

# 2024 TAX BUDGET



**OUR MISSION: CONNECTING THE COMMUNITY**



Greater Cleveland  
Regional Transit Authority

# FY 2024 TAX BUDGET

**To:** Rev. Charles P. Lucas, President  
and Members, Board of Trustees

**Date:** July 13, 2023

**From:** India L. Birdsong  
General Manager, Chief Executive Officer

**Subject:** FY 2024 Tax Budget

## EXECUTIVE SUMMARY

The Fiscal Year (FY) 2024 Tax Budget is an initial analysis of the financial trends affecting revenues, with preliminary forecasts on expenditures and service levels of the Authority. It is a forward-looking document that reviews estimated revenues for the next fiscal year. It is a valuable tool in the budget development process.

The Authority continues to “Connect the Community” through the current mobile ticketing app Transit App with EZfare. Customers can purchase tickets for multiple agencies (transit agencies, Uber, Lyft, scooters, etc), as well as see when the next bus or train will arrive and plan their trips. The Transit Ambassador program consists of ten Ambassadors and four Crisis Intervention Specialists who interact with customers and provide information for purchasing passes, routes, getting on/off the bus, reporting safety issues, and much more. The Crisis Intervention Specialists also assist customers to other community services when needed.

U.S. Senator Sherrod Brown (D-OH) joined Congresswoman Shontel Brown (OH-11) and FTA Administrator Nuria Fernandez on Friday, May 5, 2023 to announce the Infrastructure Investment and Jobs Act grant award of \$130 million to the Greater Cleveland Regional Transit Authority (“Authority”) for the replacement of rail cars. This funding will be added to the approximately \$213 million the Authority has already secured. The new rail car fleet will be made up of high floor light rail vehicles with doors that allow access from existing heavy rail platforms and street level light rail platforms. This enables the new rail cars to operate across the entire rail network. These new vehicles will be built by Siemens Mobility Incorporated.

The Authority continues to focus on several initiatives and projects as part of our strategic plan. The initiatives will enhance the riders’ experience, enable better connectivity to the community, highlight the Authority as an economic driver, and elevate the region as a transportation leader.



# General Fund Assumptions

## Inflation

**Assumption:**

**4.5%**

**Rationale:**

From January 2021 through June 2022, the inflation rate rose from 1.4% to 9.1%. This is the sharpest increase since 1981. Since July 2022, the inflation rate has started dropping and at the end of April 2023, was at 4.9%, slightly lower than the interest rate. At the May 5, 2023 Federal Open Market Committee (FOMC) meeting, the FOMC projected core inflation in 2023 to drop between 4.0% and 4.5%. Many economists foresee inflation falling to 4.0% by the end of 2023 and stabilizing between 3.5% and 4.0% by the end of 2024.

## Interest Rates

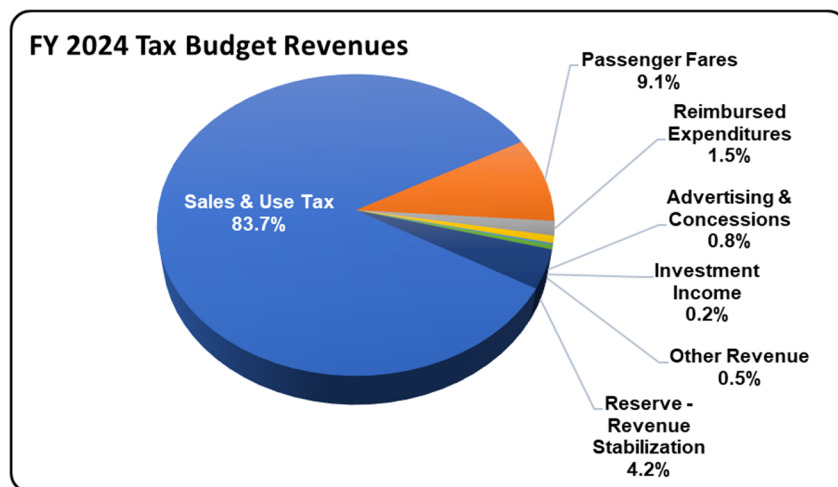
**Assumption:**

**4.8%**

**Rationale:**

The Federal Reserve announced at its May 5, 2023 meeting that the Federal Funds Rate (FFR) increased by another 0.25% bringing interest rates up to 5.08%. Interest rates are expected to remain stable, then start to decline by the end of 2024 as the economy remains slow. The average interest rate for 2024 is estimated at 4.8%.

## REVENUES



## Passenger Fares

**Assumption:**

**\$29.3M**

**Rationale:**

Actual Passenger Fare Revenue received through May 2023 totaled \$10.9 million. This amount is 1.0% above 2022 actual receipts for the same period. Total Passenger Fares for 2023 are estimated at \$28.7 million, 0.08% below 2022 actual revenues. Based on current trends, we are projecting ridership to continue to increase slowly in 2024. Total passenger fares for 2024 are projected at \$29.3 million.

**Advertising & Concessions**

***Assumptions:***

***Advertising Contract and Concessions*** **\$2.0M**

***Naming Rights: HealthLine, CSU Line,  
and MetroHealth Line*** **\$485K**

***Total*** **\$2.5 M**

***Rationale:***

Advertising and Concessions revenue is composed of two subcategories. The first subcategory is comprised of the current advertising contract, concessions, and the new contract for advertising on the bus shelters. The second category is the Naming Rights, which includes Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters, Cleveland State University for the CSU Line and Tri-C District for E. 34<sup>th</sup> Rapid Station. The Advertising & Concessions category is projected to total \$2.5 million in 2024 and is projected to remain steady each year thereafter for 2025 through 2026 based on contractual terms.

**Sales & Use Tax Revenue**

***Assumptions:***

***Sales & Use Tax*** **\$269.4M**

***Rationale:***

Sales Tax for 2023 is estimated to increase nearly 5.0% compared to 2022. The Authority receives a 1.0% Sales and Use Tax on sales of tangible personal property and on other transactions subject to the state Sales and Use Tax within Cuyahoga County. The 1% 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% Sales and Use Tax levied by the State, plus the 0.5% temporary state tax, 1.0% levied by Cuyahoga County and a special 0.25% levied by Cuyahoga County.

The estimate for the 2024 Tax Budget is based on actual receipts through June 2023, with projections anticipating slow recovery in consumer spending. Sales tax receipts are projected to increase by 2.0% in 2025 and in 2026.

**Investment Income**

***Assumption:***

**\$600K**

***Rationale:***

The estimate for Investment Income for 2024 totals \$600,000. The Federal Reserve Bank anticipates interest rates to remain steady in 2023 and slowly decrease in 2024. The estimated Investment Income is based on an average rate earned over the prior three years. The Investment Income is projected to remain constant in FY 2025 and FY 2026. In 2023, the Authority has received an average yield of 4.0% on all investments.

**Other Revenue**

***Assumptions:***

**\$15.0M**

***Rationale:***

This revenue category includes various miscellaneous receipts from contractors, hospitalization, claim reimbursements, rent, salvage sales, transfers from the revenue stabilization fund, and sale of identification cards. These miscellaneous items are budgeted at \$1.5 million. The estimated \$13.5 million revenue stabilization is reserved to be transferred to the General Fund to ensure a one-month operating ending balance required by Board policy. For the 2024 Tax Budget, the total for Other Revenue is budgeted at \$15.0 million.

**Reimbursed Expenditures**

***Assumptions:***

***Preventive Maintenance Activities***

**\$1.0M**

***Reimbursed Labor***

**\$2.0M**

***Other Reimbursements***

**\$2.0M**

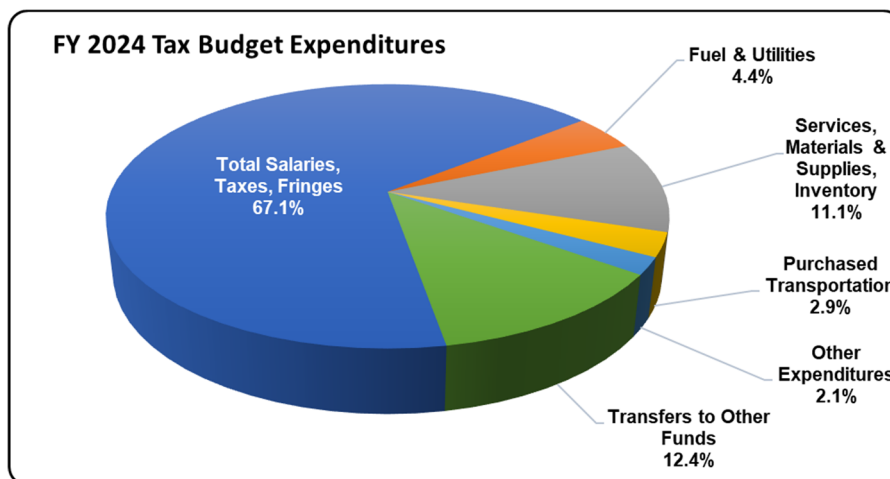
***Total***

**\$5.0M**

***Rationale:***

This category is composed of reimbursement of labor costs for capital projects, preventive maintenance activities within the Operating Budget, and diesel fuel tax refunds. For the 2024 Tax Budget, revenues from Reimbursed Expenditures are budgeted at \$5.0 million. For FY 2025 and FY 2026 the authority will retain \$1.0 million of preventive maintenance funds. This will enable the Authority to use the grant funding for unfunded and underfunded capital projects. Other reimbursements include reimbursed labor, and other reimbursements, which are projected at \$2.0 million each.

**EXPENDITURES**



**Salaries and Overtime**

***Assumption:***

**\$161.3M**

***Rationale:***

Total salaries and overtime for the 2024 Tax Budget are estimated at \$161.3 million and account for 48.9% of RTA's General Fund expenses. Total wages for 2024, including payroll taxes and fringes, are estimated to increase by 3.2% compared to FY 2023 projection. This

increase is based on negotiated union payouts and salary increases negotiated and announced during the current fiscal year.

**Payroll Taxes and Fringes**

***Assumption:***

**\$60.2M**

***Rationale:***

Payroll Taxes and Fringe Benefits are budgeted at \$60.2 million for the 2024 Tax Budget and account for about 18.2% of General Fund expenses. The main expenses include payroll taxes, health care, prescription, vision, dental, uniform allowances, Medicare and PERS (pension) expenses.

**Fuel**

***Assumption:***

**\$10.2M**

***Rationale:***

The fuel category includes diesel, compressed natural gas, gasoline, electric propulsion power, and propane. The Energy Price Risk Management Program has helped to stabilize the cost of fuel, which has been one of GCRTA's most volatile expenses. The Authority's diesel fuel usage has decreased over the years as more CNG buses are placed into service and older diesel vehicles are retired. For 2024, 20 new CNG buses are planned to be placed in operation and diesel fuel usage will further decrease as these newer buses are introduced.

**Other Expenditures**

***Assumptions:***

***Utilities***

**\$4.2M**

***Inventory***

**\$12.6M**

***Services & Materials***

**\$24.2M**

***Purchased Transportation/ADA***

**\$9.7M**

***Other Expenditures***

**\$6.9M**

***Total***

**\$57.6M**

***Rationale:***

The Utilities category includes natural gas (for facility heating), water/sewer, electricity, and telephone expenses. This category is budgeted at \$4.2 million for the 2024 Tax Budget or 1.3% of all General Fund expenditures. Electricity and natural gas usage are managed through contracts. The current contract for electricity began in 2022, which stabilized costs through 2027 at favorable prices for the Authority. Natural gas commodity costs are locked in through mid-2026.

Inventory is budgeted at \$12.6 million, or 3.8% of General Fund expenditures. The Supply Chain Management section of the Authority's Fleet Management Department has helped the Authority to maintain predictive maintenance and repairs on the Authority's newer fleets and carry out major purchases for supplies and equipment during the pandemic. The Authority continues to implement the predictive maintenance program that started in 2015, where parts are replaced based on a proactive maintenance program.

The main drivers of the Services and Materials category are service and maintenance contracts, advertising costs, equipment, and other miscellaneous supplies. This category is

budgeted at \$24.2 million for the 2024 Tax Budget, 7.3% of all General Fund expenditures. The out years are planned to increase slightly each year based on contracts and inflation.

Purchased Transportation/ADA is budgeted at \$9.7 million for the 2024 Tax Budget. The Authority entered into three new contracts in 2023. The “Other Expenditures” category include travel and meeting expenses, claims, and other miscellaneous expenses. For the 2024 Tax Budget, \$6.9 million is budgeted for this category.

**Transfers**

***Assumption:***

<b><i>Bond Retirement</i></b>	<b><i>\$9.3M</i></b>
<b><i>Capital Improvements</i></b>	<b><i>\$17.6M</i></b>
<b><i>Insurance Fund</i></b>	<b><i>\$3.0M</i></b>
<b><i>Reserve Fund</i></b>	<b><i>\$10.9M</i></b>
<b><i>Total</i></b>	<b><i>\$40.8M</i></b>

***Rationale:***

Transfers shown for the Bond Retirement are for the debt service less the investment income earned in the Bond Retirement Fund. The \$9.3 million transfer to the Bond Retirement Fund for 2024 is needed to pay the principal and interest on all debt for 2024, as well as to maintain the recommended ending balance.

The transfer to the Capital Improvement Fund covers 100% locally-funded capital projects in the RTA Capital Fund, as well as required local matches for most grant-funded projects in the RTA Development Fund. The total contribution to capital (transfer to the Capital Improvement Funds and Bond Retirement Fund), at 10.0%. The recommended Board policy of a minimum transfer of 10% of Sales & Use Tax revenue continues to reflect the significant financial requirements of the Authority’s capital program.

The \$3.0 million transfer to the Insurance Fund is required to maintain the Fund Balance at the current \$5 million level and to cover expected expenses for the 2024 Fiscal Year. A transfer of \$10.9 million to the Reserve Fund will cover a \$10 million transfer for rail vehicles and \$0.9 million which covers 1/12 of 27<sup>th</sup> pay expenses.

**FINANCIAL INDICATORS**

The General Fund statement presented in this Tax Budget results in the following performance against the Authority’s financial policy goals.

**OPERATING EFFICIENCY**

**Operating Ratio:** The Board policy requires a 25.0% ratio in operating revenues compared to total operating expenditures. This ratio shows the efficiency of management by comparing operating expenses to operating revenues. The 2024 Tax Budget yields a 11.2% ratio, which is below the policy objective.

**Operating Reserve:** The Operating Reserve is targeted for a period of 30 days, or 1 month, meaning the available cash equivalent to one month's operating expenses to cover any unforeseen or extraordinary fluctuations. At a projected ending balance of \$25.6 million, the Operating Reserve for the 2024 Tax Budget is budgeted at 1.1 months. The financial assistance received under the CARES Act, CRRSAA and ARP have helped sustain operations during the pandemic. The positive ending balance will ensure a level of stability in mitigating lingering effects of the pandemic on ridership and passenger fare revenue beyond 2026.

**Growth per Year:** This policy requires that growth in the cost per hour of service from year to year be at or below the rate of inflation. The cost per hour of service is a measure of service efficiency dividing total operating expenses by total service hours. The Growth per Year is the cost of delivering a unit of service (cost per hour of service) compared to the prior year. The inflation estimates for 2024 is 4.5%. The 2024 Tax Budget estimates the cost per hour of service at \$173.59, which is 2.5% above the FY 2023 estimate. This indicator is projected to be met.

## **CAPITAL EFFICIENCY**

**Debt Service Coverage:** The Debt Service Coverage is a ratio measuring the Authority's ability to meet annual interest and principal payments on outstanding debts. The 2024 Tax Budget estimates the debt service coverage at 4.84, above Board policy minimum of 1.50. The authority reduced its debt by \$57.7 million in 2021, which has reduced the annual interest to be paid in future years.

**Sales & Use Tax Contribution to Capital:** Current Board policy requires that a minimum of 10.0% of the Sales & Use Tax receipts be applied to the capital needs of the Authority. These funds are used to meet the Authority's annual debt service payments, to provide the local match for grant funded capital projects, and to fund Routine Capital and Asset Maintenance projects included within the RTA Capital Fund. At 10.0%, this indicator is projected to be met.

**Capital Maintenance to Expansion:** Several years ago, the Board recognized that our emphasis must be to maintain the Authority's existing capital assets and revised this objective to a policy guideline of 75% to 90% of the Authority's capital projects. At 100% for the FY 2024 Tax Budget and each of the out years, the Authority's emphasis continues to be the maintenance of existing assets as opposed to expansion projects. Given the financial constraints of recent years, this continues to remain the best course as the Authority continues its bus replacement program, equipment upgrades, rail vehicle replacements, and rail infrastructure improvements.

## **CAPITAL IMPROVEMENT FUNDS**

The Authority's Capital Improvement Funds are used to account for the acquisition, construction, replacement, repair and rehabilitation of major capital facilities and equipment. The Capital Improvement Funds are composed of grant funded projects as well as 100% locally funded items. The funds needed to meet the grant requirements typically require a 20% local



match. Financial resources are appropriated to sustain capital infrastructure needs through retention of investment earnings, contributions from Sales and Use Tax proceeds, as well as issuance of debt.

Transportation is a capital-intensive business and the Authority's focus has been on addressing various State of Good Repair (SOGR) projects. The Authority's priorities continue to include replacement of rail vehicles and maintenance and repair of rail infrastructure, including tracks, bridges, signals, and substations. Additional funding has been transferred in prior years above the 10% contributions to capital policy goal in order to tackle some of these projects. For the next three years, the funds received from Preventive Maintenance (PM) reimbursement will be reduced to \$1 million. This will enable funding to be used for unfunded or underfunded capital projects.

Financial resources are allocated through a comprehensive review process of capital projects, which prioritizes funding of requested projects. It continues to maintain the focus of the Authority's long-term strategic capital plan, as well as to address the existing and future financial and operational issues.

The 2024 through 2028 estimated capital expenditures are predicated on year-to-date outlays, obligations and projected commitments, as well as the approved five-year Capital Improvement Plan. Projected grant revenues include current, as well as, expected traditional and non-traditional grant awards and are based on a continuation of current FAST Act funding levels. Over the next ten years, the Authority's capital program will continue to focus on various SOGR projects throughout the system. These include the on-going bus replacement program, rail car purchases, rehabilitation of light rail track and rail infrastructure of signal and overhead catenary systems, and various facility improvement and upgrades.

## **BOND RETIREMENT FUND**

The General Fund is the source of funds necessary to make the principal and interest payments for the Authority's outstanding debt. Such transfers represent the debt service less the investment income earned in the Bond Retirement Fund. Debt service payments of \$9.5 million are expected in the FY 2024 Tax Budget. The Authority has its debt rated highly by the major rating agencies (AA+ from Standards & Poor and Aa1 from Moody's).

## **INSURANCE FUND**

The Insurance Fund includes a combination of self and purchased insurance coverages. Projected activities in the FY 2024 Tax Budget include a combined \$3.1 million for premium outlays and payments for the settlement of claims. This will require a \$3.0 million transfer from the General Fund to maintain the recommended fund balance set by the Authority's Risk Management Department.

## **SUPPLEMENTAL PENSION FUND**

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activities expected within this fund in the FY 2024 Tax Budget

include \$1,100 of revenue from investment income, projected benefit payments of \$9,000 for remaining employees. An actuarial study is performed every two years to assess the adequacy of these funds. The authority retains a fund balance at the levels recommended by the actuarial evaluation.

## **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). RTA's involvement was prompted by increased 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, RTA derives revenue from seized and confiscated monies and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the NOLETF may be expended for non-budgeted items for law enforcement purposes. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting and disbursement of funds. Total expenditures for FY 2023 are estimated at \$20,000.

## **RESERVE FUND**

In 2017, the Authority established the Reserve Fund to help protect the Authority from future economic downturns and cost increases. The Reserve Fund retains funding for six accounts: Compensated Absences, Fuel, Hospitalization, Rolling Stock, an account for budget years with 27 pay periods, and Revenue Stabilization. A transfer of \$10.9 million is budgeted in the FY 2024 Tax Budget for replacement of rail vehicles and 27<sup>th</sup> pay period expenses. A transfer of \$10 million will be made to the RTA Development Fund for the Rail Car Replacement and a transfer of \$13.5 million will be made to the General Fund from the Revenue Stabilization fund, ensuring a 1-month operating reserve at year-end.

In summary, the stimulus funding has helped to maintain a strong position. The Authority's biggest challenge is keeping up with the aging infrastructure and SOGR needs, where Federal, State and Local capital funding is crucial.

## FY 2024 Tax Budget Funds Summary

General Fund	RESTRICTED FUNDS							Total of All Funds
	RTA Development Fund	RTA Capital Fund	Bond Retirement Fund	Insurance Fund	Supplemental Pension Fund	Law Enforcement Fund	Reserve Fund	
CAPITAL FUNDS								
<b>Revenues</b>								
Operating Revenues								
Passenger Fares	\$ 29,311,171							\$ 29,311,171
Advertising & Concessions	2,061,751							2,061,751
Naming Rights	485,300							485,300
Investment Income	600,000	\$ 200,000	\$ 65,000	\$ 100,000	\$ 35,000	\$ 1,100	\$ 50	\$ 400,000
<b>Total Operating Revenues</b>	<b>32,458,222</b>	<b>200,000</b>	<b>65,000</b>	<b>100,000</b>	<b>35,000</b>	<b>1,100</b>	<b>50</b>	<b>400,000</b>
Non-Operating Revenues								
Sales & Use Tax	269,402,937							269,402,937
Reimbursed Expenditures	5,000,000							5,000,000
Federal		71,876,582						71,876,582
State		41,116,997						41,116,997
Other Revenue	1,500,000	26,520,794					20,000	28,040,794
<b>Total Non-Operating Revenues</b>	<b>275,902,937</b>	<b>139,514,373</b>					<b>20,000</b>	<b>415,437,310</b>
Transfers								
Transfer from General Fund			17,593,340	9,346,959	3,000,000			10,878,615
Transfer from RTA Capital Fund		14,500,000						
Transfer from Reserve Fund								
For Rolling Stock Reserve		10,000,000						
For Revenue Stabilization	13,500,000							
<b>Total Transfers</b>	<b>13,500,000</b>	<b>24,500,000</b>	<b>17,593,340</b>	<b>9,346,959</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>10,878,615</b>
<b>Total Revenues</b>	<b>321,861,159</b>	<b>164,214,373</b>	<b>17,658,340</b>	<b>9,446,959</b>	<b>3,035,000</b>	<b>1,100</b>	<b>20,050</b>	<b>11,278,615</b>
<b>Expenditures</b>								
Operating Expenditures								
Salaries & Overtime	161,337,431							161,337,431
Payroll Taxes & Fringes	60,200,742							60,200,742
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	10,247,887							10,247,887
Utilities	4,223,341							4,223,341
Inventory	12,600,000							12,600,000
Services, Materials & Supplies	24,192,812							24,192,812
Purchased Transportation	9,666,279							9,666,279
Other Expenditures	6,917,313							6,917,313
<b>Total Operating Expenditures</b>	<b>289,385,805</b>							<b>289,385,805</b>
Non-Operating Expenditures								
Capital Outlay		142,245,993	4,028,921					146,274,914
Debt Service (Principal & Interest)				9,476,450				9,476,450
Other Expenditures				1,500	3,050,000	9,000	20,000	3,080,500
<b>Total Non-Operating Expenditures</b>	<b>-</b>	<b>142,245,993</b>	<b>4,028,921</b>	<b>9,477,950</b>	<b>3,050,000</b>	<b>9,000</b>	<b>20,000</b>	<b>158,831,864</b>
<b>Sub-Total Expenditures</b>	<b>289,385,805</b>	<b>142,245,993</b>	<b>4,028,921</b>	<b>9,477,950</b>	<b>3,050,000</b>	<b>9,000</b>	<b>20,000</b>	<b>448,217,669</b>
<b>Revenues less Expenditures</b>	<b>32,475,354</b>	<b>21,968,380</b>	<b>13,629,419</b>	<b>(30,991)</b>	<b>(15,000)</b>	<b>(7,900)</b>	<b>50</b>	<b>11,278,615</b>
<b>Transfers to Other Funds</b>								
Transfer to Insurance Fund	3,000,000							
Transfer to Bond Retirement Fund	9,346,959							
Transfer to RTA Capital Fund	17,593,340							
Transfer to RTA Development Fund		14,500,000						
Transfer to Reserve Fund								
For Rolling Stock Reserve	10,000,000						10,000,000	
For 27th Pay	878,615							
For Revenue Stabilization							13,500,000	
<b>Total Transfers to Other Funds</b>	<b>40,818,914</b>		<b>14,500,000</b>					<b>23,500,000</b>
<b>Total Expenditures</b>	<b>330,204,719</b>	<b>142,245,993</b>	<b>18,528,921</b>	<b>9,477,950</b>	<b>3,050,000</b>	<b>9,000</b>	<b>20,000</b>	<b>23,500,000</b>
<b>Net Increase (Decrease)</b>	<b>(8,343,560)</b>	<b>21,968,380</b>	<b>(870,581)</b>	<b>(30,991)</b>	<b>(15,000)</b>	<b>(7,900)</b>	<b>50</b>	<b>(12,221,385)</b>
<b>Beginning Balance</b>	<b>33,995,787</b>	<b>290,079,898</b>	<b>6,339,160</b>	<b>970,600</b>	<b>5,255,068</b>	<b>1,331,847</b>	<b>166,869</b>	<b>152,262,678</b>
<b>Available Ending Balance</b>	<b>\$ 25,652,227</b>	<b>\$ 312,048,278</b>	<b>\$ 5,468,579</b>	<b>\$ 939,609</b>	<b>\$ 5,240,068</b>	<b>\$ 1,323,947</b>	<b>\$ 166,919</b>	<b>\$ 140,041,293</b>

# General Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Operating Revenues			
Passenger Fares	\$ 29,311,171	\$ 29,897,394	\$ 30,495,342
Advertising & Concessions	2,061,751	2,061,751	2,123,604
Naming Rights	485,300	485,300	485,300
Investment Income	600,000	600,000	600,000
<b>Total Operating Revenues</b>	<b>32,458,222</b>	<b>33,044,445</b>	<b>33,704,246</b>
Non-Operating Revenues			
Sales & Use Tax	269,402,937	274,790,996	280,286,816
Reimbursed Expenditures	5,000,000	5,000,000	5,000,000
Other Revenue	1,500,000	1,500,000	1,500,000
Transfer from Reserve Fund - Revenue Stabilization	13,500,000	18,000,000	19,000,000
<b>Total Non-Operating Revenues</b>	<b>289,402,937</b>	<b>299,290,996</b>	<b>305,786,816</b>
<b>Total Revenues</b>	<b>321,861,159</b>	<b>332,335,441</b>	<b>339,491,062</b>
<b>Expenditures</b>			
Operating Expenditures			
Salaries & Overtime	161,337,431	168,490,247	167,859,666
Payroll Taxes & Fringes	60,200,742	59,657,554	59,816,452
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	10,247,887	9,951,267	9,198,673
Utilities	4,223,341	4,226,447	4,248,287
Inventory	12,600,000	12,700,000	12,700,000
Services, Materials & Supplies	24,192,812	24,237,434	24,411,882
Purchased Transportation	9,666,279	9,756,942	9,830,198
Other Expenditures	6,917,313	6,928,222	6,928,222
<b>Total Operating Expenditures</b>	<b>289,385,805</b>	<b>295,948,113</b>	<b>294,993,380</b>
<i>Revenues (less Operating Expenses)</i>	<i>32,475,354</i>	<i>36,387,328</i>	<i>44,497,682</i>
Transfers to Other Funds			
Transfers to/from Insurance Fund	3,000,000	3,000,000	3,000,000
Transfers to/from Reserve Fund	10,878,615	5,378,615	10,878,615
Transfers to/from Capital			
Transfers to/from Bond Retirement Fund	9,346,959	9,226,599	7,131,458
Transfers to/from Capital Improvement Fund	17,593,340	18,252,506	20,897,229
<b>Total Transfers to/from Capital</b>	<b>26,940,299</b>	<b>27,479,105</b>	<b>28,028,687</b>
<b>Total Transfers to/from Other Funds</b>	<b>40,818,914</b>	<b>35,857,720</b>	<b>41,907,302</b>
<b>Total Expenditures</b>	<b>330,204,719</b>	<b>331,805,833</b>	<b>336,900,682</b>
Net Increase (Decrease)	(8,343,560)	529,608	2,590,380
Beginning Balance	33,995,787	25,652,227	26,181,835
<b>Estimated Ending Balance before Encumbrances</b>	<b>25,652,227</b>	<b>26,181,835</b>	<b>28,772,215</b>
<b>Estimated Available Ending Balance after Encumbrances</b>	<b>\$ 25,652,227</b>	<b>\$ 26,181,835</b>	<b>\$ 28,772,215</b>
<b># Months Reserves - Estimated</b>	<b>1.06</b>	<b>1.06</b>	<b>1.17</b>

## Financial Policy Goals

		Goal	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Operating Efficiency</b>	<b>Operating Ratio</b> Ratio that shows the efficiency of management by comparing operating expenses to operating revenues. Operating Revenues divided by Operating Expenses. Operating Revenues include Passenger Fares, Advertising & Concessions, Naming Rights, Investment Income, Other Revenue	<b>≥ 25%</b>	11.2%	11.2%	11.5%
	<b>Cost per Service Hour</b> Measure of service efficiency. Total Operating Expenses (less force account labor) divided by Total Service Hours		173.59	177.53	176.96
	<b>Growth per Year</b> Cost of delivering a unit of service (Cot per Hour), compared to the prior year; to be kept at or below the rate of inflation	<b>≤ Rate of Inflation</b>	2.5%	2.3%	-0.3%
	<b>Operating Reserve (months)</b> Equal or above one month's operating expenses to cover unforeseen or extraordinary fluctuations in revenues or expenses	<b>≥ 1 month</b>	1.1	1.1	1.2
<b>Capital Efficiency</b>	<b>Debt Service Coverage</b> The measure of the Authority's ability to meet annual interest and principal payments on outstanding debt.	<b>≥ 1.5</b>	4.84	4.31	6.13
	<b>Sales Tax Contribution to Capital</b> Sales tax revenues to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.	<b>≥ 10%</b>	10%	10%	10.0%
	<b>Capital Maintenance to Expansion</b> The capital program requires a critical balance between maintenance of existing assets and expansion efforts.	<b>79% - 90%</b>	100%	100%	100%



# Capital Improvement Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Federal / State Revenues			
Federal Capital Grants	\$ 71,876,582	\$ 72,393,400	\$ 43,219,950
State Capital Grants	41,116,997	66,345,747	45,170,747
<b>Total Federal / State Revenues</b>	<b>112,993,579</b>	<b>138,739,147</b>	<b>88,390,697</b>
Other Revenue			
Investment Income	265,000	265,000	265,000
Other Revenue	26,520,794	32,500,000	25,000,000
<b>Total Other Revenue</b>	<b>26,785,794</b>	<b>32,765,000</b>	<b>25,265,000</b>
Transfers			
Transfer from General Fund	17,593,340	18,252,506	20,897,229
Transfer from Reserve Fund	10,000,000	10,000,000	10,000,000
<b>Total Transfers</b>	<b>27,593,340</b>	<b>28,252,506</b>	<b>30,897,229</b>
<b>Total Revenue</b>	<b>167,372,713</b>	<b>199,756,653</b>	<b>144,552,926</b>
<b>Expenditures</b>			
Capital Outlay			
Capital Outlay - Development Fund	142,245,993	173,495,767	145,965,697
Asset Maintenance	2,310,000	2,410,000	2,310,000
Routine Capital	1,718,921	1,627,524	1,636,353
<b>Total Capital Outlay</b>	<b>146,274,914</b>	<b>177,533,291</b>	<b>149,912,050</b>
<b>Total Expenditures</b>	<b>146,274,914</b>	<b>177,533,291</b>	<b>149,912,050</b>
Net Increase (Decrease)	21,097,799	22,223,362	(5,359,124)
Beginning Balance	296,419,058	317,516,857	339,740,219
<b>Estimated Available Ending Balance</b>	<b>\$ 317,516,857</b>	<b>\$ 339,740,219</b>	<b>\$ 334,381,095</b>

# Bond Retirement Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Transfers			
Transfer from the General Fund	\$ 9,346,959	\$ 9,226,599	\$ 7,131,458
<b>Total Transfers</b>	<b>9,346,959</b>	<b>9,226,599</b>	<b>7,131,458</b>
Other Revenues			
Investment Income	100,000	100,000	100,000
<b>Total Other Revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Revenues</b>	<b>9,446,959</b>	<b>9,326,599</b>	<b>7,231,458</b>
<b>Expenditures</b>			
Debt Service			
Principal	7,995,000	8,355,000	6,935,000
Interest	1,481,450	1,115,500	697,750
<b>Total Debt Service</b>	<b>9,476,450</b>	<b>9,470,500</b>	<b>7,632,750</b>
Other Expenditures			
Other Expenditures	1,500	1,500	1,500
<b>Total Other Expenditures</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Total Expenditures</b>	<b>9,477,950</b>	<b>9,472,000</b>	<b>7,634,250</b>
Net Increase (Decrease)	(30,991)	(145,401)	(402,792)
Beginning Balance	970,600	939,609	794,208
<b>Estimated Available Ending Balance</b>	<b>\$ 939,609</b>	<b>\$ 794,208</b>	<b>\$ 391,416</b>

# Insurance Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Transfer from General Fund	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Investment Income	35,000	35,000	35,000
<b>Total Revenues</b>	<b>3,035,000</b>	<b>3,035,000</b>	<b>3,035,000</b>
<b>Expenditures</b>			
Claims and Premium Outlay	3,050,000	3,113,000	3,100,000
<b>Total Expenditures</b>	<b>3,050,000</b>	<b>3,113,000</b>	<b>3,100,000</b>
Net Increase (Decrease)	(15,000)	(78,000)	(65,000)
Beginning Balance	5,255,068	5,240,068	5,162,068
<b>Estimated Available Ending Balance</b>	<b>\$ 5,240,068</b>	<b>\$ 5,162,068</b>	<b>\$ 5,097,068</b>

# Supplemental Pension Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Investment Income	\$ 1,100	\$ 1,100	\$ 1,100
<b>Total Revenues</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>
<b>Expenditures</b>			
Benefit Payments	9,000	9,000	9,000
<b>Total Expenditures</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Net Increase (Decrease)	(7,900)	(7,900)	(7,900)
Beginning Balance	1,331,847	1,323,947	1,316,047
<b>Estimated Available Ending Balance</b>	<b>\$ 1,323,947</b>	<b>\$ 1,316,047</b>	<b>\$ 1,308,147</b>

# Law Enforcement Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Law Enforcement Revenue	\$ 20,000	\$ 15,000	\$ 15,000
Investment Income	50	50	50
<b>Total Revenues</b>	<b>20,050</b>	<b>15,050</b>	<b>15,050</b>
<b>Expenditures</b>			
Capital & Related Expenditures	20,000	25,000	25,000
<b>Total Expenditures</b>	<b>20,000</b>	<b>25,000</b>	<b>25,000</b>
Net Increase (Decrease)	50	(9,950)	(9,950)
Beginning Balance	166,869	166,919	156,969
<b>Estimated Available Ending Balance</b>	<b>\$ 166,919</b>	<b>\$ 156,969</b>	<b>\$ 147,019</b>



# Reserve Fund Balance Analysis

	FY 2024 Tax Budget	FY 2025 Plan	FY 2026 Plan
<b>Revenues</b>			
Transfers			
Transfer from GF for Rolling Stock Reserve	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Transfer from GF for 27th Pay	878,615	878,615	878,615
<b>Total Transfers</b>	<b>10,878,615</b>	<b>10,878,615</b>	<b>10,878,615</b>
Other Revenue			
Investment Income	400,000	200,000	200,000
<b>Total Other Revenue</b>	<b>400,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Total Revenues</b>	<b>11,278,615</b>	<b>11,078,615</b>	<b>11,078,615</b>
<b>Expenditures</b>			
Transfers			
Transfer to RTA Development Fund for Rolling Stock Reserve	10,000,000	10,000,000	10,000,000
Transfer to GF for 27th Pay	-	5,500,000	-
Transfer to GF for Revenue Stabilization	13,500,000	18,000,000	19,000,000
<b>Total Transfers</b>	<b>23,500,000</b>	<b>33,500,000</b>	<b>29,000,000</b>
<b>Total Expenditures</b>	<b>23,500,000</b>	<b>33,500,000</b>	<b>29,000,000</b>
Net Increase (Decrease)	(12,221,385)	(22,421,385)	(17,921,385)
Beginning Balance	152,262,678	140,041,293	117,619,908
<b>Estimated Available Ending Balance</b>	<b>\$ 140,041,293</b>	<b>\$ 117,619,908</b>	<b>\$ 99,698,523</b>
 <b>Rolling Balances</b>			
Compensated Absences	\$ 3,803,000	\$ 3,807,983	\$ 3,813,414
Fuel	2,683,720	2,687,236	2,691,068
Hospitalization	2,747,483	2,751,082	2,755,006
Rolling Sck Reserve	728,506	729,461	730,501
27th Pay	6,551,337	1,937,387	2,825,358
Revenue Stabilization	123,527,246	105,706,760	86,883,175
<b>Total Rolling Balances</b>	<b>\$ 140,041,293</b>	<b>\$ 117,619,908</b>	<b>\$ 99,698,523</b>



Greater Cleveland  
Regional Transit Authority