

# FUND POLICIES & 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 to best account for its various revenues that are designated for specific purposes.

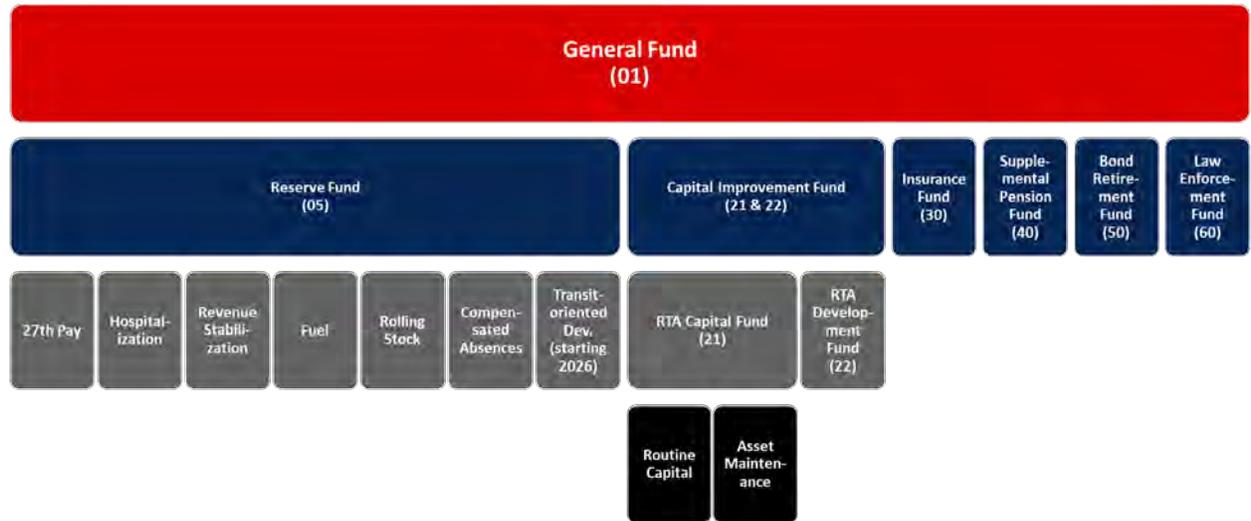


Figure 20 - Fund Overview

The chart below shows the relationships between the funds and the operating departments within GCRTA:

FUND	DEPARTMENT
01 – General Fund	Operating budget - all departments
05 – Reserve Funds	No direct expenditures; transfer to other funds as needed
21 – RTA Capital Fund	All departments as needed
22 – RTA Development Fund	All departments as needed
30 – Insurance Fund	21-Legal
	22-Risk Management
40 – Supplemental Pension Fund	NA - Corporate Account
50 – Bond Retirement Fund	NA - Corporate Account
60 – Law Enforcement Fund	34-Transit Police

Figure 21 – Fund-Department Relationships

The Authority is an independent, special purpose political subdivision of the State of Ohio. While reporting financial position, results of operations and changes in fund balances on the basis of generally

accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Basis) and Actuals is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP are:

- a) Revenues are recorded when received in cash (budget) as opposed to when earned (GAAP).
- b) Expenditures are recorded when in paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
- d) Unrecorded cash represents amounts received but not reported on the fund statements (budget), but which is reported on the GAAP basis operating statements.
- e) Investments are reported at cost (budget) rather than fair market value (GAAP).
- f) Budgetary revenues and expenditures of the economic incentive and fund are classified to the general fund for GAAP reporting.

The Available Ending Balance (also referred to as **Fund Balance**) for the fund statements represents the unreserved balance. 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.

$$\begin{aligned} & \textit{Beginning Balance} + \textit{Current Revenues} = \textit{Total Resources} \\ & \textit{Total Resources} - \textit{Total Current Expenditures} \\ & \qquad = \textit{Available Ending Balance (Fund Balance)} \end{aligned}$$

## ALL FUNDS

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

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

GCRTA has been diligent in creating a sustainable budget. The Authority’s 2026 All Funds forecast is \$426.4 million in available ending balance.



## All Funds Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Operating Revenues				
Passenger Fares	\$ 31,829,027	\$ 31,500,000	\$ 31,815,000	\$ 32,133,150
Advertising & Concessions	1,271,673	1,400,000	1,400,000	1,400,000
Naming Rights	311,474	448,585	300,000	300,000
Investment Income	13,936,657	11,425,000	6,230,000	5,423,000
Other Operating Revenues	520,210	1,500,000	1,500,000	1,500,000
<b>Total Operating Revenues</b>	<b>47,869,041</b>	<b>46,273,585</b>	<b>41,245,000</b>	<b>40,756,150</b>
Non-Operating Revenues				
Sales & Use Tax	274,672,465	278,699,400	284,830,787	289,957,741
Reimbursed Expenditures	13,570,112	5,300,000	5,000,000	16,000,000
Federal Revenue	86,696,071	110,600,926	106,771,073	73,492,154
State Revenue	3,667,238	20,000,000	15,000,000	15,000,000
Other Non-Operating Revenue	29,758,533	25,015,000	10,000	10,000
<b>Total Non-Operating Revenues</b>	<b>408,364,419</b>	<b>439,615,326</b>	<b>411,611,860</b>	<b>394,459,895</b>
<b>Total Revenues</b>	<b>456,233,460</b>	<b>485,888,911</b>	<b>452,856,860</b>	<b>435,216,045</b>
<b>Expenditures</b>				
Operating Expenditures				
Salaries & Overtime	181,084,931	184,596,400	186,659,200	187,693,600
Payroll Taxes & Fringes	71,519,852	86,609,300	87,817,800	89,300,000
Fuel (Diesel, CNG, Propulsion Power, Gasoline)	9,200,778	9,731,100	9,925,000	10,100,000
Utilities	4,230,518	4,498,800	4,600,000	4,700,000
Inventory	15,306,386	13,000,000	13,000,000	13,000,000
Services, Materials & Supplies	22,461,600	22,314,650	22,900,000	23,400,000
Purchased Transportation	16,033,719	16,300,000	17,300,000	17,600,000
Other Expenditures	6,479,768	5,485,600	5,500,000	5,600,000
<b>Total Operating Expenditures</b>	<b>326,317,552</b>	<b>342,535,850</b>	<b>347,702,000</b>	<b>351,393,600</b>
Non-Operating Expenditures				
Capital Outlay	122,876,572	167,801,657	150,463,841	108,929,343
Debt Service	9,470,500	7,632,750	3,146,000	1,551,250
Other Expenditures	2,144,704	3,285,500	3,335,500	3,385,500
<b>Total Non-Operating Expenditures</b>	<b>134,491,776</b>	<b>178,719,907</b>	<b>156,945,341</b>	<b>113,866,093</b>
<b>Total Expenditures</b>	<b>460,809,328</b>	<b>521,255,757</b>	<b>504,647,341</b>	<b>465,259,693</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(4,575,869)	(35,366,846)	(51,790,481)	(30,043,648)
Beginning Balance	469,841,367	465,265,498	429,898,652	378,108,170
<b>Estimated Available Ending Balance</b>	<b>\$ 465,265,498</b>	<b>\$ 429,898,652</b>	<b>\$ 378,108,170</b>	<b>\$ 348,064,523</b>

Figure 22 – All Funds Balance Analysis

The Authority adopted a set of financial policies in 1989 relating to its overall finances and particular funds. Over the years, the policies were amended through the Strategic Plan, reflecting the growth experienced by GCRTA with the last update on December 16, 2025. The Financial Policies are under Part Four- Finance Code of the Board Codified Rules and Regulations, specifically Chapter 460: Financial Policies and Procedures, Funds.

Chapter 460 of the Codified Rules and Regulations provides a comprehensive framework for the management of revenues and financial resources of the Authority. It provides guidelines for decision-making by the Board of Trustees and management on how the financial resources of the Authority shall be used to achieve the Authority’s mission to provide public transportation services; to meet the obligations of the Authority; and to protect the public interest.

The financial policies cover the following areas: General Fund, Reserve Fund, Capital Improvement Fund, Bond Retirement Fund, Insurance Fund, Supplemental Pension Fund, Law Enforcement Fund, and



investment of Authority’s funds. The following goals and priorities are Board approved for the General Fund, Capital Improvement Fund, and Bond Retirement Fund.

<b>Goal</b>	<b>Value</b>
Operating Ratio	≥ 25%
Operating Ending Balance	Reserve ≥ 1 month
Growth in Cost per Service Hour	≤ rate of inflation
Debt Service Coverage	≥ 1.5
Sales & Use Tax Revenue allocated annually to Capital Improvement	≥ 10%
Capital Maintenance Outlay to Capital Expansion	75 ≤ ≥ 90%

Figure 23 - Financial Goals

Detailed explanations of these policies are identified in the following policy statements.

## FINANCIAL POLICIES- ALL FUNDS

Policy Goal: ***Current appropriations in each fund are limited to the sum of available cash, encumbered balances, and revenues estimated to be received in the current budget period.***

***Rationale:*** By law, the budget must be balanced. Expenditures cannot exceed available resources. A **balanced budget** occurs when one of the following occurs:

- A. Total expenditures equal total revenues.
- B. Total expenditures are less than total revenues, called a **surplus**
- C. Total resources (previous year balance plus current year revenues) are greater than total expenditures.

***Implementation:*** The Board of Trustees (“BOT” or “Board”) has adopted other policy goals that go beyond the statutory requirement listed above and requires certain reserves in each fund. The specific requirements are discussed under the appropriate fund policy statement.

In the All Funds budget for 2026, resources total \$951.2 million (current budgeted revenues of \$485.9 million plus a beginning balance of \$465.3 million). Total budgeted expenditures for 2026 are \$521.3 million, which is within the resources available.

Policy Goal: ***The Authority’s personnel, procurement, and other policies are designed and administered to obtain the maximum value for the funds provided by its constituents.***

***Rationale:*** As a public agency, the Authority delivers the services for which its taxpayers and users provide resources. The incentive is not to generate an excessive surplus of funds, but rather to provide the most extensive and cost-effective level of services possible. When services and operations are well-managed, and costs are covered, the Authority can provide greater services.

***Implementation:*** For the General Fund, the policy limits growth in the cost of providing services (measured by cost per hour of service) to no more than the rate of inflation. This policy goal allows the Authority to maximize the use of its resources and provide the most direct service possible.



The operating expenditures budgeted in the 2026 General Fund, which exclude transfers to other funds, are \$342.5 million, which represents an increase of 2.9% over the 2025 amended budget and an increase of 5.0% over the 2025 expense. The 2026 budget includes an increase in Paratransit service hours of 20% to meet increasing demand. The inflation rate for 2026 is projected to be 2.5%. In the Capital Improvement Fund, economies are sought to minimize the costs of capital projects. Construction management activities ensure the timely completion of these projects at the lowest cost. Cost savings are also possible by planning for the purchase of similar types of equipment in larger quantities. Additionally, capital investment is encouraged where operating cost savings and operational efficiencies result.

**Policy Goal: 460.09(a) Achieve the maximum financial return for the Authority consistent with prudent market and credit risks while conforming to applicable State and Federal laws and consistent with the cash flow requirements of the Authority, matching maturities and/or marketability at par, to meet outstanding obligations and financial commitments.**

**Rationale:** Investment income is a material resource for the Authority and makes funds management a priority. Investment decisions should attempt to increase yields without risking the principal or the liquidity position. Idle cash balances will be invested whenever possible to maximize investment income.

**Implementation:** Monthly reports summarizing investment transactions and earnings are provided to the Board. The Ohio Uniform Depository Act (ORC 135) and the Authority’s cash management investment policy allow the Authority to invest in various types of financial instruments. As of December 31, 2025, GCRTA’s investment portfolio was comprised of:

<b>Financial Instrument</b>	<b>Average Maturity</b>
Money Market Account	2 days
Key Bank Sweep Account	2 day
State Treasury Asset Reserve of Ohio (STAR Ohio)	2 day
Earnings Credit Rate Account	2 day
US Government Securities	656 days

Figure 24 – Financial Instrument Performance

GCRTA’s average yield on its portfolio during 2025 was 4.05%. This is 0.03 basis points below the performance standard yield of 4.07% and 0.21 basis points below the market average yield of 4.26%. The 2026 investment income is budgeted at \$11,425,000.

## 2026 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 Trust Fund	Reserve Fund	
<b>CAPITAL FUNDS</b>									
<b>Revenues</b>									
Operating Revenues									
Passenger Fares	\$ 31,500,000								\$ 31,500,000
Advertising & Concessions	1,400,000								1,400,000
Naming Rights	448,585								448,585
Investment Income	1,000,000	5,000,000	500,000	120,000	250,000	50,000	5,000	4,500,000	11,425,000
Other Operating Revenues	1,500,000								1,500,000
<b>Total Operating Revenues</b>	<b>35,848,585</b>	<b>5,000,000</b>	<b>500,000</b>	<b>120,000</b>	<b>250,000</b>	<b>50,000</b>	<b>5,000</b>	<b>4,500,000</b>	<b>46,273,585</b>
Non-Operating Revenues									
Sales & Use Tax	278,699,400								278,699,400
Reimbursed Expenditures	5,300,000								5,300,000
Federal		110,600,926							110,600,926
State		20,000,000							20,000,000
Other Non-Operating Revenue	-	25,000,000					15,000		25,015,000
<b>Total Non-Operating Revenues</b>	<b>283,999,400</b>	<b>155,600,926</b>					<b>15,000</b>		<b>439,615,326</b>
Transfers									
Transfer from General Fund			21,065,140	6,804,800	2,000,000			800,000	
Transfer from RTA Capital Fund		16,000,000							
Transfer from Reserve Fund									
For Revenue Stabilization	44,000,000								
<b>Total Transfers</b>	<b>44,000,000</b>	<b>16,000,000</b>	<b>21,065,140</b>	<b>6,804,800</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>800,000</b>	
<b>Total Revenues</b>	<b>363,847,985</b>	<b>176,600,926</b>	<b>21,565,140</b>	<b>6,924,800</b>	<b>2,250,000</b>	<b>50,000</b>	<b>20,000</b>	<b>5,300,000</b>	<b>485,888,911</b>
<b>Expenditures</b>									
Operating Expenditures									
Salaries & Overtime	184,596,400								184,596,400
Payroll Taxes & Fringes	86,609,300								86,609,300
Fuel (Diesel, CNG, Propulsion Power, Gasoline)	9,731,100								9,731,100
Utilities	4,498,800								4,498,800
Inventory	13,000,000								13,000,000
Services, Materials & Supplies	22,314,650								22,314,650
Purchased Transportation	16,300,000								16,300,000
Other Expenditures	5,485,600								5,485,600
<b>Total Operating Expenditures</b>	<b>342,535,850</b>								<b>342,535,850</b>
Non-Operating Expenditures									
Capital Outlay		163,251,157	4,550,500						167,801,657
Debt Service (Principal & Interest)				7,632,750					7,632,750
Other Expenditures				1,500	3,250,000	9,000	25,000		3,285,500
<b>Total Non-Operating Expenditures</b>	<b>-</b>	<b>163,251,157</b>	<b>4,550,500</b>	<b>7,634,250</b>	<b>3,250,000</b>	<b>9,000</b>	<b>25,000</b>	<b>-</b>	<b>178,719,907</b>
<b>Sub-Total Expenditures</b>	<b>342,535,850</b>	<b>163,251,157</b>	<b>4,550,500</b>	<b>7,634,250</b>	<b>3,250,000</b>	<b>9,000</b>	<b>25,000</b>	<b>-</b>	<b>521,255,757</b>
<b>Revenues less Expenditures</b>	<b>21,312,135</b>	<b>13,349,769</b>	<b>17,014,640</b>	<b>(709,450)</b>	<b>(1,000,000)</b>	<b>41,000</b>	<b>(5,000)</b>	<b>5,300,000</b>	<b>(35,366,846)</b>
<b>Transfers to Other Funds</b>									
Transfer to General Fund	2,000,000								
Transfer to Insurance Fund	-								
Transfer to Supplemental Pension Fund	6,804,800								
Transfer to Bond Retirement Fund	21,065,140								
Transfer to RTA Capital Fund			16,000,000						
Transfer to RTA Development Fund									
Transfer to Reserve Fund	800,000								
For 27th Pay									
For Revenue Stabilization								44,000,000	
<b>Total Transfers to Other Funds</b>	<b>30,669,940</b>		<b>16,000,000</b>					<b>44,000,000</b>	
<b>Total Expenditures</b>	<b>373,205,790</b>	<b>163,251,157</b>	<b>20,550,500</b>	<b>7,634,250</b>	<b>3,250,000</b>	<b>9,000</b>	<b>25,000</b>	<b>44,000,000</b>	<b>521,255,757</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(9,357,805)	13,349,769	1,014,640	(709,450)	(1,000,000)	41,000	(5,000)	(38,700,000)	(35,366,846)
<b>Beginning Balance</b>	<b>33,798,834</b>	<b>319,700,253</b>	<b>2,221,822</b>	<b>1,211,320</b>	<b>8,686,476</b>	<b>1,534,424</b>	<b>285,353</b>	<b>97,827,017</b>	<b>465,265,498</b>
<b>Available Ending Balance</b>	<b>\$ 24,441,029</b>	<b>\$ 333,050,022</b>	<b>\$ 3,236,462</b>	<b>\$ 501,870</b>	<b>\$ 7,686,476</b>	<b>\$ 1,575,424</b>	<b>\$ 280,353</b>	<b>\$ 59,127,017</b>	<b>\$ 429,898,652</b>

Figure 25 – All Funds 2026 Budget Summary

The different colors show how dollars move between funds, revenues, and expenditures.



## GENERAL FUND

### BALANCE ANALYSIS

The General Fund includes the operating budget of the Authority. It accounts for all revenues and expenditures, including all personnel costs (salaries, overtime, taxes, fringes, etc.) and other expenditures related to the day to day operations of the Authority. The General Fund does not include activities related to funds set aside for capital improvements, debt service, catastrophic/extraordinary losses, supplemental pension benefits, economic downturns, or replacement of revenue vehicles.

In the General Fund budget for 2026, resources total \$397.7 million (current budgeted revenues of \$363.8 million plus a beginning balance of \$33.0 million). Total budgeted expenditures for 2026 are \$373.2 million, which is within the resources available. The available ending balance of \$24.4 million represents a 0.9 month reserve which does not meet the one-month reserve requirement. The estimates during initial 2026 budget development showed a 1.0 month reserve, however cost increases during 2025, including employee fringe benefit medical self-insurance expenses, resulted in a lower 2026 starting and estimated ending balance. Expenditure reduction tactics have been identified including potential service level reductions and other program adjustments. The General Fund expenses and balance will be managed during the year with a goal to finish 2026 with a budget surplus and ending balance sufficient to cover operating expenses in excess of 1.0 months to meet the financial policy goals.

# General Fund Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Operating Revenues				
Passenger Fares	\$ 31,829,027	\$ 31,500,000	\$ 31,815,000	\$ 32,133,150
Advertising & Concessions	1,271,673	1,400,000	1,400,000	1,400,000
Naming Rights	311,474	448,585	300,000	300,000
Investment Income	1,055,118	1,000,000	900,000	600,000
Other Operating Revenues	520,210	1,500,000	1,500,000	1,500,000
<b>Total Operating Revenues</b>	<b>34,987,502</b>	<b>35,848,585</b>	<b>35,915,000</b>	<b>35,933,150</b>
Non-Operating Revenues				
Sales & Use Tax	274,672,465	278,699,400	284,830,787	289,957,741
Reimbursed Expenditures	13,570,112	5,300,000	5,000,000	16,000,000
Federal Reimbursements	-	-	-	-
Transfers from the Reserve Fund - Other Sub-Funds	-	-	-	-
Transfer from Reserve Fund - Revenue Stabilization	45,000,000	44,000,000	32,500,000	-
<b>Total Non-Operating Revenues</b>	<b>333,242,577</b>	<b>327,999,400</b>	<b>322,330,787</b>	<b>305,957,741</b>
<b>Total Revenues</b>	<b>368,230,079</b>	<b>363,847,985</b>	<b>358,245,787</b>	<b>341,890,891</b>
<b>Expenditures</b>				
Operating Expenditures				
Salaries & Overtime	181,084,931	184,596,400	186,659,200	187,693,600
Payroll Taxes & Fringes	71,519,852	86,609,300	87,817,800	89,300,000
Fuel (Diesel, CNG, Propulsion Power, Gasoline)	9,200,778	9,731,100	9,925,000	10,100,000
Utilities	4,230,518	4,498,800	4,600,000	4,700,000
Inventory	15,306,386	13,000,000	13,000,000	13,000,000
Services, Materials & Supplies	22,461,600	22,314,650	22,900,000	23,400,000
Purchased Transportation	16,033,719	16,300,000	17,300,000	17,600,000
Other Expenditures	6,479,768	5,485,600	5,500,000	5,600,000
<b>Total Operating Expenditures</b>	<b>326,317,552</b>	<b>342,535,850</b>	<b>347,702,000</b>	<b>351,393,600</b>
<b>Revenues less Operating Expenses</b>	<b>41,912,527</b>	<b>21,312,135</b>	<b>10,543,787</b>	<b>(9,502,709)</b>
Transfers to Other Funds				
Transfers to Insurance Fund	3,000,000	2,000,000	2,500,000	2,500,000
Transfers to Reserve Fund	10,878,615	800,000	800,000	5,800,000
Transfers to/from Capital				
Transfers to Bond Retirement Fund	9,184,042	6,804,800	2,902,958	1,447,000
Transfers to Capital Improvement Fund	18,074,438	21,065,140	25,580,121	27,548,774
<b>Total Transfers to Capital</b>	<b>27,258,480</b>	<b>27,869,940</b>	<b>28,483,079</b>	<b>28,995,774</b>
<b>Total Transfers to Other Funds</b>	<b>41,137,095</b>	<b>30,669,940</b>	<b>31,783,079</b>	<b>37,295,774</b>
<b>Total Expenditures</b>	<b>367,454,647</b>	<b>373,205,790</b>	<b>379,485,079</b>	<b>388,689,374</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	775,432	(9,357,805)	(21,239,292)	(46,798,483)
Projected Beginning Balance	33,023,402	33,798,834	24,441,029	3,201,737
Add Estimated Beginning Encumbrances				
<b>Projected Ending Balance</b>	<b>\$ 33,798,834</b>	<b>\$ 24,441,029</b>	<b>\$ 3,201,737</b>	<b>\$ (43,596,746)</b>
<b># Months Reserves - Estimated</b>	<b>1.2</b>	<b>0.9</b>	<b>0.1</b>	<b>(1.5)</b>

Figure 26 – General Fund Balance Analysis

## REVENUES

Revenues are received from several 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 of Ohio Sales and Use Tax within the boundaries of Cuyahoga County. Cuyahoga County’s tax rate is 8.0% with distributions to the following entities:

GCRTA <sup>13</sup>	1.00%
State of Ohio	5.75%
Cuyahoga County	1.25%
Total Sales Tax	8.00%

The sales tax is administered and enforced by State taxing authorities and is distributed monthly, approximately two months following the collection of the tax by the State (three months after the tax is paid by consumers).

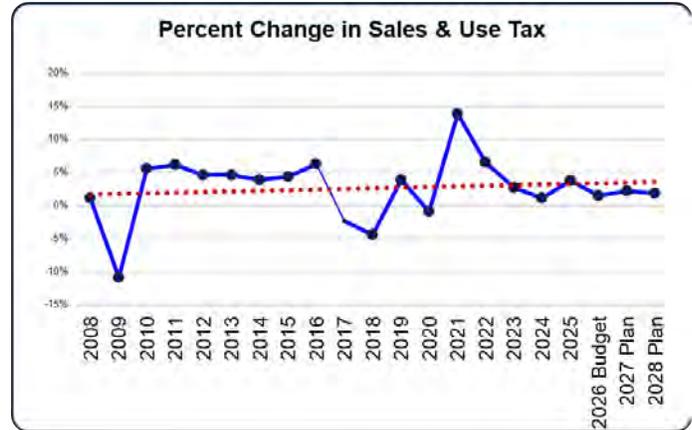


Figure 27 – Sales Tax percent change

Sales tax receipts dedicated to capital improvements are reported as a fund transfer 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. In 1995, the direct contribution was further defined to include the transfer to the Bond Retirement Fund.

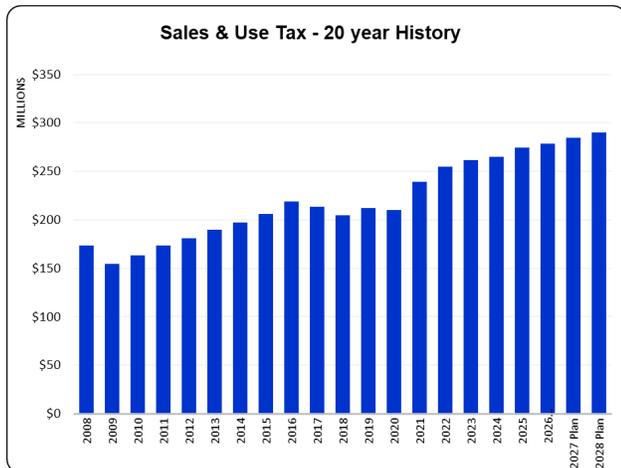


Figure 28 – Sales Tax 20 Year History

The 2026 General Fund budget was approved on December 16, 2025. Revenues budgeted for 2026 were based on actual data through October 2025. Sales and Use Tax receipts totaled \$274.7 million in 2025, a \$10.0 million or 3.8% increase over 2024 actual receipts. The 2025 Sales and Use Tax receipts include a \$3.5 million distribution from the State of Ohio as reimbursement for revenue losses caused by expansion of the Sales and Use Tax Holiday that occurred in August of 2025. The prior year saw moderate growth of 1.1% in sales tax. The consumer price index ended 2025 at 2.7%, down from 2.9% one year prior. Sales and Use Tax receipts are budgeted at \$278.7 million, a 1.5% increase over 2025 total of \$274.7 million.

<sup>13</sup> Approved by voters in July 1975 and of unlimited duration

**PASSENGER FARES**

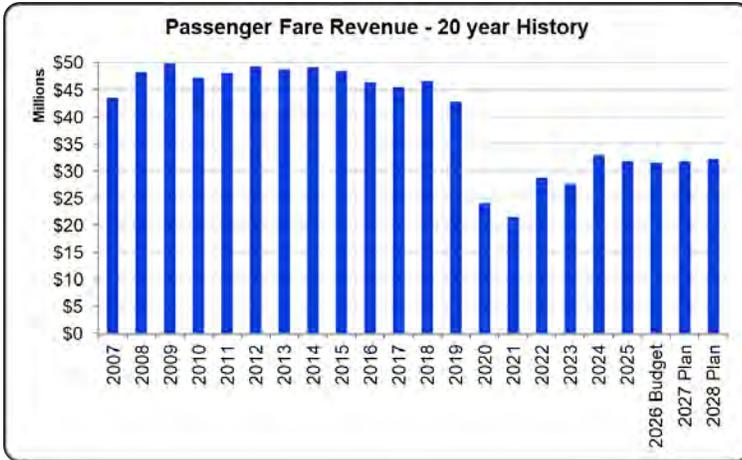


Figure 29 – Passenger Fare 20 Year History

Outside of federal assistance, 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, 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.

Passenger fares and ridership had a slow decline over the decade before the 2020 start of the COVID-19 pandemic which caused ridership to immediately drop by half. The COVID-19 Public Health Emergency declaration continued through 2022, and transit ridership has seen a slow but steady return nationally and at GCRTA.

The pandemic’s impact on increased remote work and altered travel habits continues to affect transit ridership. Ridership dropped from approximately 32 million trips per year to less than 16 million in 2021. Ridership increased slowly in the first few years following the pandemic, but has leveled off at approximately 24.5 million trips per year in 2024 and 2025. Paratransit has surpassed pre-COVID levels, but the bus and rail modes have recovered to approximately 76% of pre-COVID levels. These recovery rates mirror national transit ridership trends, which were at approximately 80% of pre-COVID levels for urban transit authorities.<sup>14</sup>

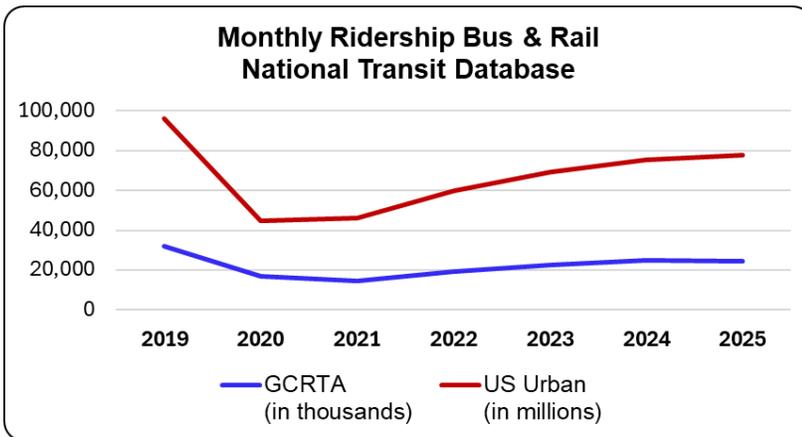


Figure 30 – Monthly Ridership Trends since 2019

Ridership correlates with passenger fare revenue, and fare revenue has seen a steady increase from a low of 50% of pre-pandemic levels in 2021 to 74% of pre-pandemic levels in 2025, a slight decrease from 2024. There have been no fare increases during this period, and GCRTA is pursuing fare-capping in 2026 which would use account based ticketing to limit customers’ fares to the cost of a daily, weekly, or monthly pass even if not

<sup>14</sup> Based on monthly ridership data reported to National Transit Database by urban reporters.

purchased upfront Fare capping would better serve customers who cannot afford the upfront expense and increase flexibility for the increased hybrid workforce trends.

GCRTA is projecting that ridership and passenger fare revenue will stay flat in 2026 and increase by one percent in 2027 and 2028 with the new rail cars.

---

## INVESTMENT INCOME

The Authority pursues a conservative cash management and investment program to achieve reliable financial return on all available funds. Idle cash balances are invested at the best interest rates available in investments permitted by State law and GCRTA 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).

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Authority's cash and investments are all Level 1, which indicates that the values have been independently verified. Public depositories must provide collateral for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities the face value of which is at least 105% of the total value of public monies on deposit at the institution or participate in the Ohio Pooled Collateral System (OPCS). This participation in OPCS requires that the total fair value of securities pledged to be at least 102% of the deposits being secured. 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. At the close of 2025, GCRTA's average yield on its portfolio year to date was 4.05%, which is 0.03 basis points below the performance standard yield of 4.07% and 0.21 basis points below the market average yield of 4.26%.

General Fund Investment Income is budgeted at \$1,000,000, which is conservative. 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

Additional sources of local income include advertising and concessions. This category is composed of two subcategories: advertising and naming rights. Advertising includes visual media on/in shelters and buses. In addition, GCRTA has sponsored lines that include naming rights: Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters; MetroHealth for MetroHealth Line; and Cuyahoga Community College (Tri-C) for E. 34<sup>th</sup> Rapid Transit Station. The MetroHealth contract is set to expire in December 2026.

Revenue from advertising fluctuates from year to year. In 2025, revenues totaled \$1.3 million and are budgeted at \$1.4 million in 2026 and estimated to remain at \$1.4 million in 2027 and 2028. Naming rights is budgeted at approximately \$450,000 in 2026 with estimated decreases starting in 2027 with the termination of naming rights agreements.



---

## 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. An emphasis on capital financing urges maximum use of capital grants to recover a portion of the engineering and construction costs based on work on a project. For capital work performed in-house by GCRTA employees, the personnel expenses post to the General Fund operating budget. The grant funding reimburses the General Fund for those expenses. The revenue budget for these grant reimbursements is calculated based on assumptions using current grant awards and recent activity.

---

## REIMBURSED EXPENDITURES AND OTHER REVENUE

For FY2026, total Reimbursed Expenditures and Other Revenue are budgeted at \$6.8 million. For 2027 and 2028, Reimbursed Expenditures and Other Revenue are planned at \$6.5 million and \$17.5 million respectively.

The total reimbursements include \$5.3 million in 2026. **Reimbursed Expenditures** including Preventive Maintenance (PM) reimbursements and other reimbursements for fuel tax for diesel and CNG, and other miscellaneous reimbursements. The 2026 Reimbursed Expenditures budget includes \$2.8 million for PM and \$2.5 million for other reimbursements. PM reimbursements increased to \$8.7 million in 2025 because several older grants were closed and are planned at \$4.3 million in 2027 and \$15 million in 2028.

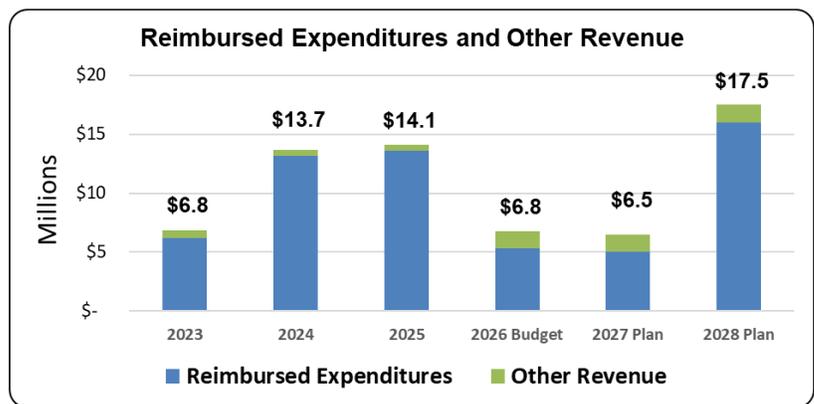


Figure 31 – Reimbursed Expenditures & Other Revenue

The Authority aims to keep PM reimbursements at \$20 million or less. In recent years, the Authority has made a strategic decision to limit PM reimbursements to address unfunded and under-funded capital projects. Unfunded projects total \$235 million in the 2026 budget. Other reimbursements, also included within Reimbursed Expenditures, are planned at \$0.7 million and \$1.0 million in 2027 and 2028. Other reimbursements include reimbursements for fuel tax, force account labor reimbursements, and other miscellaneous receipts. **Other Revenue** is budgeted at \$1.5 million per year and captures miscellaneous receipts from contractors, hospitalization, claim reimbursements, rent, and salvage sales.

## EXPENDITURES

The General Fund Expenditures from 2025 through 2028, and the ending balances for each year, are displayed in Figure 32. Total operating expenditures are budgeted at \$342.5 million in 2026. The available ending balance in the General Fund is budgeted at \$24.4 million. Transfers to other funds total \$30.7 million. These include \$2.0 million to the Insurance Fund, \$0.8 million to the Reserve Fund, \$6.8 million to the Bond Retirement Fund, and \$21.1 million to the Capital Improvement Fund.

General Fund expenditures include salary and fringe benefits for 2,367 budgeted positions, which comprises 79.2% of the 2026 budgeted total operating expenditures. Salary and fringe benefits budgets include wage increases based on current bargaining agreements and no salary adjustments for non-bargaining positions. Fringe benefits include increases for employee medical benefits of over 20% compared to 2025. The non-payroll General Fund 2026 budgeted operating expenditures total \$71.3

million including Fuel (diesel, compressed natural gas, propulsion power, propane, and gasoline, nearly 14%), Utilities (6%), Inventory (18%), Services Materials & Supplies (31%), Purchased Transportation (23%), and Other Expenditures (nearly 8%). The 2026 budget for non-payroll operating expenditures has a decrease of 6% compared to the 2025 amended budget. The non-payroll budget includes budget reductions to minimize transfers from the Reserve Fund. The largest increases are for Fuel (\$0.5 million); Utilities (\$0.3 million) and Purchased Transportation (\$0.3 million). Purchased Transportation has nearly doubled since 2022 due to increased demand with the region's changing demographics. In addition to the total operating expenditures, General Fund expenditures include transfers to other funds. More detail about the amounts and purposes of transfers to each fund is provided in the sections that follow.

The Authority performed a comprehensive classification and compensation study and pay equity analysis during 2022-2023. This provided the first comprehensive update to our compensation system that was designed and implemented in 1995. The Authority reviews and updates its salary structure annually and plans on completing another comprehensive compensation study in three to five years to ensure its workforce remains competitive in the labor market.

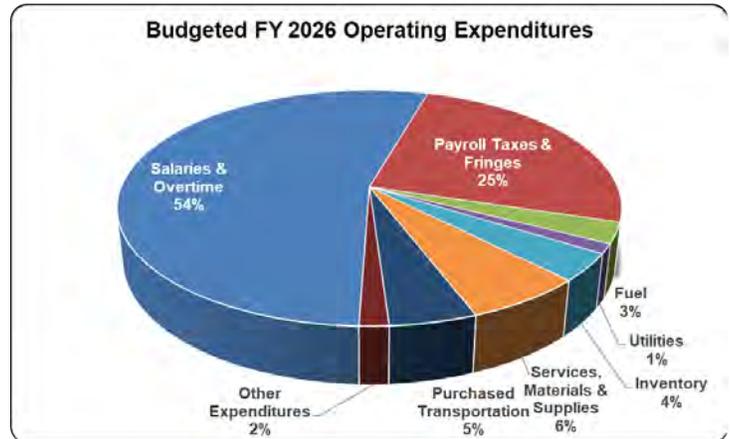


Figure 32 – Budget FY 2026 Operating Expenditures Chart

## FINANCIAL POLICIES- GENERAL FUND

Policy Goal: Program demands require that an adequate resource stream be maintained. The Authority must make the hard decisions required to ensure a continued flow of resources.

***Rationale:*** It is the policy of the Authority to take whatever steps are necessary to ensure full and continued funding for the services, programs, and facilities, which the Authority is required, or elects, to provide. The Authority should actively pursue whatever legitimate revenues it can locate to support the services that its constituents demand.

***Implementation:*** Total Revenues in the General Fund at the end of FY 2025 totaled \$368.2 million. Ridership decreases since the COVID pandemic have negatively impacted passenger fare revenue. Ridership at the end of 2025 totaled 24.5 million riders, which was 24% lower than 2019 (pre-COVID levels). Each year since COVID, ridership has increased until 2025, which stayed flat with 2024 in line with national trends. Sales and Use Tax revenue has remained strong the past few years and ended 2025 with an increase of almost 4% compared to 2024.

---

Policy Goal: 460.02 (c)(1) The goal for the Operating Ratio (Operating revenues divided by operating expenses) is to be greater than 25% with a long-range objective of having operating revenue cover an increasing proportion of operating expenses.

***Rationale:*** A higher Operating Ratio indicates that the Authority is becoming more self-supporting and less reliant on other sources of income. A lower Operating Ratio indicates that customers are paying a lower portion of the operating cost.

***Implementation:*** Operating Revenues include passenger fares, advertising, concessions, rental, and investment income. Operating Expenses include all expenditures of the General Fund less reimbursed labor, which are charged to and reimbursed by the Capital Improvement Program.

As Operating Revenues decreased following the COVID pandemic, and as Operating Expenses continue to increase, the Operating Ratio for 2026 is projected to be 10.5%. Prior to the pandemic, the Operating Ratio was approximately 17%. The Operating Ratios for 2027 and 2028 are projected at 10.3% and 10.2%, respectively.

---

Policy Goal: 460.02(c)(2) In order to maintain an adequate fund balance to mitigate current and future risks, the Authority's goal shall be to maintain a general fund balance of at least one month's operating expenses.

***Rationale:*** Adequate reserves must be maintained to avoid disruptions in service due to temporary shortages in operating funds or fluctuations in revenue streams or costs. If the financial forecast projects the ending balance to be below this level, a plan shall be developed to replenish the fund balance.

***Implementation:*** This policy goal is expected to be not be met with a budgeted amount of \$24.4 million or approximately 0.9 months of operating reserve funding available for 2026. The Authority created a Revenue Stabilization Fund which provides a safety net for the General Fund during economic downturns. The 2026 budget includes a \$44.0 million transfer from the Revenue Stabilization Fund with a plan for \$32.5 million in 2027 to maintain an adequate balance. Current estimates show the Reserve Fund – Revenue Stabilization will be depleted by 2028, and no transfer is planned after 2027. GCRTA is taking steps to reduce operating expenditures to maintain the sustainability of the General Fund and Reserve Fund.

---

Policy Goal: 460.02 (c)(3) The goal for growth in the cost of delivering a unit of service (cost per service hour) shall be kept at or below the rate of inflation.

***Rationale:*** As a means of measuring cost containment, direct costs should not be permitted to increase faster than overall price levels.

***Implementation:*** As of the writing of this document, service hours for 2026 are budgeted at the same level as the 2025 budget for fixed route, however fixed route service reductions are planned to start in mid-2026 to help manage operating costs. Paratransit demand response is budgeted to increase service hours by 20% and service miles 16% compared to 2025. The cost per service hour is budgeted at \$188.32, a 2.5% decrease from 2025 actuals of \$193.24. The decrease results primarily because 2025 had higher payroll expenses for most payroll groups due to one extra biweekly pay that fell in the 2025 calendar. Every eleven to twelve years, each pay group has a 27<sup>th</sup> pay.

Inflation has decreased from over 9 percent in mid-2022 to 2.7% by the start of 2026 and is forecast to remain around 2.2% through 2026. The Congressional Budget Office as of January, 2025 forecasts the consumer price index to average 2.8% by year-end 2026 and 2.3% in 2027. This policy goal was not met in 2025 but is expected to be met in 2026 due to the additional pay that fell in 2025.

---

Policy Goal: 460.02(c)(4) Debt service coverage (Total operating revenue minus operating expenditures, divided by debt service requirements) will be at a minimum of 1.5.

***Rationale:*** The Authority should comfortably support debt service payments. The excess from general obligations should be used as the measure to not jeopardize the financial condition of the Authority.

***Implementation:*** GCRTA completed a debt defeasance in 2021 and paid off approximately \$57.7 million of debt obligations early and provide average savings of \$6.0 million per year through 2026. The Authority has traditionally used debt sparingly, and as a result of the debt defeasance, the debt service coverage goal will be exceeded. The goal of the debt service coverage is to be above 1.5. The Debt Service Coverage ratio has been maintained over the 1.5 goal since 2015. The budget for 2026 is projected at 4.2. The debt coverage is projected at 2.2 in 2027 and -23.4 in 2028, not meeting the goal.

## 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 grants 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.

## RTA Development Fund Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Federal / State Revenues				
Federal Capital Grants	\$ 86,696,071	\$ 110,600,926	\$ 106,771,073	\$ 73,492,154
State Capital Grants	3,667,238	20,000,000	15,000,000	15,000,000
<b>Total Federal / State Revenues</b>	<b>90,363,309</b>	<b>130,600,926</b>	<b>121,771,073</b>	<b>88,492,154</b>
Other Revenue				
Investment Income	6,278,075	5,000,000	1,000,000	1,000,000
Other Revenue	29,743,533	25,000,000	-	-
<b>Total Other Revenue</b>	<b>36,021,608</b>	<b>30,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
Transfers				
Transfer from RTA Routine Capital Fund	19,743,533	16,000,000	20,000,000	23,000,000
Transfer from Reserve Fund	10,000,000	-	-	5,000,000
<b>Total Transfers</b>	<b>29,743,533</b>	<b>16,000,000</b>	<b>20,000,000</b>	<b>28,000,000</b>
<b>Total Revenue</b>	<b>156,128,450</b>	<b>176,600,926</b>	<b>142,771,073</b>	<b>117,492,154</b>
<b>Expenditures</b>				
Capital Outlay				
Capital Outlay - Development Fund	120,355,582	163,251,157	145,963,841	104,365,193
<b>Total Expenditures</b>	<b>120,355,582</b>	<b>163,251,157</b>	<b>145,963,841</b>	<b>104,365,193</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	35,772,868	13,349,769	(3,192,768)	13,126,961
Beginning Balance	283,927,386	319,700,253	333,050,022	329,857,254
<b>Projected Ending Balance</b>	<b>\$ 319,700,253</b>	<b>\$ 333,050,022</b>	<b>\$ 329,857,254</b>	<b>\$ 342,984,215</b>

Figure 33 – RTA Development Fund Balance Analysis

## RTA Routine Capital Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Investment Income	\$ 1,052,926	\$ 500,000	\$ 100,000	\$ 100,000
Transfer from General Fund	18,074,438	21,065,140	25,580,121	27,548,774
<b>Total Revenue</b>	<b>19,127,364</b>	<b>21,565,140</b>	<b>25,680,121</b>	<b>27,648,774</b>
<b>Expenditures</b>				
Capital Outlay				
Asset Maintenance	957,115	2,560,000	2,560,000	2,560,000
Routine Capital	1,563,875	1,990,500	1,940,000	2,004,150
<b>Total Capital Outlay</b>	<b>2,520,990</b>	<b>4,550,500</b>	<b>4,500,000</b>	<b>4,564,150</b>
Other Capital Expenditures				
Transfer to RTA Development Fund	19,743,533	16,000,000	20,000,000	23,000,000
<b>Total Other Capital Expenditures</b>	<b>19,743,533</b>	<b>16,000,000</b>	<b>20,000,000</b>	<b>23,000,000</b>
<b>Total Expenditures</b>	<b>22,264,523</b>	<b>20,550,500</b>	<b>24,500,000</b>	<b>27,564,150</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(3,137,159)	1,014,640	1,180,121	84,624
Beginning Balance	5,358,980	2,221,822	3,236,462	4,416,582
<b>Projected Ending Balance</b>	<b>\$ 2,221,822</b>	<b>\$ 3,236,462</b>	<b>\$ 4,416,582</b>	<b>\$ 4,501,207</b>

Figure 34 – RTA Routine Capital Balance Analysis

### CAPITAL REVENUES

#### RTA DEVELOPMENT FUND

The Authority receives various capital grants from the Federal Transit Administration (FTA). The grants include formula allocations to urban areas and grants apportioned based on a formula to help maintain assets in a State of Good Repair. 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 typically cover 80% of project costs with the remaining 20% share being absorbed by the Authority’s local match revenue, which consists of Sales & Use Tax receipts or bond issuances. In some cases, FTA grants, such as the Coronavirus Aid Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act and American Rescue Plan (ARP) are awarded with a 100% Federal share where no local match is required. 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 Program (OTP 2), and Ohio Transit Preservation Partnership Program (OTP 3). The Authority also receives non-formula competitive grant awards and earmark grants for specific projects and continues to seek supplemental funds as opportunities become available.

#### RTA CAPITAL FUND

The RTA Capital Fund was established in 1988 and funded with Sales & Use Tax receipts. The Board’s current policy goal is a minimum of 10% contribution to capital from Sales Tax revenues. Interest earned on the investment of these 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.



Policy Goal: 460.04(a) The Capital Improvement Funds shall be used to account for the construction and acquisition of major capital facilities and equipment. It shall include funds to match federal and state grants as well as funds to be used for capital construction and acquisition without the benefit of any grant funding. The Capital Improvement Fund will consist of the RTA Capital Fund and the RTA Development Fund.

***Rationale:*** The separation of funds used for day-to-day operations from those employed for capital improvements facilitates the planning process and the management of resources. Capital assets such as facilities, equipment, and vehicles, are essential to the provision of transportation services. Although expensive to sustain, a regular capital investment program lowers operating and capital costs over the long term. The Federal Government funds a substantial portion of capital projects, but the Authority must have adequate local matching funds available to qualify for federal, state and other financing grants.

***Implementation:*** In 2025, the GCRTA Codified Rules and Regulations were updated and included additional clarification defining the capital funds and definition of a capital expenditure (sections b, c, and e below).

Policy Goal: 460.04(b) Projects that are locally-funded, smaller and more routine in nature, generally less than one-hundred-fifty thousand dollars (\$150,000) and have a useful life not exceeding five (5) years, will primarily be budgeted in the RTA Capital Fund.

***Rationale:*** The above policy clarifies that the RTA Capital Fund is the fund used for smaller projects based on the criteria set forth.

***Implementation:*** The RTA Capital Fund is designated for smaller, locally-funded projects in a separate fund from larger projects funded in the RTA Development Fund. The Codified Rules designate separate funds for each to provide clarity between the RTA Capital Fund and the RTA Development Fund. The source of funding for RTA Capital Fund is primarily the Sales & Use Tax transferred from the General Fund. Projects fall into two categories: 1) Routine Capital for the purchase of non-revenue vehicles and small equipment and 2) Asset Maintenance, which includes small rehabilitation projects to maintain existing assets.

Policy Goal: 460.04(c) The RTA Development Fund consists of projects that are larger, generally greater than one-hundred-fifty thousand dollars (\$150,000) and have a useful life greater than five (5) years. These projects can be supported through local, federal, and state funding, of which, federal and state funding may require a local match.

***Rationale:*** The above section of the policy clarifies which fund within the Capital Improvement Fund is to be used for larger projects based on the criteria set forth.

***Implementation:*** The Codified Rules designate a separate fund for larger projects that have a useful life beyond five years. Projects funded at least in part through State or Federal grants are planned in the RTA Development Fund. The Authority has combined debt financing and direct allocations of Sales & Use Tax receipts to fulfill its local match financial commitment to the capital program. In 2026, the Sales Tax

Contribution to Capital is budgeted at 10.0%. The contribution projected for 2027 and 2028 is 10.0% each year.

---

Policy Goal: 460.04(d) The Authority will strive to take advantage of all available state and federal grants and other financing programs for capital improvements, including but not limited to, State of Ohio public transportation grants, Federal Highway Administration (FHWA) programs of the Federal Transit Administration (FTA), and the Federal Emergency Management Agency (FEMA).

***Rationale:*** Various ‘formula’ grants are usually allocated to systems based on service or demographic indicators. Discretionary grants are competitive and require the maintenance of positive relationships, solid planning, and well-conceived projects. The Authority strives to maximize grant funding to best leverage local funds to maintain a State of Good Repair (SOGR) in its capital assets. Furthermore, as more dollars are needed to support an aggressive Long-Range plan, the Authority will explore and secure other creative and non-traditional revenue sources to meet the needs of its capital program.

***Implementation:*** The limited availability of funding at the Federal, State, and Local levels means the Authority can only focus on the most essential and realistic capital projects during the 2027-2031 CIP development process and continue its focus on SOGR projects. The Authority received federal funding of \$130.0 million in 2023 from the Infrastructure Investment and Jobs Act (IIJA) for the [Rail Car Replacement Program](#). The Authority will continue to aggressively pursue and explore all non-traditional funding opportunities. Competitive grants such as Urban Transit Program (UTP), Ohio Transit Partnership Program (OTP2), Northeast Ohio Areawide Coordinating Agency Enhanced Mobility Program (NOACA 5310), Diesel Emission Reduction Grant (DERG), and Congestion Mitigation & Air Quality (CMAQ) can boost the ability to complete SOGR projects and preventive maintenance projects. Complete breakdown of the Capital Improvement Revenue by Source can be found in Figure 65: Capital Improvement Revenue by Source (Table).

---

Policy Goal: 460.04(e) Items that have a useful life in excess of one year and an acquisition cost in excess of five thousand dollars (\$5,000) are considered to be capital expenditures.

***Rationale:*** Transit remains a capital-intensive business and continued quality service relies solidly on maintenance of infrastructure and equipment. Investments must anticipate future service requirements and capacity.

***Implementation:*** This policy has been used in the past to develop the annual capital budget. The focus of the Authority’s capital program has been on achieving a SOGR through the maintenance, rehabilitation, and replacement or upgrade of existing capital assets rather than on expansion activities.

---

Policy Goal: 460.04(f) An amount of at least 10 percent of Sales Tax revenues shall be allocated to capital improvement on an annual basis. This amount shall be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.

**Rationale:** Capital assets such as facilities, equipment, and vehicles, are essential to the provision of transportation services. Although expensive to sustain, a regular capital investment program lowers operating and capital costs over the long term. The Federal Government funds a substantial portion of capital projects, but the Authority must have adequate local matching funds on hand to qualify for FTA grants.

**Implementation:** The Authority has combined debt financing and direct allocations of Sales & Use Tax receipts to fulfill its financial commitment to the capital program. The outstanding debt for the Authority totaled \$13.9 million in Sales Tax Revenue Bonds at the end of 2025. In 2026, the Sales Tax Contribution to Capital is budgeted at 10% to assist in the Capital Improvement Program and to pay debt premiums. The contribution to capital projected for 2027 and 2028 are both at 10%.

---

Policy Goal: 460.04(g) Recognizing that the capital program requires a critical balance between maintenance of existing assets and expansion efforts, the following policy objective will be used to develop the annual capital budget. The percentage goal of capital maintenance outlay to capital expansion outlay will be a minimum of 75% and maximum of 90%.

**Rationale:** Transit remains a capital-intensive business and continued quality service relies solidly on maintenance of infrastructure and equipment. Investments must anticipate future service requirements and capacity.

**Implementation:** This policy has been used in the past to develop the annual capital budget. The focus of the Authority’s capital program has been on achieving a SOGR through the maintenance, rehabilitation, and replacement or upgrade of existing capital assets rather than on expansion activities. At 100% for the FY 2026 budget, the Authority’s emphasis continues to be on maintaining and improving its assets rather than an expansion of the system. This measure is planned at 100% for 2027 and 2028, due to many SOGR capital maintenance projects including the bus improvement program, [rail car replacement program](#), reconstruction of heavy and light rail stations, and track infrastructure projects.

## DEBT FINANCING

The Authority infrequently issues General Obligation (GO) and Sales Tax supported bonds to meet the Authority’s needs. The Bond Retirement fund was set up to meet the annual obligations on the Authority’s outstanding debt. The Authority currently holds an “AAA” rating with S & P and an “Aa1” rating with Moody’s.

Ohio law permits the Authority to issue both voted and un-voted debt, and to levy ad valorem property taxes. Current obligations have not required the use of property taxes for debt service. Debt issuances are subject to three limitations as specified in the Ohio Revised Code and the Ohio Constitution. Since the Authority has not had any debt service backed by property tax revenue and has no plans to do so in the foreseeable future, this restriction does not impact the FY 2026 budget.

1. **RESTRICTION:** Total debt supported by voted and/or un-voted property taxes may not exceed 5% of the total assessed valuation of the property within the Authority’s territory (Cuyahoga County).

**IMPACT:** The provision is not currently applicable since debt obligations have not required the use of ad valorem property taxes for debt service payments. Further, the 1.50 mill limitation (based on the county’s assessed valuation of \$49.6 billion) is not currently restrictive in view of the Authority’s debt requirements.

2. **RESTRICTION:** Annual principal and interest payments on all un-voted general obligation (GO) bonds may not exceed one-tenth of one percent of the total assessed valuation.

**IMPACT:** Based on the 2024 valuation, the annual debt service capacity of one-tenth of one percent would be \$49.6 million. The Authority does not have any GO bonds outstanding.

3. **RESTRICTION:** The total amount of annual debt service on un-voted general obligation (GO) bonds issued by overlapping subdivisions is limited to ten mills of assessed valuation in each political subdivision. Overlapping subdivisions include Cuyahoga County and various municipalities, school districts, and townships within the taxing district.

**IMPACT:** The ten-mill limit provision pertains to all un-voted debt regardless of the source of payment and historically has been the most restrictive to the Authority. The required tax rate in mills for 2024 is less than 6.9 mills.

## BOND RETIREMENT FUND

The Bond Retirement Fund accounts for resources set aside for the payment of principal and interest in debt obligations. The principal outstanding debt for the Authority totaled \$13.9 million in Sales Tax Revenue bonds at the end of 2025, which will require principal and interest payments of \$7.6 million in 2026. GCRTA executed a bond defeasance in 2021 which eliminated approximately half of the Authority’s debt obligations. The outstanding debt (principal and interest) for the Authority has decreased from approximately \$144 million from year-end 2020. The remainder of existing debt is scheduled to expire in 2030. The debt defeasance allowed GCRTA to reduce interest payments and provide long-term financial stability.

## Bond Retirement Fund Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Transfers				
Transfer from the General Fund	\$ 9,184,042	\$ 6,804,800	\$ 2,902,958	\$ 1,447,000
<b>Total Transfers</b>	<b>9,184,042</b>	<b>6,804,800</b>	<b>2,902,958</b>	<b>1,447,000</b>
Other Revenues				
Investment Income	190,492	120,000	100,000	100,000
<b>Total Other Revenues</b>	<b>190,492</b>	<b>120,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Revenues</b>	<b>9,374,534</b>	<b>6,924,800</b>	<b>3,002,958</b>	<b>1,547,000</b>
<b>Expenditures</b>				
Debt Service				
Principal	8,355,000	6,935,000	2,795,000	1,340,000
Interest	1,115,500	697,750	351,000	211,250
<b>Total Debt Service</b>	<b>9,470,500</b>	<b>7,632,750</b>	<b>3,146,000</b>	<b>1,551,250</b>
Other Expenditures				
Other Expenditures	1,500	1,500	1,500	1,500
<b>Total Other Expenditures</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Total Expenditures</b>	<b>9,472,000</b>	<b>7,634,250</b>	<b>3,147,500</b>	<b>1,552,750</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(97,466)	(709,450)	(144,542)	(5,750)
Beginning Balance	1,308,786	1,211,320	501,870	357,328
<b>Projected Ending Balance</b>	<b>\$ 1,211,320</b>	<b>\$ 501,870</b>	<b>\$ 357,328</b>	<b>\$ 351,578</b>

Figure 35 – Bond Retirement Fund Balance Analysis

The policy of the Authority is to set aside sales tax resources to be transferred monthly to a segregated bond retirement fund in an amount sufficient to meet the current year’s annual principal and semiannual interest obligations. 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 always remains relatively low.

Long-term debt for the Authority consists of Sales Tax Revenue Supported bonds. In 2026, a transfer of \$6.8 million will be required from the General Fund to cover the current overall debt service of the Authority. For 2027 through 2028, transfers of \$2.9 million and \$1.5 million, respectively are planned.

The following chart displays the outstanding debt of the Authority and the interest and principal due each year of the schedule. The debt obligations total \$15.4 million to be paid by FY 2030 including \$14.0 million principal and \$1.5 million interest payments. The debt repayment schedule for FY 2026 totals \$7.6 million combined for principal and interest.

GCRTA Debt Schedule (in millions)

Debt Series	Series 2015		Series 2016		Series 2019		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
FY 2026	\$4,275,000.00	\$ 213,750.00	\$1,445,000.00	\$ 148,250.00	\$1,215,000.00	\$ 335,750.00	\$ 6,935,000.00	\$ 697,750.00
FY 2027			\$1,520,000.00	\$ 76,000.00	\$1,275,000.00	\$ 275,000.00	\$ 2,795,000.00	\$ 351,000.00
FY 2028					\$1,340,000.00	\$ 211,250.00	\$ 1,340,000.00	\$ 211,250.00
FY 2029					\$1,405,000.00	\$ 144,250.00	\$ 1,405,000.00	\$ 144,250.00
FY 2030					\$1,480,000.00	\$ 74,000.00	\$ 1,480,000.00	\$ 74,000.00
Total	\$4,275,000.00	\$ 213,750.00	\$2,965,000.00	\$ 224,250.00	\$6,715,000.00	\$1,040,250.00	\$ 13,955,000.00	\$ 1,478,250.00
Total Debt		\$4,488,750.00		\$3,189,250.00		\$7,755,250.00		\$ 15,433,250.00

Figure 36 – Debt Schedule

**FINANCIAL POLICIES – BOND RETIREMENT FUND**

Policy Goal: 460.05(a) The Bond Retirement Fund will be used to provide the funds necessary for the payment of principal and interest on debt obligations is deposited in the Bond Retirement Fund.

**Rationale:** It is the intent of the Authority to issue debt in a manner that adheres to State and Federal laws and prudent financial management principles.

**Implementation:** The Authority has issued debt sparingly due to the benefits of Federal and State grant funding. The last debt issuance was made in 2019 for \$30 million. With CARES Act, CRRSAA and ARPA covering operating needs, extra Sales & Use Tax funding was used for a debt defeasance to reduce debt obligations by approximately half and increase financial security. In 2021, GCRTA defeased approximately \$57.7 million of debt. The remaining debt is scheduled to expire in 2030.

Policy Goal: 460.05(b) Each month, Sales and Use Tax revenues in an amount, together with anticipated investment earnings on the amounts deposited, calculated to accumulate sufficient funds to meet the next ensuing principal and interest payments due on the Authority’s un-voted general obligation notes and bonds, is deposited in the Bond Retirement Fund. The balance in that Fund will drop to near zero balance once each year in conformance with Federal tax law restrictions on arbitrage earnings.

**Rationale:** It is the intent of the Authority to issue debt in a manner that adheres to State and Federal laws and prudent financial management principles.

**Implementation:** Total outstanding debt for the Authority totaled \$15.4 million in Sales Tax Supported bonds at the end of 2025. Principal and interest payments are budgeted at \$7.6 million in 2026, \$3.2 million in 2027, and \$1.6 million in 2028. The ending balance needed in each fiscal year will cover 1/12 of the principal and 1/6 of the interest for the following fiscal year. In FY 2026, the ending balance needed is approximately \$1.0 million.



## 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.

### Insurance Fund Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Transfer from General Fund	\$ 3,000,000	\$ 2,000,000	\$ 2,500,000	\$ 2,500,000
Investment Income	289,641	250,000	100,000	100,000
<b>Total Revenues</b>	<b>3,289,641</b>	<b>2,250,000</b>	<b>2,600,000</b>	<b>2,600,000</b>
<b>Expenditures</b>				
Claims and Premium Outlay	2,112,815	3,250,000	3,300,000	3,350,000
<b>Total Expenditures</b>	<b>2,112,815</b>	<b>3,250,000</b>	<b>3,300,000</b>	<b>3,350,000</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	1,176,826	(1,000,000)	(700,000)	(750,000)
Beginning Balance	7,509,651	8,686,476	7,686,476	6,986,476
<b>Projected Ending Balance</b>	<b>\$ 8,686,476</b>	<b>\$ 7,686,476</b>	<b>\$ 6,986,476</b>	<b>\$ 6,236,476</b>

Figure 37 – Insurance Fund Balance Analysis

A transfer of \$3.0 million was needed in 2025, and \$2.0 million in 2026, to meet the industry-wide premium increases while maintaining the \$5.0 million ending balance. For 2027 and 2028, a transfer of \$2.5 million is planned.

## FINANCIAL POLICIES- INSURANCE FUND

**Policy Goal: 460.06(b)** The Authority is insured through both self-insurance and purchased insurance. Purchased insurance for property and equipment losses as well as for liability is to be purchased on the open insurance market. The basis for the Insurance Fund structure and minimum balance shall be determined annually by the Director of Risk Management.

***Rationale:*** The Authority desires to save funds by implementing the most appropriate balance of insurance to address claims. Sufficient resources must be set aside to provide security against business risk, for major property claims, and to purchase specified insurance.

***Implementation:*** The General and Insurance Funds provide for the payment of the insurance purchased on the open market. The Insurance Fund includes a mix of self- and purchased- insurance. For 2026, \$3.3 million is budgeted for Casualty Insurance and Excise tax, claims and liability payments, insurance broker fees, and other related expenditures.

**Policy Goal: 460.06(c)** The minimum balance to be maintained in the Insurance Fund shall be determined by the Risk Manager on an annual basis taking into consideration the balance between self-insurance and purchased-insurance requirements. Upon attaining the required minimum balance, additional funds will be allotted to the Insurance Fund during the annual budgeting process based on the results of periodic actuarial studies of the Fund to assess its sufficiency.



**Rationale:** The intent is to ensure that reserves and insurance levels are sufficient to cover extraordinary or catastrophic losses. The periodic evaluations will determine the sufficiency of the Fund and the cost-effectiveness of maintaining a self-insurance program versus obtaining coverage externally.

**Implementation:** Ordinary and routine losses are paid through the Legal and Risk Management Departments’ General Fund Budgets, whereas claims and insurance premiums for catastrophic and extraordinary losses are budgeted in the Insurance Fund. The Risk Manager’s requirements depend on the insurance provider’s requirements. For 2026, the required minimum balance is \$5.0 million. Expenditures are projected at \$3.3 million. A transfer of \$2.0 million is needed from the General Fund to maintain the \$5.0 million balance. The budgeted ending balance is \$7.7 million and meets the policy goal.

**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 retirement benefits relating primarily to certain retired employees of the Authority and its predecessor transit systems.

The last study was completed in 2021 and determined that there are sufficient funds for remaining pension obligations. For 2026, expenditures of \$9,000 are budgeted. Expenditures are planned to remain at \$9,000 for 2027 and 2028.

**Supplemental Pension Fund Balance Analysis**

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Investment Income	\$ 65,220	\$ 50,000	\$ 25,000	\$ 23,000
<b>Total Revenues</b>	<b>65,220</b>	<b>50,000</b>	<b>25,000</b>	<b>23,000</b>
<b>Expenditures</b>				
Benefit Payments	5,740	9,000	9,000	9,000
<b>Total Expenditures</b>	<b>5,740</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	59,480	41,000	16,000	14,000
Beginning Balance	1,474,944	1,534,424	1,575,424	1,591,424
<b>Projected Ending Balance</b>	<b>\$ 1,534,424</b>	<b>\$ 1,575,424</b>	<b>\$ 1,591,424</b>	<b>\$ 1,605,424</b>

Figure 38 – Supplemental Pension Fund Balance Analysis

**FINANCIAL POLICIES- SUPPLEMENTAL PENSION FUND**

Policy Goal: 460.07(c) The Authority will determine the amounts required to meet expected obligations of the Supplemental Pension Fund. Any additional funds determined to be needed will be allocated during the annual budgeting process of the Authority. Any excess funds may be transferred to the revenue stabilization fund.



**Rationale:** A periodic evaluation of the pension amount ensures that the Authority has adequate funds to meet expected obligations.

**Implementation:** The Supplemental Pension Fund contains assets held in trust for the payment of pension benefits to certain retired employees of the Authority. Provisions of the plan are delineated in the agreement between RTA and the Amalgamated Transit Union (ATU). Policy Goal 460.07(c) was amended in 2025 to remove the requirement for a biennial actuarial evaluation because the Supplemental Pension Fund has been determined to be adequately funded for its duration. The obligations have decreased over time and are projected to remain below \$9,000 per year.

## LAW ENFORCEMENT FUND

In 1988, GCRTA joined 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 public 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.

### Law Enforcement Trust Fund Balance Analysis

	FY 2025	FY 2026	FY 2027	FY 2028
	Actual	Budget	Plan	Plan
<b>Revenues</b>				
Law Enforcement Revenue	\$ 15,000	\$ 15,000	\$ 10,000	\$ 10,000
Investment Income	6,092	5,000	5,000	
<b>Total Revenues</b>	<b>21,092</b>	<b>20,000</b>	<b>15,000</b>	<b>10,000</b>
<b>Expenditures</b>				
Capital & Related Expenditures	24,649	25,000	25,000	25,000
<b>Total Expenditures</b>	<b>24,649</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(3,557)	(5,000)	(10,000)	(15,000)
Beginning Balance	288,909	285,353	280,353	270,353
<b>Projected Ending Balance</b>	<b>\$ 285,353</b>	<b>\$ 280,353</b>	<b>\$ 270,353</b>	<b>\$ 255,353</b>

Figure 39 – Law Enforcement Trust Fund Balance Analysis

Revenue obtained through the Task Force can be expended for non-budgeted police items. Certain guidelines have been instituted by the State Attorney General’s Office for the reporting and disbursement of these 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.

For 2026, total revenues are budgeted at \$20,000. The planned revenue budget will decrease to \$15,000 for 2027 and \$10,000 for 2028. For 2026, expenditures of \$25,000 are budgeted. Expenditures are planned to remain at \$25,000 for the years 2027 and 2028.



## FINANCIAL POLICIES – LAW ENFORCEMENT FUND

Policy Goal: 460.08(b) The expenditure of monies from the Law Enforcement Fund shall be in accordance with the guidelines established by the United States Attorney General on seizure and forfeiture of property and shall be limited to expenditures not otherwise budgeted.

***Rationale:*** The funds are restricted by state law which prohibits the funds from being used to supplant the budget, and all expenditures of those funds must adhere to legal requirements on purposes and usage.

***Implementation:*** The Law Enforcement Fund had expenditures of \$24,649 in 2025 to purchase vehicles and other non-budgeted items. The 2026 budget provides expenditure authority of \$25,000.

## 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 the 27th pay period that occurs every 11 to 12 years for each pay group, and reserve local funding needed for rolling stock replacement, specifically, rail cars in 2021 through 2026. In 2021, the Authority added a sub-fund for Revenue Stabilization. In 2025, the Authority added a sub-fund for Transit-oriented Development which will be initially funded in 2026.

The total 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.
- Reserve for Transit-oriented Development: provides funding for transit-oriented development projects using proceeds from the sale of real property.

## Reserve Fund Balance Analysis

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Revenues</b>				
Transfers				
Transfer from GF for Rolling Stock Reserve	\$ 10,000,000	\$ -	\$ -	\$ 5,000,000
Transfer from GF for 27th Pay	878,615	800,000	800,000	800,000
<b>Total Transfers</b>	<b>10,878,615</b>	<b>800,000</b>	<b>800,000</b>	<b>5,800,000</b>
Other Revenue				
Investment Income	4,999,093	4,500,000	4,000,000	3,500,000
<b>Total Other Revenue</b>	<b>4,999,093</b>	<b>4,500,000</b>	<b>4,000,000</b>	<b>3,500,000</b>
<b>Total Revenues</b>	<b>15,877,708</b>	<b>5,300,000</b>	<b>4,800,000</b>	<b>9,300,000</b>
<b>Expenditures</b>				
Transfers				
Transfer to RTA Development Fund for Rolling Stock Reserve	10,000,000	-	-	5,000,000
Transfer to GF for Revenue Stabilization	45,000,000	44,000,000	32,500,000	-
<b>Total Transfers</b>	<b>55,000,000</b>	<b>44,000,000</b>	<b>32,500,000</b>	<b>5,000,000</b>
<b>Total Expenditures</b>	<b>55,000,000</b>	<b>44,000,000</b>	<b>32,500,000</b>	<b>5,000,000</b>
Excess/(Deficiency) of Total Revenues over Total Expenditures	(39,122,292)	(38,700,000)	(27,700,000)	4,300,000
Projected Beginning Balance	136,949,309	97,827,017	\$ 59,127,017	\$ 31,427,017
<b>Projected Ending Balance</b>	<b>\$ 97,827,017</b>	<b>\$ 59,127,017</b>	<b>\$ 31,427,017</b>	<b>\$ 35,727,017</b>

Figure 40 – Reserve Fund Balance Analysis

As long as a reserve goal is met, no additional transfers are required. During a budget year, if expenses exceed the budget, funding can be transferred from one Reserve Fund sub-fund to another or back to the General Fund.

### REVENUES

#### *transfers from other funds to Reserve Fund*

In 2025 \$10 million was transferred from the General Fund to the Reserve Fund for the Rolling Stock Reserve and \$0.88 million for the 27<sup>th</sup> Pay. The 2026 and 2027 budgets have no transfers planned from the General Fund to the Rolling Stock Reserve and \$0.8 million from the General Fund to 27<sup>th</sup> Pay Reserve. The Rolling Stock Reserve is used to systematically replace aging revenue vehicles, and the 27<sup>th</sup> Pay Reserve is used for the one additional pay period that occurs for each pay group roughly every 11 to 12 years.

The 2026 Reserve Fund budget for investment income revenues is \$4.5 million and estimated at \$4.0 million and \$3.5 million in 2027 and 2028 respectively.

### EXPENDITURES

#### *transfers from Reserve Fund to other funds*

In 2025, a transfer of \$10.0 million was made from the Reserve Fund to the RTA Development Fund for Rolling Stock for scheduled vehicle replacement. The next planned transfer from the Reserve Fund to the RTA Development Fund is \$5 million in 2028. In 2026, \$44.0 million is budgeted to be transferred to the General Fund for Revenue Stabilization to protect against substantial decreases in revenues, and a

transfer of \$32.5 million is planned for 2027 with nothing planned for 2028. A transfer of \$45.0 million occurred in 2025.

	FY 2025 Actual	FY 2026 Budget	FY 2027 Plan	FY 2028 Plan
<b>Rolling Balances</b>				
Compensated Absences	\$ 3,237,289	\$ 3,339,916	\$ 3,472,284	\$ 3,669,989
Fuel	3,071,672	3,169,050	3,294,646	3,482,236
Hospitalization	2,555,239	2,636,245	2,740,725	2,896,776
Rolling Stock Reserve	35,189	36,304	37,743	39,892
27th Pay	8,187,123	9,218,814	10,353,574	11,699,278
Revenue Stabilization	80,740,505	40,726,688	11,528,046	13,938,846
<b>Total</b>	<b>\$ 97,827,017</b>	<b>\$ 59,127,017</b>	<b>\$ 31,427,017</b>	<b>\$ 35,727,017</b>

Figure 41 – Reserve Fund Rolling Balances

\*The Reserve Fund for Transit Oriented Development will be established in 2026

## FINANCIAL POLICIES – RESERVE FUND

Policy Goal: 460.03(a) A Reserve Fund containing sub-accounts may be established and maintained to protect the Authority from economic downturns.

**Rationale:** The Authority recognizes that there are areas in which dollars must be set aside, or reserved, to ensure adequate dollars are available to continue operation and meet its obligations.

**Implementation:** Seven sub-funds have been created that make up the Reserve Fund. These include funding for fuel, compensated absences, hospitalization, 27<sup>th</sup> pay, rolling stock, transit-oriented development, and revenue stabilization. The ending balance for 2026 is budgeted at \$59.1 million.

Policy Goal: 460.03(b)(1) Reserve for Fuel

**Rationale:** Annual savings that result when actual expenditures are less than the budgeted line item for fuel may be placed in this sub-account to protect the Authority from a significant and continuing rise in fuel prices.

**Implementation:** From FY 2026 through 2028, GCRTA does not plan to add any additional funds to the Fuel reserve outside of regular investment income. The FY 2026 budgeted balance is \$3.2 million dollars.

Policy Goal: 460.03(b)(2) Reserve for Compensated Absences

**Rationale:** Excess funds from the General Fund may be placed in this sub-fund to ensure payment to employees for vacation time that has been earned as authorized by ORC § 5705.13(B). This reserve shall not exceed twenty-five percent of the accrued liability for compensated absences.

**Implementation:** From FY 2026 through 2028, GCRTA does not plan to add any additional funds to the compensated absences fund outside of regular investment income. The FY 2026 budgeted balance is \$3.3 million dollars.



---

Policy Goal: 460.03(b)(3) Reserve for Hospitalization

***Rationale:*** Excess funds from the General Fund may be placed in this sub-Fund to protect against any substantial cost increases from unfunded mandates or costs for any catastrophic illnesses. The reserve shall not exceed 10% of annual hospitalization costs.

***Implementation:*** From FY 2026 through 2028, GCRTA does not plan to add any additional funds to the hospitalization fund. The FY 2026 budgeted balance is \$2.6 million dollars.

---

Policy Goal: 460.03(b)(4) Reserve for 27th Payroll Expenses

***Rationale:*** The Authority has two different payroll cycles; one for hourly employees and the other for salaried employees. Within each cycle, there is an extra pay date (27<sup>th</sup> payroll expense) that occurs every eleven to twelve years. This reserve shall be funded to the best of the Authority's ability in order to plan for this additional payroll expense as authorized by ORC § 5705.13(B).

***Implementation:*** The 2026 budget has a \$800,000 transfer from the General Fund and an ending balance of \$9.2 million dollars. The most recent 27<sup>th</sup> occurred in FY 2025 for hourly employees.

---

Policy Goal: 460.03(b)(5) A Rolling Stock Replacement Fund

***Rationale:*** Account to set aside funds to systematically replace aging revenue vehicles. Funds should be amassed in this replacement fund and then transferred to the Capital Improvement Fund to assist in meeting this major capital requirement.

***Implementation:*** In 2017, the Authority began setting aside funds into the Rolling Stock Replacement Fund. In 2021, 439 million dollars was transferred from the Rolling Stock Replacement Fund to the RTA Development Fund, and transfers of at least \$10 million each year have occurred since then. A \$5 million transfer is planned for 2028. The ending balance is budgeted at \$0.03 million.

---

Policy Goal: 460.03(b)(6) Reserve for Revenue Stabilization

***Rationale:*** Account to set aside funds to protect against substantial decreases in revenues. Funds should be amassed in this stabilization fund and then transferred to the General Fund when needed to maintain a one-month ending balance.

***Implementation:*** The Board of Trustees established this reserve fund in late 2021 to provide additional resilience to revenue volatility and allow GCRTA to have the resources available to maintain essential services to the community despite revenue fluctuations and economic downturns. Volatility was seen several years ago during the COVID-19 pandemic in Passenger Fare revenue and Sales and Use Tax. For FY 2026, the budgeted balance is \$40.7 million. A transfer of \$45.0 million to the General Fund occurred in 2025 and transfers of \$44.0 million and \$32.5 million are planned for 2026 and 2027 respectively to ensure a one-month ending balance in the General Fund. No transfer is planned for 2028.

This financial policy was revised in late 2025 to require that the reserve maintain at least a fifteen-day ending balance in the revenue stabilization fund. Current estimates do not show that 2028 will end with both a one-month reserve in the General Fund and a fifteen day reserve in the Revenue Stabilization

Fund, however the Authority is pursuing efficiencies and cost savings, including service reductions, to maintain the required ending balances.

---

Policy Goal: 460.03(b)(7) Reserve for Transit-oriented Development

***Rationale:*** Account to set aside funds to maintain funds received from the sale of real property to be held for use in transit-oriented development projects to support development projects.

***Implementation:*** The Board of Trustees established this reserve fund in late 2025 to provide a reserve to hold funds dedicated to transit-oriented development (TOD) projects. TOD benefits transit riders and surrounding communities and promotes transit as a primary means of transportation. The reserve for TOD does not have anything budgeted yet but will likely receive revenues from the sale of real property starting in 2026.