

# 2022 FUND BUDGETS

## FUND OVERVIEW

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.

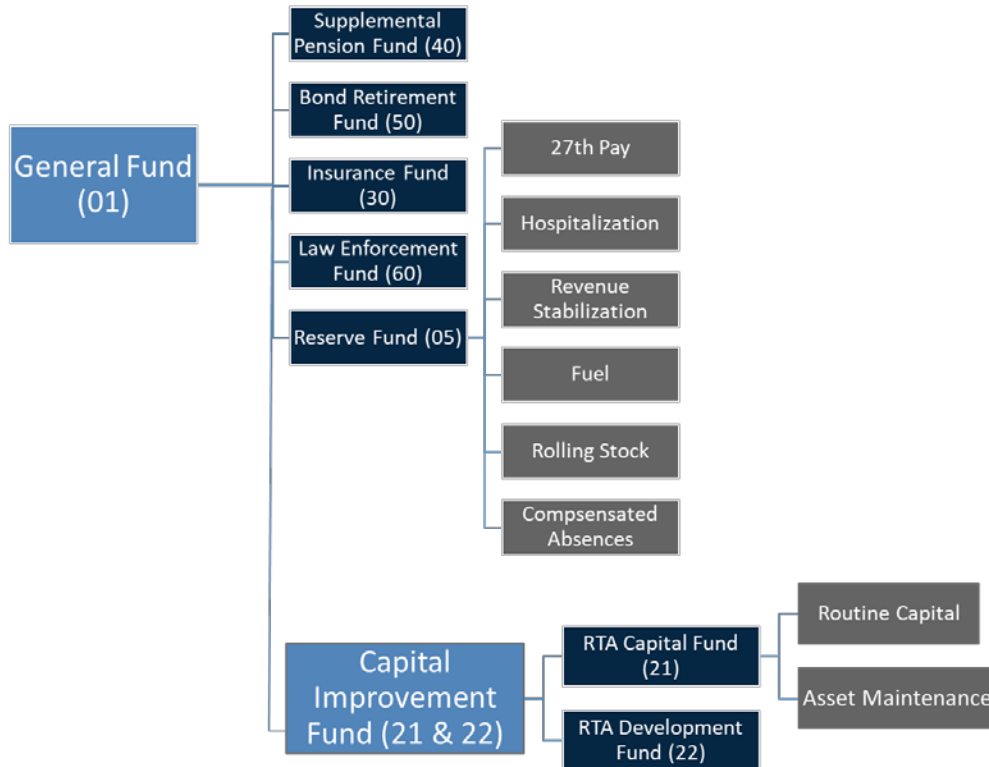


Figure 27

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 rather than 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:

$$\textit{Beginning Balance} + \textit{Current Revenues} = \textit{Total Resource}$$

$$\textit{Total Resources} - \textit{Total Current Expenditures} = \textit{Available Ending Balance (Fund Balance)}$$

Available Ending Balance (also known as **Fund balance**) for the General Fund (Fund 01) and RTA Capital Fund (Funds 21 & 22) represent the unencumbered, unreserved balance. These fund balances are shown net of reserves for encumbrances.

The **Fund Balance** provides a measure of a fund's financial health. The following analysis focuses on the Authority's funds and addresses future trends within those balances. The analysis also presents details on revenue and expenditure trends.

## ALL FUNDS

**Balance Analysis:** The combined fund balances of all the Authority's appropriated Funds include:

- General
- Capital Improvement
- Bond Retirement
- Insurance
- Supplemental Pension
- Law Enforcement
- Reserve Fund

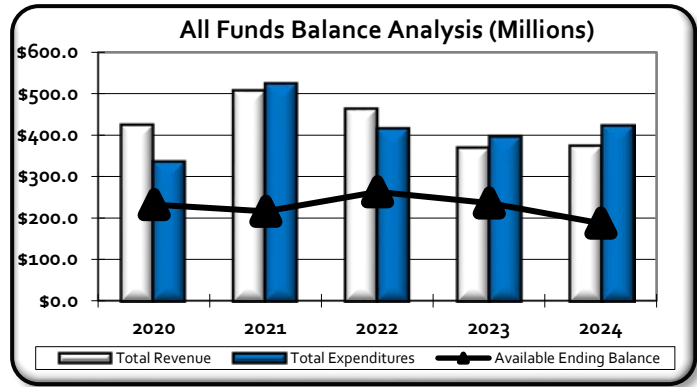


Figure 28

Despite the COVID-19 Pandemic, and with Federal assistance, the Authority has been steadily increasing its ending balance. RTA has been diligent in creating a sustainable budget. The Authority's 2022 All Funds forecast \$262.9 million in available ending balance.

	2020 Actual	2021 Projection	2022 Budget	2023 Plan	2024 Plan
Beginning Balance	\$143.8	\$232.0	\$215.6	\$262.9	\$235.9
<b>Total Revenue</b>	<b>424.6</b>	<b>507.6</b>	<b>463.6</b>	<b>369.8</b>	<b>374.2</b>
Total Resources	568.5	739.6	679.2	632.7	610.1
<b>Total Expenditures</b>	<b>336.4</b>	<b>524.0</b>	<b>416.3</b>	<b>396.8</b>	<b>423.1</b>
<b>Available Ending Balance</b>	<b>\$232.0</b>	<b>\$215.6</b>	<b>\$262.9</b>	<b>\$235.9</b>	<b>\$187.0</b>

Figure 29

**2022 Budget - All Funds Summary**

	ALL FUNDS	GENERAL FUND	DEVELOPMENT FUND	RTA CAPITAL FUND	BOND RETIREMENT FUND	INSURANCE * FUND	SUPPLEMENTAL PENSION FUND	LAW ENFORCEMENT FUND	RESERVE FUND
<b>Beginning Balance</b>	\$215,625,446	\$70,311,993	\$ 17,874,552	\$17,976,646	\$ 2,228,878	\$ 5,482,178	\$ 1,289,956	\$ 59,550	\$100,401,693
<b>Revenues</b>									
Passenger Fares	21,719,563	21,719,563							
Sales & Use Tax	242,986,048	242,986,048							
Federal	179,148,629	81,199,333	179,148,629						
State	10,136,598		10,136,598						
Investment Income	1,676,000	600,000	200,000	65,000	135,000	35,000	14,000	2,000	625,000
<b>Other Revenue</b>									
Advertising & Concessions	2,910,000	1,390,000							
Other Revenue		1,500,000						20,000	
Reimbursed Expenditure	5,000,000	5,000,000							
Transfer from General Fund				40,228,465	11,500,000	2,500,000	40,000		10,000,000
Transfer from GF for 27th Pay									878,615
Transfer from RTA Capital Fund			48,000,000						
Transfer from Reserve Fund			10,000,000						
<b>Total Revenues</b>	<b>463,576,838</b>	<b>354,394,944</b>	<b>247,485,227</b>	<b>40,293,465</b>	<b>11,635,000</b>	<b>2,535,000</b>	<b>54,000</b>	<b>22,000</b>	<b>11,503,615</b>
<b>Total Resources</b>	<b>679,202,284</b>	<b>424,706,937</b>	<b>265,359,779</b>	<b>58,270,111</b>	<b>13,863,878</b>	<b>8,017,178</b>	<b>1,343,956</b>	<b>81,550</b>	<b>111,905,308</b>
<b>Expenditures</b>									
<b>Personnel Services</b>									
Salaries & Overtime	208,909,104	150,098,342							
Payroll Taxes and Fringes		58,810,762							
Fuel (Diesel, CNG, Prop Pwr., Propane, Gas)	10,451,419	10,451,419							
Utilities	4,179,636	4,179,636							
Inventory	13,100,000	13,100,000							
Services and Materials & Supplies	21,866,701	21,866,701							
Purchased Transportation	9,150,000	9,150,000							
<b>Other Expenditures</b>									
Claims and Premium Outlay					1,500			25,000	
Benefit Payments	10,177,510					2,993,000			
Reserve Fund Expenses							58,000		
<b>Total Operating Expenditures</b>		<b>274,756,870</b>							
<b>Capital Outlay</b>									
Asset Maintenance	126,634,620		122,436,620		2,455,000				
Routine Capital					1,743,000				
<b>Debt Service</b>									
Principal	11,873,700				9,535,000				
Interest					2,338,700				
<b>Transfer to Other Funds</b>									
General Fund			81,199,333						
Insurance Fund		2,500,000							
Supplemental Pension Fund		40,000							
Bond Retirement Fund		11,500,000							
RTA Capital Fund		40,228,465							
RTA Development Fund				48,000,000					
Reserve Fund		10,878,615							10,000,000
Transfer from the Reserve Fund									
<b>Total Transfers to Other Funds</b>		<b>65,147,080</b>							
<b>Total Expenditures</b>	<b>416,342,690</b>	<b>339,903,950</b>	<b>203,635,953</b>	<b>52,198,000</b>	<b>11,875,200</b>	<b>2,993,000</b>	<b>58,000</b>	<b>25,000</b>	<b>10,000,000</b>
<b>Available Ending Balance</b>	<b>\$262,859,594</b>	<b>\$84,802,987</b>	<b>\$ 61,723,826</b>	<b>\$ 6,072,111</b>	<b>\$ 1,988,678</b>	<b>\$ 5,024,178</b>	<b>\$ 1,285,956</b>	<b>\$ 56,550</b>	<b>\$101,905,308</b>

Figure 30

\*The different highlights show how dollars move between funds, and recorded as revenues, and expenditures for the individual funds.

## GENERAL FUND

### BALANCE ANALYSIS

The General Fund is General Operating Fund of the Authority. It accounts for all revenue and expenditures except for activities related to capital improvements, debt service, catastrophic/extraordinary losses, supplemental pension benefits, economic downturns, and replacement of revenue vehicles.

### REVENUES

Revenue is received from a number of sources to support activities in the General Fund. In the sections ahead, the major sources of revenue are discussed.

#### SALES & USE TAX

The Authority's main source of revenue is a 1 % 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. Cuyahoga County's tax rate is 8.0 % and breaks down to the following entities as follows:

GCRTA	1.0%
State of Ohio	5.75%
<u>Cuyahoga County</u>	<u>1.25%</u>
Total Sales Tax	8.0%

Sales tax is administered and enforced by the State of Ohio 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).

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

The 2022 General Fund budget was approved on December 21, 2021. Revenues for 2022 were based on actual data through October 2021. Sales and Use Tax totaled \$239.3 million, a \$29.2 million or 13.9 % increase over 2020 actual receipts. The increase in Sales and Use Tax revenue was due to federal, state, and local assistance including but not limited to tax credits, unemployment, and rental assistance to mitigate the economic effects of the

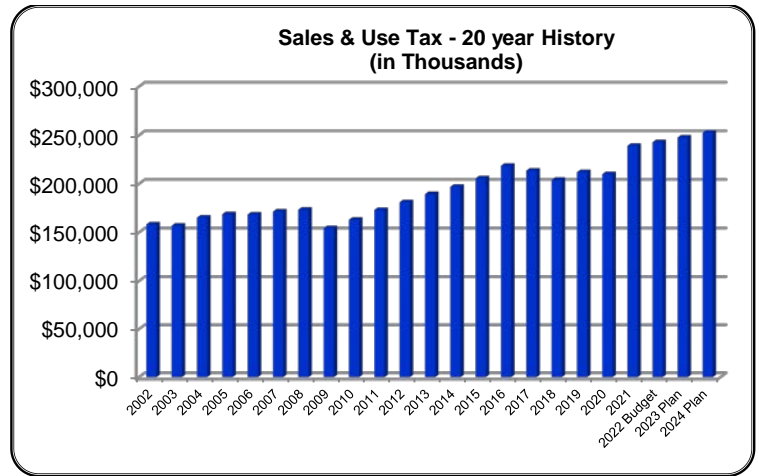


Figure 31

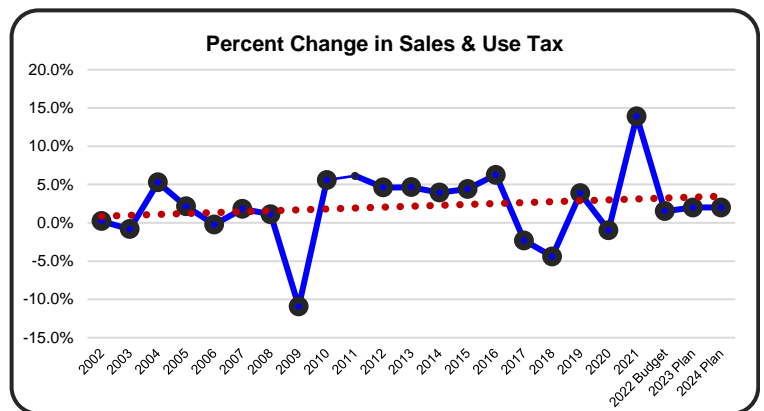


Figure 32

COVID-19 pandemic which improved overall spending compared to prior year. Sales and Use Tax receipts are budgeted at \$243 million a 2% increase over 2021.

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## PASSENGER FARES

Outside of federal assistance, Passenger Fares are the second largest source of revenue for the Authority; however, federal relief funds were the second largest revenue source in 2021. Passenger fares consist of cash fare box revenue from Authority trains and buses, kiosks along the Redline and HealthLine, fares for Paratransit, receipts collected through the RTA CLE Mobile Ticketing App, and sales of passes and tickets from various vendors within Cuyahoga County.



Figure 33

RTA is projecting that due to the on-going pandemic, 2022 ridership and passenger fare revenue will remain near the current lower until at least 2024.

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## INVESTMENT INCOME

The Authority pursues a conservative 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 in kind of investments that are mandated by State law and required by RTA financial policies. Current policy permits RTA to invest 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 that are guaranteed by the U.S. Government, and in the State investment pool (Star Ohio).

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 % 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.

GCRTA's average yield on its portfolio was 0.22%. This is 14 basis points above the performance standard yield of .08 and 21 basis points above the market average yield of 0.01%.

General Fund Investment income is budgeted at \$600,000, a decrease of 5 % from 2021. 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).

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## ADVERTISING & CONCESSIONS

Another source of local income are advertising & concessions. This category is composed of two subcategories: advertising, and naming rights. Advertising includes visual media on/in shelters and buses and through General Manager/CEO “commercials” played on buses and trains. The naming rights includes revenue generated from agreements with Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters; Cleveland State University for the CSU Line; MetroHealth for MetroHealth Line; Cuyahoga Community College (Tri-C) for E. 34th Rapid Transit Station; Huntington Bank and Bryant & Stratton College for HealthLine Shelters.

Revenue from advertising experienced steady growth from 2018 to 2020, but declined in 2021 caused by the new global pandemic. In 2022, revenues advertising, concessions, commissions, and naming rights are budgeted at \$1.4 million which is 41 % below 2020 actuals due to the pandemic. For 2022 through 2024, receipts are projected to stay at \$1.4 million.

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## 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, Federal and State (capitalized) operating assistance, and federal stimulus funding related to the COVID-19 pandemic.

At the start of the pandemic, the federal government, through the Federal Transit Administration, provided operating assistance to ensure continued operations of vital public transportation. The Coronavirus Aid Relief and Economic Security Act (CARES) provided \$112 million to the Authority as operating assistance. In 2021, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) provided \$67.4 million, and American Rescue Plan (ARP) provided \$54.8 million. In 2022, GCRTA has budgeted \$81.2 million in ARP funds as revenue.

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## REIMBURSED EXPENDITURES AND OTHER REVENUE

The Authority’s total reimbursed expenditure is estimated at \$18.8 million for 2021. Prior year goals were to keep Preventive Maintenance (PM) reimbursements at \$20 million or below. For FY2022 through FY2024 total reimbursements are budgeted to be \$5 million per year, which includes \$1 million for Preventive Maintenance per year. Preventive Maintenance is a smaller portion of the reimbursed expenditures. The plan for the remaining funds are to be used for the unfunded capital projects.

The Authority has made a strategic decision to transfer all PM reimbursements for FY 2022 to RTA Development Fund in order to fund unfunded projects. The PM Reimbursement for FY 2023 will also be used for unfunded projects.

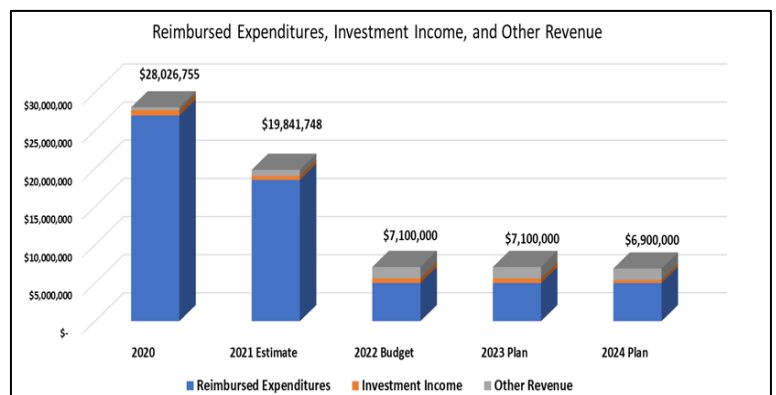


Figure 34

Other revenue includes various miscellaneous receipts from contractors, hospitalization, claim reimbursements, rent, and salvage sales. These revenues are budgeted at \$1.5 million for 2022.

## EXPENDITURES

The General Fund Expenditures from 2019 through 2024, and the ending balances for each year, are displayed below. Total estimated operating expenditures in 2021 are estimated at \$254.7 million, 3 % less than the approved budget.

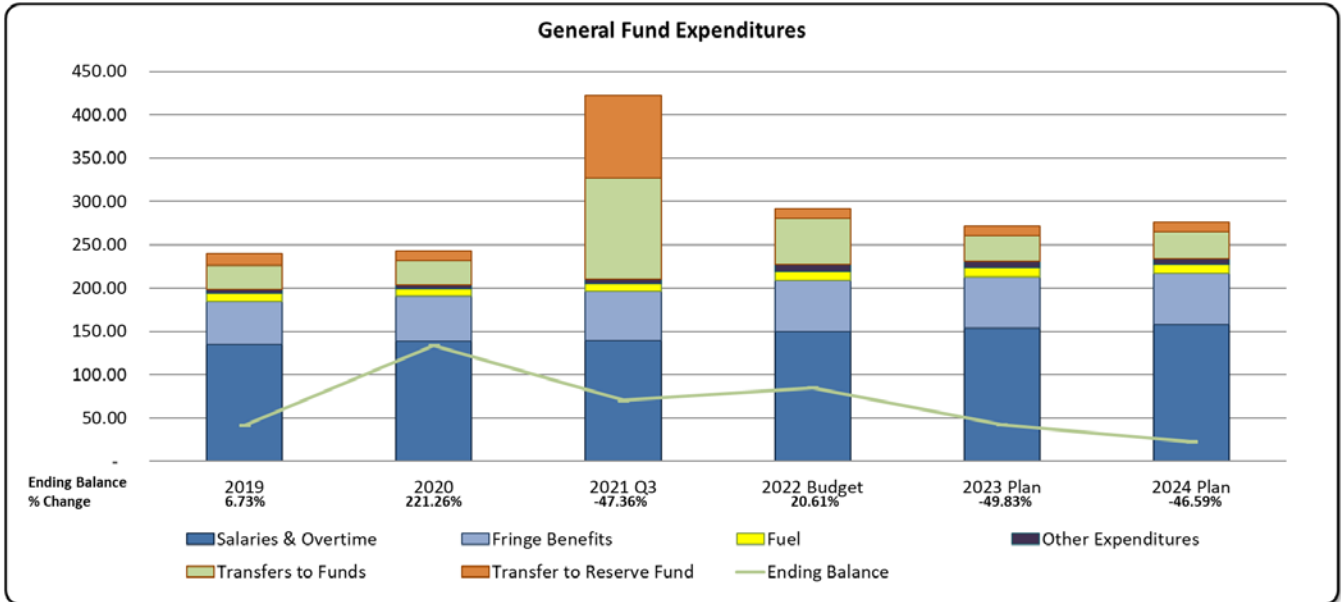


Figure 35

## EMPLOYMENT LEVEL AND SERVICE LEVEL CHANGES

The BOT approved positions for 2022 are budgeted at 2,374.5. Figure 36 provides brief descriptions of the employment and service level changes over the past four years.

Overall, there are 18 new positions across Operations, Human Resources, Administration & External Affairs, and Innovation & Technology division.

GCRTA proceeds to labor negotiations prior to the expiration date of its labor contracts. If an agreement is not reached prior to the expiration date of the contract, the contract remains in force until a new agreement is reached. The ATU contract ended in July 31, 2021, but the provisions remain in effect. GCRTA is currently in negotiations with the ATU for a new contract. The FOP contract was approved and effective from March 1, 2020 through February 28, 2023.

Employment Level and Service Level Changes				
FY	2019	2020	2021	2022
Positions	2,333.50	2,333.25	2,356.50	2,374.50
Net Increase (Decrease)	1.00	(0.25)	23.25	18.00
	<p>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 position was moved to OMB to replace Manager of Budgets.</p>	<p>A new General Manager/CEO was selected by the Board of Trustees. A new section for Business Intelligence was created within Service Management. RTA welcomed a new Paratransit Director. Marketing and Communications department increased its Marketing Associate and Marketing Assistant positions to full-time. A new position for Senior ITS specialist was created to manage the new radio equipment on board each RTA vehicle.</p>	<p>18 new positions were added to Service Management to enable the deep cleaning of vehicles. Triskett part-time hostlers adjustment. Restructuring occurred creating two new divisions - Administration &amp; External Affairs and Innovation and Technology. The Office of Equal Employment Opportunity has moved to Executive Division. Two operating instructors have been added.</p>	<p>18 new positions were added in 2022 across a variety of departments. These include 9 Laborers, 1 Bus/Rail Operator Trainer, 1 Dispatcher, 2 Human Resources Generalist positions, and 5 administrative positions.</p>
Planned Service Increase (Decrease)	(0%) Service Hours;(0%) Service Miles	(0%) Service Hours;(0%) Service Miles	(0%) Service Hours; (0%) Service Miles	(0%) Service Hours; (0%) Service Miles
	<p>No significant service changes are planned. Engaged in 5 Pillar Studies: Fare Equity Study, Economic Impact Study, Efficiency Study &amp; Operational Review, Rail Car Study, and System Redesign Study, in order to create efficiencies, enhance service, and identify areas of improvement.</p>	<p>2020 service planned to remain at 2019 hours and miles. Van pool program ended due to proposal respondents being unable to meet RTA's insurance requirements. Due to the pandemic, service was temporarily decreased 15% in April 2020. Service has slowly been restored and August 2020, is at 93% of pre-pandemic levels</p>	<p>2021 service is planned to remain at 2020 planned hours and miles. Next Gen RTA (system redesign initiative) is planned to be implemented Summer 2021 that will overhaul the system improving bus frequency and connections and restore service hours to 100% pre-pandemic</p>	<p>The Authority implemented NextGen service in June 2021 to provide customers greater frequency of service with greater connectivity. No service changes are projected for 2022.</p>

Figure 36



## BOND RETIREMENT FUND

The Bond Retirement Fund accounts for resources set aside for the payment of principal and interest on debt obligations. The principal outstanding debt for the Authority totaled \$47.5 million in Sales Tax Revenue bonds at the end of 2021, which will require principal and interest payments of \$11.9 million in 2022. This is a significant decrease from year-end 2020 where the principal outstanding debt was \$106.3 million. This was due to a \$62 million transfer from the General Fund utilizing a portion of the COVID-19 stimulus funding the Authority received to expedite Bond repayment (also known as bond defeasance).

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.

Every year's ending balance represents at least 1/12 of principal and 1/6 of interest of 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.

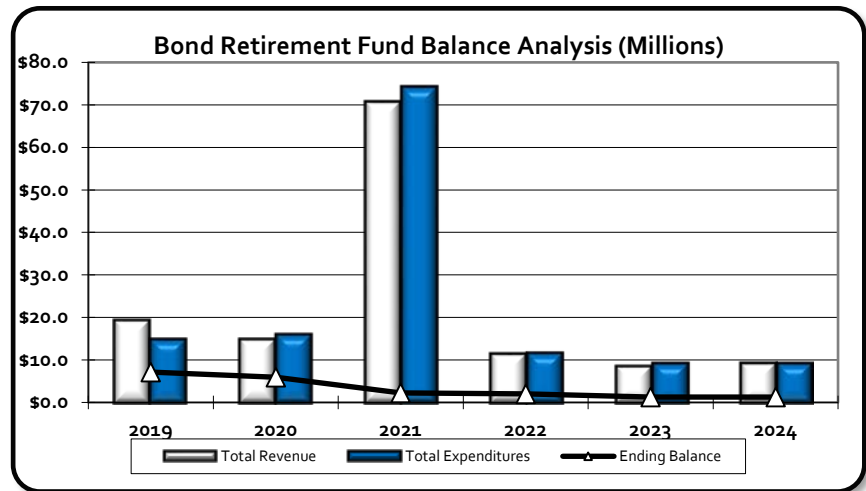


Figure 37

Long-term debt for the Authority consists of Sales Tax revenue bonds. In 2022, a transfer of \$11.50 million is required from the General Fund to cover the current overall debt service of the Authority. For 2023 through 2024, transfers of \$8.65 million and \$9.40 million, respectively, are planned.

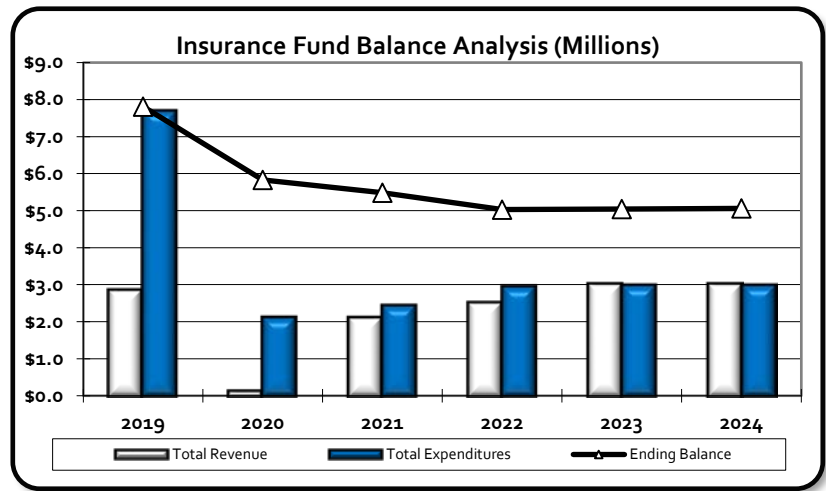
Bond Retirement Fund Balance (in millions)	2019 Actual	2020 Actual	2021 Projection	2022 Budget	2023 Plan	2024 Plan
Beginning Balance	\$ 2.74	\$ 7.14	\$ 5.94	\$ 2.23	\$ 1.98	\$ 1.27
Revenue	6.15	0.11	0.14	0.14	0.10	0.10
Fund Transfers	13.34	14.95	70.53	11.50	8.65	9.40
<b>Total Revenue</b>	<b>19.49</b>	<b>15.06</b>	<b>70.67</b>	<b>11.64</b>	<b>8.75</b>	<b>9.50</b>
Total Resources	22.22	22.20	76.61	13.86	10.74	10.76
<b>Total Expenditures</b>	<b>15.08</b>	<b>16.26</b>	<b>74.38</b>	<b>11.88</b>	<b>9.47</b>	<b>9.48</b>
<b>Ending Balance</b>	<b>\$ 7.14</b>	<b>\$ 5.94</b>	<b>\$ 2.23</b>	<b>\$ 1.98</b>	<b>\$ 1.27</b>	<b>\$ 1.28</b>

Figure 38

## INSURANCE FUND

The Insurance Fund is used to protect the Authority against catastrophic or extraordinary losses. The Authority is currently self-insured in all areas except personal property and equipment.

In 2019, a transfer of \$2.7 million was needed to cover and increase in insurance premiums and claims, and maintain the \$5.0 million ending balance. In 2020 a transfer of \$2.0 million was budgeted however it did not occur due to lower than expected claims & insurance payments. This allowed the Insurance Fund to maintain the \$5.0 million ending balance without a transfer. In 2021 a transfer of \$2.1 million was needed to maintain the \$5.0 million ending balance.



For 2022, a transfer of \$2.5 million is budgeted. For 2023 and 2024, a transfer of \$3.0 million is planned for each year.

Figure 39

According to the Authority's financial policies, the required minimum balance of the Insurance Fund is identified by the Risk Manager and insurance providers. Currently, the required minimum balance is \$5 million. For FY2022, expenditures are budgeted at \$2.99 million. The ending balance is budgeted at \$5.03 million, meeting the minimum requirement.

Insurance Fund Balance (in millions)	2019 Actual	2020 Actual	2021 Projection	2022 Budget	2023 Plan	2024 Plan
Beginning Balance	\$ 12.65	\$ 7.81	\$ 5.83	\$ 5.48	\$ 5.48	\$ 5.04
Investment Income	\$ 0.17	\$ 0.18	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Transfers	\$ 2.70	\$ -	\$ 2.10	\$ 2.50	\$ 3.00	\$ 3.00
<b>Total Revenue</b>	<b>\$ 2.87</b>	<b>\$ 0.18</b>	<b>\$ 2.14</b>	<b>\$ 2.54</b>	<b>\$ 3.04</b>	<b>\$ 3.04</b>
<b>Total Resources</b>	<b>\$ 15.51</b>	<b>\$ 7.99</b>	<b>\$ 7.96</b>	<b>\$ 8.02</b>	<b>\$ 8.06</b>	<b>\$ 8.08</b>
<b>Total Expenditures</b>	<b>\$ 7.70</b>	<b>\$ 2.16</b>	<b>\$ 2.48</b>	<b>\$ 2.99</b>	<b>\$ 3.02</b>	<b>\$ 3.02</b>
<b>Ending Balance</b>	<b>\$ 7.81</b>	<b>\$ 5.83</b>	<b>\$ 5.48</b>	<b>\$ 5.03</b>	<b>\$ 5.04</b>	<b>\$ 5.06</b>

Figure 40

## 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.

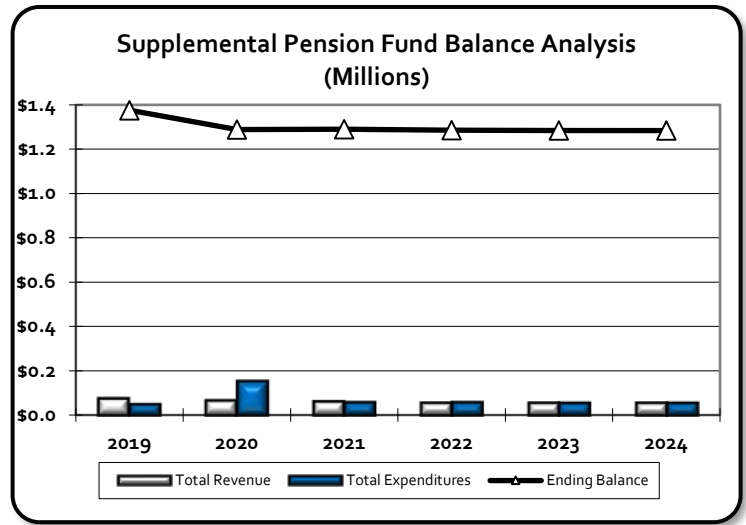


Figure 41

For 2022, a transfer of \$40,000 is budgeted. The planned transfers will remain at \$40,000 for years 2023 and 2024. For 2022, expenditures of \$58,000 are budgeted. A decrease to \$55,000 is planned for 2023 and 2024.

Supplemental Pension Fund Balance (in millions)	2019 Actual	2020 Actual	2021 Projection	2022 Budget	2023 Plan	2024 Plan
Beginning Balance	\$ 1.35	\$ 1.38	\$ 1.29	\$ 1.29	\$ 1.3	\$ 1.29
Total Revenue	0.07	0.06	0.06	0.05	0.05	0.05
Total Resources	1.43	1.44	1.35	1.34	\$1.34	1.34
Total Expenditures	0.05	0.15	0.06	0.06	0.06	0.06
Ending Balance	<u>\$ 1.38</u>	<u>\$ 1.29</u>	<u>\$ 1.29</u>	<u>\$ 1.29</u>	<u>\$ 1.29</u>	<u>\$ 1.28</u>

Figure 42

## 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). In 2021 the task force was renamed to the FBI Cleveland Transnational Organized Crime Western Hemisphere Task Force. The Authority's involvement with this task force stems from organized crime activity occurring within transportation systems. 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 criminals 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 items. 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 provide the Authority with security items, protective equipment, and technical training equipment.

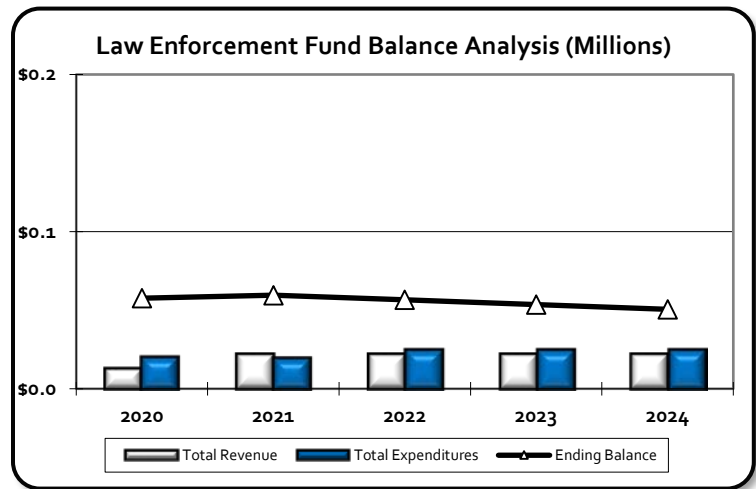


Figure 43

For 2022, the total revenue budgeted is \$22,000. The planned revenue budget will remain at \$22,000 for years 2023 and 2024 as well. For 2022, expenditures of \$25,000 are budgeted. Expenditures are planned to remain at \$25,000 for years 2023 and 2024 as well.

Law Enforcement Fund Balance (in millions)	2019 Actual	2020 Actual	2021 Projection	2022 Budget	2023 Plan	2024 Plan
Beginning Balance	\$ 0.03	\$ 0.07	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.05
<b>Total Revenue</b>	<u>0.04</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>
Total Resources	0.08	0.08	0.08	0.08	0.08	0.08
<b>Total Expenditures</b>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.03</u>	<u>0.03</u>	<u>0.03</u>
<b>Ending Balance</b>	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>

Figure 44

## 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, to prepare for a 27th pay period, and reserve local funding needed for rolling stock replacement, specifically, rail cars in 2021 through 2025. In 2021, the Authority added a sub-account for Revenue Stabilization.

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
- 27<sup>th</sup> Pay Reserve: 1/12<sup>th</sup> of Annual 27<sup>th</sup> 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
- Reserve for Revenue Stabilization: Protect against substantial decreases in revenues. Transferred to General Fund when needed to maintain a one-month ending balance

Once a reserve has met the goal, no additional transfers are required. During a budget year, if expenses exceed the budget, funding can be transferred from one Reserve Fund sub-account to another or back to the General Fund. In 2021 \$85 million was transferred to the Reserve Fund for Revenue Stabilization, \$10 million for Rolling Stock Reserve, and

\$0.88 million for the 27<sup>th</sup> Pay Reserve. Additionally \$49 million was transferred from the Reserve Fund to the RTA Development Fund for Rolling Stock. For 2022, transfers of \$10 million to Rolling Stock and \$0.88 million to 27<sup>th</sup> Pay Reserve are budgeted. Transfers to the Reserve Fund are planned to remain at these amounts for years 2023 and 2024 as well. For 2022 through 2024, \$10 million is budgeted to be transferred from the Reserve Fund to RTA Development Fund for Rolling Stock.

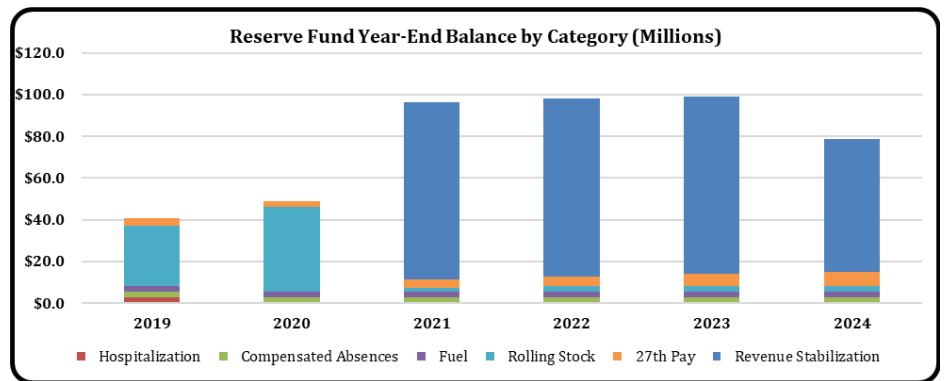


Figure 45

Reserve Fund Balance Category	2019	2020	2021	2022	2023	2024
Year-End Balances in Millions	Actual	Actual	Projection	Budget	Plan	Plan
Compensated Absences	3.66	3.83	3.88	3.93	3.95	\$4.0
Fuel	2.59	2.70	2.74	2.78	2.79	\$2.8
Hospitalization	2.65	2.77	2.80	2.84	2.85	\$2.9
Rolling Stock	29.11	40.54	2.02	2.45	2.46	\$2.5
27th Pay	3.47	3.05	3.97	4.90	5.80	\$6.7
Revenue Stabilization	-	-	85.00	85.00	85.33	64.00
<b>Total</b>	<b>\$ 41.47</b>	<b>\$ 52.90</b>	<b>\$ 100.40</b>	<b>\$ 101.91</b>	<b>\$ 103.18</b>	<b>\$ 82.76</b>

Figure 46

## CAPITAL IMPROVEMENT FUND

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 and 100% locally funded projects.

All capital projects are included in one of two funds: the RTA Development Fund and the RTA Capital Fund, identified below.

Generally, projects in the **RTA Development Fund** are greater than \$150,000, have a useful life 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.

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. The RTA Capital Fund is 100% locally funded through local dollars in the form of Sales & Use Tax revenue contributions.

Detailed discussions of the fund balances in the RTA Capital and RTA Development funds are presented in the Capital Improvement Plan (CIP) section.

## CAPITAL 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% of project costs with the remaining 20% share being absorbed by the Authority's local match revenue, which consists of sales and use tax receipts or bond issuances. In some cases FTA grants, such as the Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and American Rescue Plan (ARP) are awarded with a 100 % 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), the Ohio Transit Partnership (OTP 2), and Ohio Transit Preservation Partnership Program (OTP 3).

The RTA Capital Fund was established in 1988 and funded with Sales & Use Tax proceeds. As of 2017, the policy goal is a minimum of 10 % 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 General Fund to the RTA Capital Fund and the transfer to the Bond Retirement Fund.