one FTE from 2018. During 2018 14 position were moved from Marketing and Communications including Supervisor of Telephone Information Center, Telephone Operator/Information Clerks, and Customer Service. Call Center and Telephone Information center was merged with Paratransit. Supervisor of Telephone Information Center retired and postition was moved to OMB to replace Manager of Budgets.
Service Increase (Decrease)	**(0.8%) Service Hours; (0.8%) Service Miles**	**(1.6%) Service Hours; (2.4%) Service Miles**	**(3.0%) Service Hours; (2.7%) Service Miles**	**(3.0%) Service Hours; (2.7%) Service Miles**
	Trolley L-Line discontinued; Service efficiencies in bus and Rail Operations	3% Service Reduction annualized (began September 2016); New Van Pool service implemented	3% Service Reduction planned for bus and rail starting in March. A pilot program for Paratransit is planned for 2018 using Uber and Lyft. The Vanpool program, which began in 2017, will continue in 2018.	No significant service changes are planned. Engaged in 5 Pillar Studies: Fare Equity Study, Economic Impact Study, Efficiency Study & Operational Review, Rail Car Study, and System Redesign Study, in order to create efficiencies, enhance service, and identify areas of improvement.

Figure 30

BOND RETIREMENT FUND

The Bond Retirement Fund accounts for resources set aside for the payment of principal and interest on debt obligations. At the end of2018, the Authority has five bond issuances against Sales Tax revenue for a total outstanding debt of $96.47 million. The policy of the Authority is to set aside resources transferred from the General Fund on a monthly basis to meet the current year's annual principal and semiannual interest payments.

In Figures 31 and 32, each year's ending balance represents at least one-twelfth of the subsequent year's debt service requirement, which is set-aside on the last day of each year. Thus, the ending balance in this fund remains relatively low at all times.

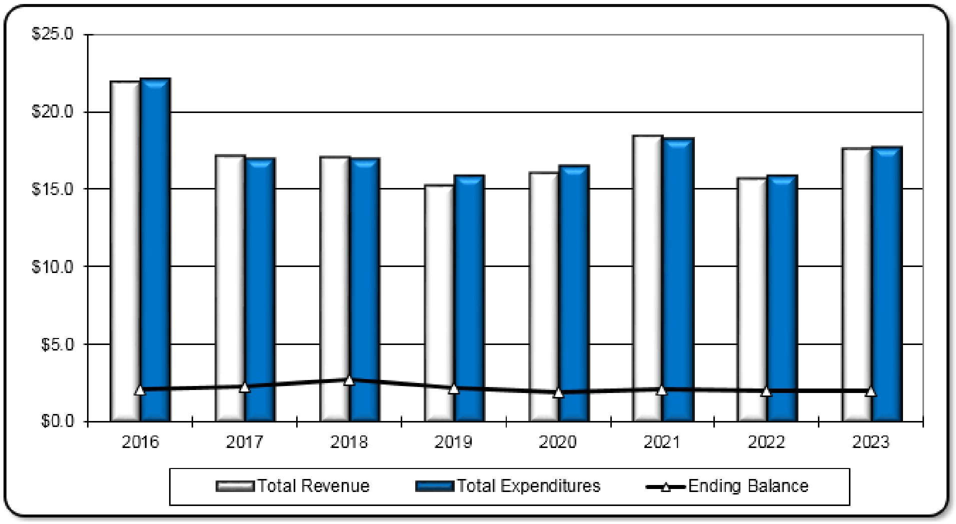

Figure 31

Long-term debt for the Authority includes both debt and refunding debt sales from 2008 through2017. These include a combined $141.3 million issuance of revenue bonds, $2.1 million issuance of General Obligation (G.O.) bonds, and a planned debt issuance of $30 million at the end of FY 2019. Total debt requirement for FY 2019 is $14.2 million after the maturity of 2008 G.O. bond. The projected debt requirement is needed for 1/12 of the principal and 1/6 of the interest for FY 2019 with the anticipation of debt requirement increasing after bond issuance at mid-year. Required transfers from the General Fund to make these payments are reduced by interest earned in the Bond Retirement Fund. In 2018, a transfer of $17.0 million was required from the General Fund to cover the current overall debt service of the Authority. In 2019, a transfer of $15.2 million is needed. For 2020 through 2023, transfers of $16.1 million, $18.5 million, $15.7 million, and $17.6 million are planned, respectively. New debt issuances of $25 million are planned for 2020 and 2023.

	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	$2.3	$2.1	$2.3	$2.7	$2.2	$1.9	$2.1	$2.0
Revenue	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Fund Transfers	$21.9	$17.0	$17.0	$15.2	$16.1	$18.5	$15.7	$17.6
Total Revenue	**$21.9**	**$17.1**	**$17.0**	**$15.2**	**$16.1**	**$18.5**	**$15.7**	**$17.6**
Total Resources	**$24.2**	**$19.2**	**$19.7**	**$18.1**	**$18.4**	**$20.4**	**$17.9**	**$19.7**
Total Expenditures	**$22.1**	**$16.9**	**$16.9**	**$15.9**	**$16.5**	**$18.3**	**$15.9**	**$17.7**
Ending Balance	**$2.1**	**$2.3**	**$2.7**	**$2.2**	**$1.9**	**$2.1**	**$2.0**	**$2.0**

Figure 32

INSURANCE FUND

The Insurance Fund is used to account for resources, which have been reserved to protect the Authority against future catastrophic or extraordinary losses, as the Authority is currently self-insured in all areas except personal property and equipment. In the late-nineties, expenditures for the settlement of unusual or extraordinary claims as well as for insurance premiums stressed this fund. Up through 1999, $5 million was required as the fund minimum balance. From 2000 through 2003, unexpected claim costs required an increase in the balance to $7.5 million. In 2004, the minimum balance was returned to the original $5.0 million.

A portion of the self-insurance fund was liquidated and replaced with purchased insurance coverage in 1999. According to the Authority's financial policies, the Risk Manager, on an annual basis, determines the minimum balance required in the Insurance Fund.

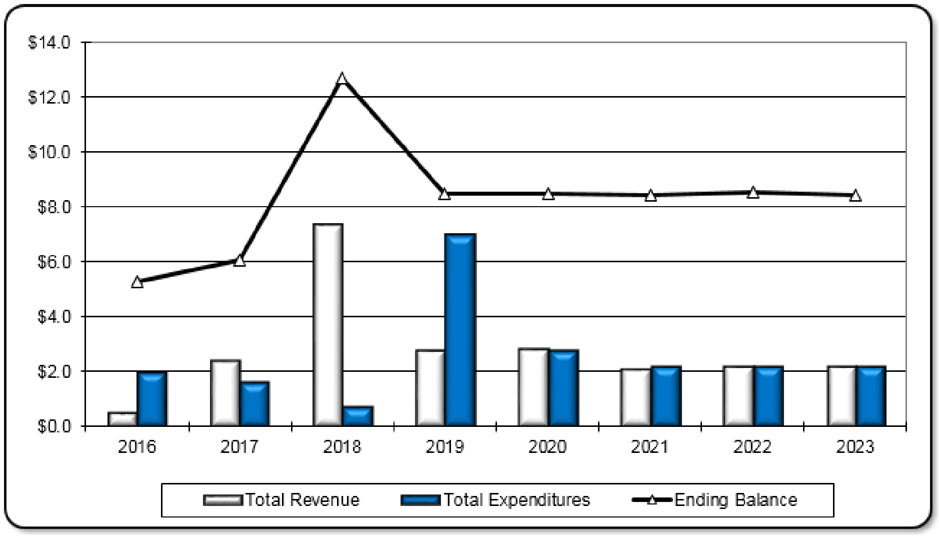

Figure 33

In 2017 and 2018, transfers of $2.4 million and $7.3 million were made from the General Fund to the Insurance Fund. Lower claims and premium payments helped to increase the ending balance to over $12.7 million. In 2019, a transfer of $2.7 million will be needed to cover insurance premiums and claims and maintain the $5.0 million ending balance. For 2020 a transfers of $2.8 million is planned the required ending balance. The transfer will drop in 2021, to $2.1 million and $2.2 million in 2022 and 2023 to maintain the ending balance.

	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	$6.7	$5.3	$6.1	$12.7	$8.5	$8.5	$8.5	$8.4
Investment Income	$0.1	$0.1	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0
Transfers	$0.5	$2.4	$7.3	$2.7	$2.8	$2.1	$2.2	$2.2
Total Revenue	**$0.6**	**$2.5**	**$7.4**	**$2.8**	**$2.8**	**$2.1**	**$2.2**	**$2.2**
Total Resources	**$7.3**	**$7.7**	**$13.5**	**$15.5**	**$11.3**	**$10.6**	**$10.7**	**$10.7**
Total Expenditures	**$2.0**	**$1.6**	**$0.8**	**$7.0**	**$2.8**	**$2.2**	**$2.2**	**$2.2**
Ending Balance	**$5.3**	**$6.1**	**$12.7**	**$8.5**	**$8.5**	**$8.4**	**$8.5**	**$8.4**

Figure 34

SUPPLEMENTAL PENSION FUND

The Supplemental Pension Fund (Pension/Deferred Compensation Trust and Agency Fund) was established to account for assets held by the Authority in a trustee capacity for payments of benefits relating primarily to certain retired employees of the Authority and its predecessor transit systems. Since 1986, the Pension Fund also has been used to account for funds on deposit with the Ohio Public Employees Deferred Compensation Board. The Authority has no control over these funds, but is required to account for them in a trust and agency fund according to governmental accounting standards.

An actuarial evaluation is performed every two years to assess the adequacy of the fund balance. This Budget increases and maintains the fund balance at levels recommended in the last actuarial evaluation. A transfer of $60,000 was made from the General Fund in 2018 to support this effort.

For2019, a transfer of $50,000 is budgeted. For the out years, the planned transfers will remain consistent during 2019-2023. To maintain the stable ending balance, transfers of $50,000; each year planned for 2020 through 2023.

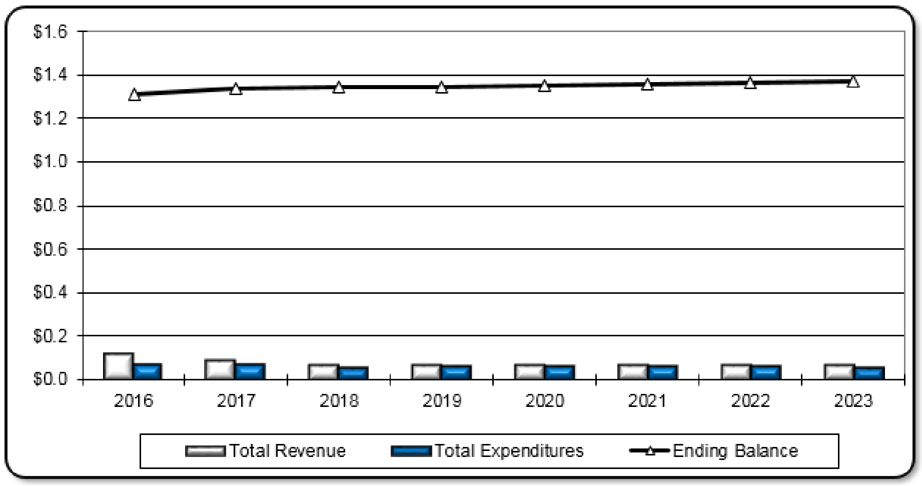

Figure 35

Benefit payments from this fund from 2015 through 2017 have ranged from a high of $69,070 in 2016 to a low of 57,545 in2018. For 2019, payments of $60,000 are budgeted. For 2019 through 2022, payments are planned at $60,000; $58,000; $58,000; and $55,000, respectively.

	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	$1.3	$1.3	$1.3	$1.3	$1.3	$1.3	$1.4	$1.4
Total Revenue	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Total Resources	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**	**$1.4**
Total Expenditures	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Ending Balance	**$1.3**	**$1.3**	**$1.3**	**$1.3**	**$1.3**	**$1.4**	**$1.4**	**$1.4**

Figure 36

LAW ENFORCEMENT FUND

In 1988, RTA became involved with the Northern Ohio Law Enforcement Task Force (NOLETF), a multi-jurisdictional force (formerly known as the Caribbean/ Gang Task Force). The Authority's involvement was prompted by the increasing gang activity found in and around the rail system and the need to obtain intelligence in this area. In addition to the benefits of intelligence gathering and improved inter-department relations, the GCRTA derives revenue from seized and confiscated monies and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the Task Force can be expended for non-budgeted police items. The Authority primarily uses these proceeds for unbudgeted capital items. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting and disbursement of funds. Expenditures within this fund have varied over the years, depending upon the levels of revenue obtained through the Task Force. These expenditures funded security items, protective equipment, and technical training equipment. The expenditures projected in 2018 include equipment and training totaling $21,964. For 2019, total revenue of $55,863 is budgeted.

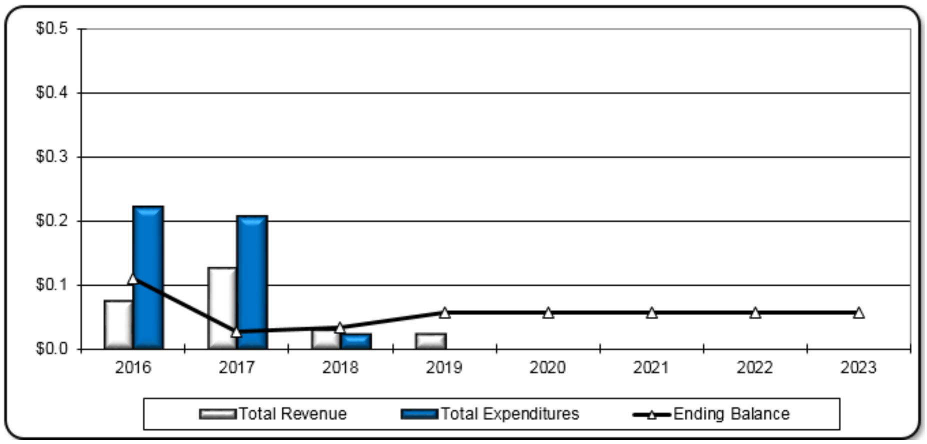

Figure 37

	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	$0.3	$0.1	$0.0	$0.0	$0.1	$0.1	$0.1	$0.1
Total Revenue	**$0.1**	**$0.1**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Total Resources	$0.3	$0.2	$0.1	$0.1	$0.1	$0.1	$0.1	$0.1
Total Expenditures	**$0.2**	**$0.2**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Ending Balance	**$0.1**	**$0.0**	**$0.0**	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**

Figure 38

RESERVE FUND

In 2017, the Authority created a Reserve Fund to set aside funding for cost increases in fuel and hospitalization, increases in compensated absences, prepare for a 27th pay period, and reserve local funding needed for rolling stock replacement, specifically, rail cars.

The amount of transfers needed are based upon specific goals:

- Fuel Reserve: Annual savings resulting when expenditures are less than budget
- Hospitalization Reserve: Not exceed 10% of annual hospitalization costs
- Compensated Absence Reserve: Not exceed 25% of estimated payments
- 27th Pay Reserve: 1/12th of Annual 27th Pay costs for each of the hourly and salary payrolls
- Rolling Stock Replacement: Goal is to transfer funding each year to cover costs of aging revenue vehicles

Once a reserve has met the goal, no additional funding will be needed in the transfer. During a budget year, if expenses exceed the budget, funding can be transferred from the Reserve Fund back to the General Fund to increase the appropriation and expensed. For 2018, a $2 million transfer was transferred from the Reserve Fund to the RTA Development Fund for a comprehensive rail locomotive study. The 2019 budget has been amended to add $6 million dollar transfer to the Reserve Fund for rolling stock.

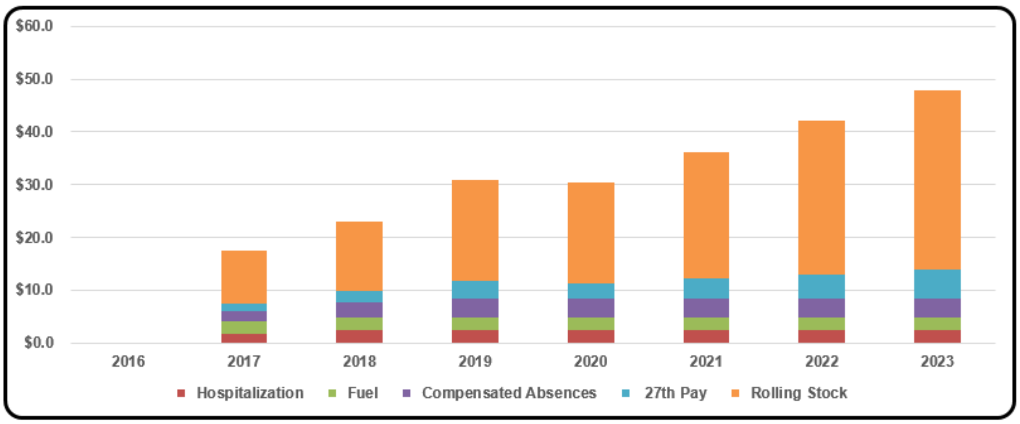

Figure 39

Category Year-End Balances	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Budget	2021 Plan	2022 Plan	2023 Plan
Hospitalization	$0.0	$1.8	$2.5	$2.5	$2.5	$2.5	$2.5	$2.5
Fuel	$0.0	$2.5	$2.5	$2.5	$2.5	$2.5	$2.5	$2.5
Compensated Absences	$0.0	$1.9	$2.8	$3.5	$3.5	$3.5	$3.5	$3.5
27th Pay	$0.0	$1.4	$2.1	$3.4	$2.8	$3.7	$4.6	$5.4
Rolling Stock	$0.0	$10.0	$13.0	$19.0	$19.0	$24.0	$29.0	$34.0

Figure 40

CAPITAL IMPROVEMENT FUND

BALANCE ANALYSIS

The Authority's Capital Improvement Fund is used to account for the acquisition, construction, replacement, repair, and rehabilitation of major capital facilities and equipment. The Capital Improvement Plan is composed of both grant-funded projects as well as 100 percent locally-funded items.

All capital projects are included in one of two funds: the RTA Development Fund, which includes all grant-funded projects, as well as the majority of the larger capital projects for the Authority, including rehabilitations, expansions and large equipment purchases; and the RTA Capital Fund, a smaller fund for more routine expenditures that support daily operational activities.

Generally, projects in the **RTA Development Fund** are greater than $150,000, have a useful life of greater than five years, and are predominantly, although not exclusively, supported through grant awards. Projects from the Authority's Long Range Plan are included in this area and it includes those capital projects where grant funding already has been approved or will be submitted for approval in future years.

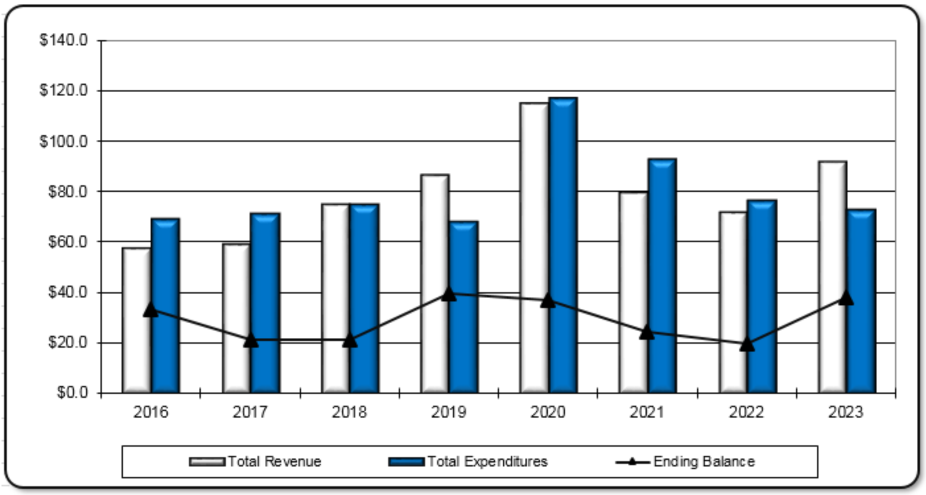

Figure 41

Capital projects included in the **RTA Capital Fund** are generally less than $150,000, have a useful life between 1 and 5 years, are routine in nature, and in many cases relate directly to daily operations. Unlike the RTA Development Fund, where the majority of projects are funded with grant awards, the RTA Capital Fund is financed entirely through local dollars in the form of Sales & Use Tax revenue contributions.

Detailed discussions of the fund balances in these funds are presented in the Capital Improvement Plan (CIP) section. The Figures 41 and 42 provide a consolidated look at all Capital Improvement Funds. The fund balance normally alternates years of increases and decreases as planned activities are balanced with cash infusions. Overall, the balance has been generally decreasing since 1990 with periodic increases a direct result of cash infusion from debt sales or from other irregular one-time revenue, "Sale to Lease" transaction or a Capital Lease transaction.

The fund balance decreased in 2018 to $21.3 million, from $21.4 million in 2017, minimizing the reductions taking from operating budget and balances drawn for capital activities. The ending balance is budgeted to increase in 2019 as a new debt issuance is planned.

	2016 Actual	2017 Actual	2018 Actual	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	$44.6	$33.1	$21.4	$21.3	$39.5	$37.2	$24.1	$19.4
Total Revenue	**$57.6**	**$59.4**	**$74.9**	**$86.2**	**$114.7**	**$79.5**	**$71.9**	**$91.4**
Total Resources	$102.2	$92.5	$96.3	$107.5	$154.2	$116.7	$96.1	$110.9
Total Expenditures	**$69.1**	**$71.1**	**$75.0**	**$68.1**	**$117.0**	**$92.5**	**$76.6**	**$72.7**
Ending Balance	**$33.1**	**$21.4**	**$21.3**	**$39.5**	**$37.2**	**$24.1**	**$19.4**	**$38.2**

Figure 42

The high level of capital activity by the Authority, begun in the 1990's which included the re-construction of the Triskett Garage, the HealthLine along Euclid Avenue, a mid-life overhaul of the Authority's Light and Heavy Rail Fleets, as well as the reconstruction of multiple Rail Stations, and maintenance of the Authority's infrastructure has continued in following CIP's. Capital funds set aside for these large projects were drawn against as part of a planned drawdown of the fund balance.

Beginning with the 2008 Budget Year, the capital budget process was more directly focused on the need to balance the Authority's ambitious capital program with available grant funds and to minimize, wherever possible, the use of local funds. This step has resulted in the development of a CIP with projects closely scheduled with expected Federal Fiscal Year (FFY) grant award funds and anticipated revenue streams, with few new projects being added, and some projects deferred into future years of the CIP. At the same time, the Authority has committed its financial resources to complete its ADA Key Station program and is now in an on-going multi-year bus replacement program.

In 2019, the Capital Budget appropriation request totals $68.1 million for the acquisition of buses, preventive maintenance and operating expense reimbursements, equipment, services, and construction projects to improve, replace or upgrade the Authority's facilities and infrastructure. The Authority's infrastructure needs though continue to exceed the amount of available grant funds especially now with the negative impact of the current MAP-21 legislation. The FAST (Fixing America's Surface Transportation) Act is expected to increase the formula funding apportionments for the Authority, but not enough to end the on-going deferral of some requested projects due to lack of grant funds or the use of local funds for their completion.

Proceeds from debt sales, as well as from sales tax contributions, are used to fulfill the Local Match requirement on grant-funded projects as well as for 100 percent locally-funded projects. In the 2019 Amended Budget, the Transfer to Capital from the General Fund is budgeted at $11.9 million, a reduction of $3.4 million from prior year 2018 Budget. The transfer is planned to increase to $13.6 million in 2020. For 2021 through 2023, transfers of $12.9 million, $17.1 million, and $14 million are planned. The Authority has doubled its efforts to securing additional non-traditional federal and state resources as the upcoming impact of the new FAST legislation is being analyzed and has becoming more creative with the use of debt and other financing as it strives to address the backlog of needed SGR projects and upcoming rail car vehicle replacement.

REVENUES

The Authority receives various capital grants from the Federal Transit Administration (FTA). Funds are requested from FTA, as needed, to meet obligations, via wire transfer. The timing of the receipt of federal capital revenue is directly related to costs invoiced by contractors/vendors, since these funds must be disbursed within three days after receipt. FTA grants normally cover 80 percent of project costs with the remaining 20 percent share being absorbed by the Authority's local match revenue, which consists of interest income, transfers from other funds and sales of bonds and notes. In some cases FTA grants, such as the Transportation Investment Generating Economic Recovery (TIGER) program are awarded with a 100 percent Federal share. State capital assistance has in the past been seen in the form of State capital grants from the Ohio Department of Transportation (ODOT) and loans from the State Infrastructure Bank (SIB).

The RTA Capital Fund was established in 1988 and funded with Sales & Use Tax proceeds as part of the Authority's goal of a minimum of 10 and maximum 15 percent contribution to capital requirement as described under General Fund Revenue. The policy goal was changed in 2017 to a minimum of 10 percent contribution to capital. Interest earned on the investment of those Sales & Use Tax proceeds is the only other income credited to the RTA Capital Fund. The Authority's local contribution to its capital program is captured by transfers within the Operating Budget to the RTA Capital Fund and the transfer to the Bond Retirement Fund.

Transfers of General Fund revenue to the RTA Capital Fund have grown significantly in recent years to meet the financial needs of an aggressive capital program – from a low of $6.8 million in FY 2007 to a high of $15.5 million in 2015. Increases in this transfer in recent years has been to align the local funding component of the Authority's five-year bus replacement schedule along with the large number of state of good repair capital projects into the correct capital fund.

Transfers to Capital and Bond Retirement Funds to meet current debt needs of the Authority are planned to be maintained at $27.12 million for 2019 and $29.74 million in 2020. This transfer will depend upon future debt service needs of the Authority and how the new debt service payments are structured. The Transfers to Capital in 2019 and 2020 are $13.1 percent and 14.1 percent respectively, both years are above the minimum goal of 10 percent.

With several unfunded projects in the Capital Plan, there is an on-going challenge of meeting the total capital needs of the Authority while, at the same time, maintaining or improving the Authority's current assets in a state of good repair. Meeting the financial needs of both areas in the future will significantly challenge the overall financial stability of the Authority, particularly in light of the current economic situation and the slow future growth projected in revenue from the Sales & Use Tax.