2025 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.

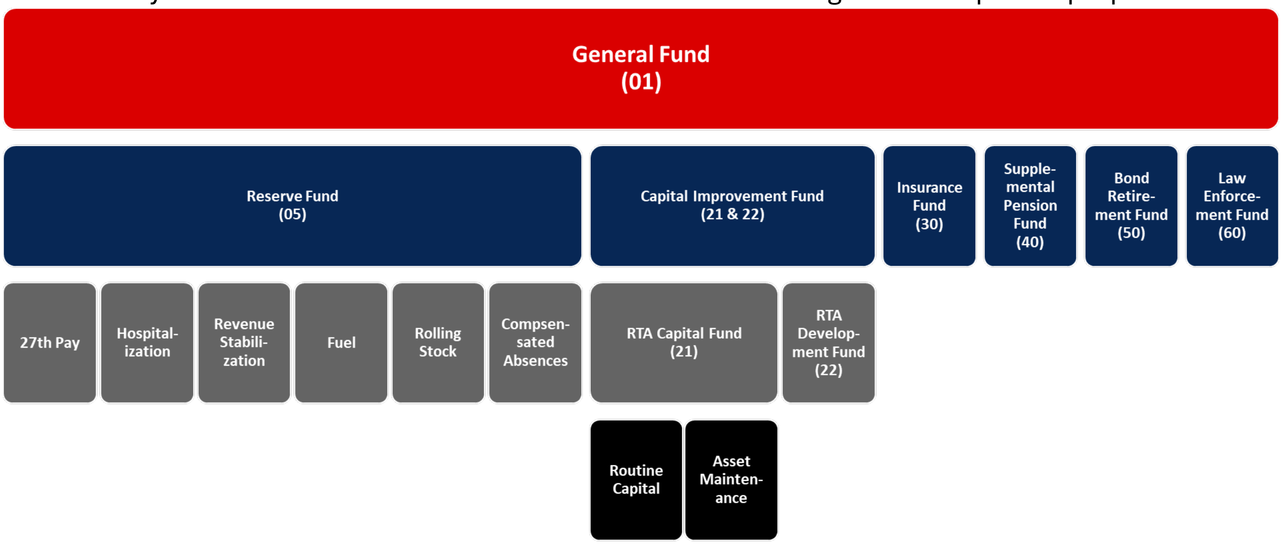

Figure 26

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.

$$Beginning\ Balance + Current\ Revenues = \boldsymbol{Total\ Resources}$$
$$Total\ Resources - Total\ Current\ Expenditures = \boldsymbol{Available\ Ending\ Balance}\ (\boldsymbol{Fund\ Balance})$$

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 2025 All Funds forecast is $317.6 million in available ending balance.

All Funds Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Operating Revenues					
Passenger Fares	$ 30,656,522	$ 32,917,906	$ 32,000,000	$ 33,400,000	$ 34,500,000
Advertising & Concessions	1,579,775	1,312,416	2,062,000	2,062,000	2,062,000
Naming Rights	432,800	308,997	485,300	485,300	485,300
Investment Income	6,358,672	16,768,766	10,335,000	8,333,000	7,281,000
Total Operating Revenues	**39,027,769**	**51,308,085**	**44,882,300**	**44,280,300**	**44,328,300**
Non-Operating Revenues					
Sales & Use Tax	263,529,810	264,667,704	267,500,000	272,000,000	276,100,000
Reimbursed Expenditures	12,538,128	13,193,480	5,000,000	13,270,000	23,900,000
Federal Revenue	71,876,582	92,498,466	120,939,575	102,611,773	82,547,867
State Revenue	41,116,997	639,712	20,000,000	20,000,000	15,000,000
Other Non-Operating Revenue	28,166,130	525,989	36,015,000	26,515,000	1,510,000
Total Non-Operating Revenues	**417,227,647**	**371,525,351**	**449,454,575**	**434,396,773**	**399,057,867**
Total Revenues	**456,255,416**	**422,833,437**	**494,336,875**	**478,677,073**	**443,386,167**
Expenditures					
Operating Expenditures					
Salaries & Overtime	172,527,000	170,628,006	181,582,000	180,598,230	185,151,874
Payroll Taxes & Fringes	63,509,960	65,609,395	66,164,000	65,979,520	67,810,896
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	9,300,000	8,379,915	9,867,000	8,882,021	8,972,000
Utilities	3,300,000	3,683,627	4,286,000	4,188,440	4,244,440
Inventory	13,900,000	15,249,778	13,000,000	13,000,000	13,000,000
Services, Materials & Supplies	23,800,000	23,436,074	25,528,000	22,126,792	22,161,617
Purchased Transportation	17,400,000	15,795,313	16,697,000	17,030,930	17,450,000
Other Expenditures	6,700,000	6,299,704	6,678,000	7,056,356	7,079,556
Total Operating Expenditures	**310,436,960**	**309,081,810**	**323,802,000**	**318,862,289**	**325,870,383**
Non-Operating Expenditures					
Capital Outlay	247,777,170	99,471,003	181,740,767	135,534,452	121,440,343
Debt Service	9,476,450	9,476,450	9,470,500	7,632,750	3,146,000
Other Expenditures	3,138,500	2,061,215	3,135,500	3,335,500	3,535,500
Total Non-Operating Expenditures	**260,392,120**	**111,008,668**	**194,346,767**	**146,502,702**	**128,121,843**
Total Expenditures	**570,829,080**	**420,090,479**	**518,148,767**	**465,364,991**	**453,992,226**
Excess/(Deficiency) of Total Revenues over Total Expenditures	(114,573,664)	2,742,958	(23,811,892)	13,312,082	(10,606,059)
Beginning Balance	440,574,517	440,574,517	469,838,269	446,026,377	459,338,459
Estimated Available Ending Balance	**$ 326,000,853**	**$ 443,317,475**	**$ 446,026,377**	**$ 459,338,459**	**$ 448,732,400**

Figure 27

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 21, 2021. 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.

Goal	Value
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%

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 2025, resources total $835.8 million (current budgeted revenues of $494.3 million plus a beginning balance of $341.5 million). Total budgeted expenditures for 2025 is $518.1 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 contained, 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 2025 General Fund, which exclude transfers to other funds, are $323.8 million, which represents an increase of 4.3% over the 2024 amended budget and an increase of

4.8% over the 2024 expense. The 2025 budget includes an increase in service hours of 14% due to increasing demand for Paratransit services. The inflation rate for 2025 is projected to be 2.2%. 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, 2024, GCRTA's investment portfolio was comprised of:

Financial Instrument	**Average Maturity**
Money Market Account	3 days
Key Bank Sweep Account	1 day
State Treasury Asset Reserve of Ohio (STAR Ohio)	1 day
Earnings Credit Rate Account	1 day
US Government Securities	328 days

GCRTA's average yield on its portfolio during 2024 was 4.45%. This is 51 basis points below the performance standard yield of 4.96% and 36 basis points below the market average yield of 4.81%. The 2025 investment income is budgeted at $10,335,000.

2025 Funds Budgeted Summary

	General Fund	RTA Development Fund	RTA Capital Fund	Bond Retirement Fund	Insurance Fund	Supplemental Pension Fund	Law Enforcement Fund	Reserve Fund	Total of All Funds
		RESTRICTED FUNDS							
		CAPITAL FUNDS							
Revenues									
Operating Revenues									
Passenger Fares	$ 32,000,000								$ 32,000,000
Advertising & Concessions	2,062,000								2,062,000
Naming Rights	485,300								485,300
Investment Income	1,000,000	$ 1,000,000	$ 100,000	$ 100,000	$ 100,000	$ 30,000	$ 5,000	$ 8,000,000	10,335,000
Total Operating Revenues	**35,547,300**	**1,000,000**	**100,000**	**100,000**	**100,000**	**30,000**	**5,000**	**8,000,000**	**44,882,300**
Non-Operating Revenues									
Sales & Use Tax	267,500,000								267,500,000
Reimbursed Expenditures	5,000,000								5,000,000
Federal		120,939,575							120,939,575
State		20,000,000							20,000,000
Bond Proceeds									
Other Non-Operating Revenue	1,500,000	34,500,000					15,000		36,015,000
Total Non-Operating Revenues	**274,000,000**	**175,439,575**					**15,000**		**449,454,575**
Transfers									
Transfer from General Fund			18,074,438	9,184,042	3,000,000			10,878,615	
Transfer from RTA Capital Fund		15,500,000							
Transfer from Reserve Fund									
For Compensated Absences	-								
For Fuel	-								
For Hospitalization	-								
For Rolling Stock Reserve		10,000,000							
For 27th Pay	4,500,000								
For Revenue Stabilization	50,500,000								
Total Transfers	**55,000,000**	**25,500,000**	**18,074,438**	**9,184,042**	**3,000,000**	**-**	**-**	**10,878,615**	
Total Revenues	**364,547,300**	**201,939,575**	**18,174,438**	**9,284,042**	**3,100,000**	**30,000**	**20,000**	**18,878,615**	**494,336,875**
Expenditures									
Operating Expenditures									
Salaries & Overtime	181,582,000								181,582,000
Payroll Taxes & Fringes	66,164,000								66,164,000
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	9,867,000								9,867,000
Utilities	4,286,000								4,286,000
Inventory	13,000,000								13,000,000
Services, Materials & Supplies	25,528,000								25,528,000
Purchased Transportation	16,697,000								16,697,000
Other Expenditures	6,678,000								6,678,000
Total Operating Expenditures	**323,802,000**								**323,802,000**
Non-Operating Expenditures									
Capital Outlay		177,102,767	4,638,000						181,740,767
Debt Service (Principal & Interest)				9,470,500					9,470,500
Other Expenditures				1,500	3,100,000	9,000	25,000		3,135,500
Total Non-Operating Expenditures	**-**	**177,102,767**	**4,638,000**	**9,472,000**	**3,100,000**	**9,000**	**25,000**		**194,346,767**
Sub-Total Expenditures	**323,802,000**	**177,102,767**	**4,638,000**	**9,472,000**	**3,100,000**	**9,000**	**25,000**		**518,148,767**
Revenues less Expenditures	**40,745,300**	**24,836,808**	**13,536,438**	**(187,958)**	**-**	**21,000**	**(5,000)**	**18,878,615**	**(23,811,892)**
Transfers to Other Funds									
Transfer to General Fund									
Transfer to Insurance Fund	3,000,000								
Transfer to Supplemental Pension Fund	-								
Transfer to Bond Retirement Fund	9,184,042								
Transfer to RTA Capital Fund	18,074,438								
Transfer to RTA Development Fund			15,500,000						
Transfer to Reserve Fund									
For Rolling Stock Reserve	10,000,000							10,000,000	
For 27th Pay	878,615							4,500,000	
For Revenue Stabilization								50,500,000	
Total Transfers to Other Funds	**41,137,095**		**15,500,000**					**65,000,000**	
Total Expenditures	**364,939,095**	**177,102,767**	**20,138,000**	**9,472,000**	**3,100,000**	**9,000**	**25,000**	**65,000,000**	**518,148,767**
Excess/(Deficiency) of Total Revenues over Total Expenditures	(391,795)	24,836,808	(1,963,562)	(187,958)	-	21,000	(5,000)	(46,121,385)	(23,811,892)
Beginning Balance	**33,023,402**	**283,927,386**	**5,358,980**	**1,308,786**	**7,509,651**	**1,471,847**	**288,909**	**136,949,309**	**469,838,269**
Available Ending Balance	**$ 32,631,607**	**$ 308,764,194**	**$ 3,395,418**	**$ 1,120,828**	**$ 7,509,651**	**$ 1,492,847**	**$ 283,909**	**$ 90,827,924**	**$ 446,026,377**

Figure 28

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.) 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 2025, resources total $401.3 million (current budgeted revenues of $364.5 million plus a beginning balance of $36.8 million). Total budgeted expenditures for 2025 is $364.9 million, which is within the resources available. The available ending balance of $33.6 million, represents a 1.2 month reserve which meets the one-month reserve requirement.

General Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Operating Revenues					
Passenger Fares	$ 30,656,522	$ 32,917,906	$ 32,000,000	$ 33,400,000	$ 34,500,000
Advertising & Concessions	1,579,775	1,312,416	2,062,000	2,062,000	2,062,000
Naming Rights	432,800	308,997	485,300	485,300	485,300
Investment Income	1,013,672	1,972,742	1,000,000	1,000,000	950,000
Total Operating Revenues	**33,682,769**	**36,512,061**	**35,547,300**	**36,947,300**	**37,997,300**
Non-Operating Revenues					
Sales & Use Tax	263,529,810	264,667,704	267,500,000	272,000,000	276,100,000
Reimbursed Expenditures	12,538,128	13,193,480	5,000,000	13,270,000	23,900,000
Other Non-Operating Revenue	1,625,336	505,989	1,500,000	1,500,000	1,500,000
Transfers from the Reserve Fund - Other Sub-Funds	1,644,837	1,644,837	4,500,000	-	-
Transfer from Reserve Fund - Revenue Stabilization	30,000,000	30,000,000	50,500,000	39,000,000	24,500,000
Total Non-Operating Revenues	**309,338,111**	**310,012,010**	**329,000,000**	**325,770,000**	**326,000,000**
Total Revenues	**343,020,880**	**346,524,071**	**364,547,300**	**362,717,300**	**363,997,300**
Expenditures					
Operating Expenditures					
Salaries & Overtime	172,527,000	170,628,006	181,582,000	180,598,230	185,151,874
Payroll Taxes & Fringes	63,509,960	65,609,395	66,164,000	65,979,520	67,810,896
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	9,300,000	8,379,915	9,867,000	8,882,021	8,972,000
Utilities	3,300,000	3,683,627	4,286,000	4,188,440	4,244,440
Inventory	13,900,000	15,249,778	13,000,000	13,000,000	13,000,000
Services, Materials & Supplies	23,800,000	23,436,074	25,528,000	22,126,792	22,161,617
Purchased Transportation	17,400,000	15,795,313	16,697,000	17,030,930	17,450,000
Other Expenditures	6,700,000	6,299,704	6,678,000	7,056,356	7,079,556
Total Operating Expenditures	**310,436,960**	**309,081,810**	**323,802,000**	**318,862,289**	**325,870,383**
Revenues less Operating Expenses	**32,583,920**	**37,442,261**	**40,745,300**	**43,855,011**	**38,126,917**
Transfers to Other Funds					
Transfers to/from Insurance Fund	2,500,000	2,500,000	3,000,000	3,000,000	3,000,000
Transfers to/from Reserve Fund	10,878,615	10,878,615	10,878,615	10,878,615	5,878,615
Transfers to/from Capital					
Transfers to/from Bond Retirement Fund	9,346,959	9,346,959	9,184,042	6,731,911	2,902,958
Transfers to/from Capital Improvement Fund	17,483,041	17,483,041	18,074,438	20,468,089	24,707,042
Total Transfes to/from Capital	**26,830,000**	**26,830,000**	**27,258,480**	**27,200,000**	**27,610,000**
Total Transfers to/from Other Funds	**40,208,615**	**40,208,615**	**41,137,095**	**41,078,615**	**36,488,615**
Total Expenditures	**350,645,575**	**349,290,425**	**364,939,095**	**359,940,904**	**362,358,998**
Excess/(Deficiency) of Total Revenues over Total Expenditures	(7,624,695)	(2,766,354)	(391,795)	2,776,396	1,638,302
Beginning Balance	36,763,593	36,763,593	33,997,239	33,605,444	36,381,840
Projected Ending Balance	**$ 29,138,898**	**$ 33,997,239**	**$ 33,605,444**	**$ 36,381,840**	**$ 38,020,142**
# Months Reserves - Estimated	**1.1**	**1.3**	**1.2**	**1.4**	**1.4**
Less Estimated Ending Encumbrances					

Figure 29

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[1]	1.0%
State of Ohio	5.75%
Cuyahoga County	1.25%
Total Sales Tax	8.0%

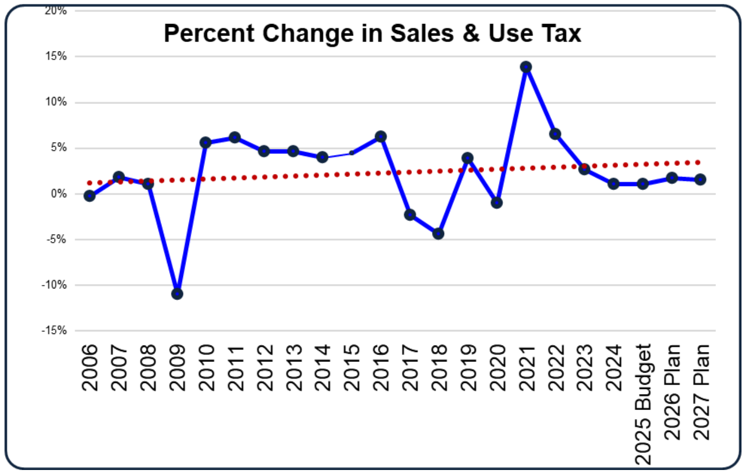

Figure 30

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).

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 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.

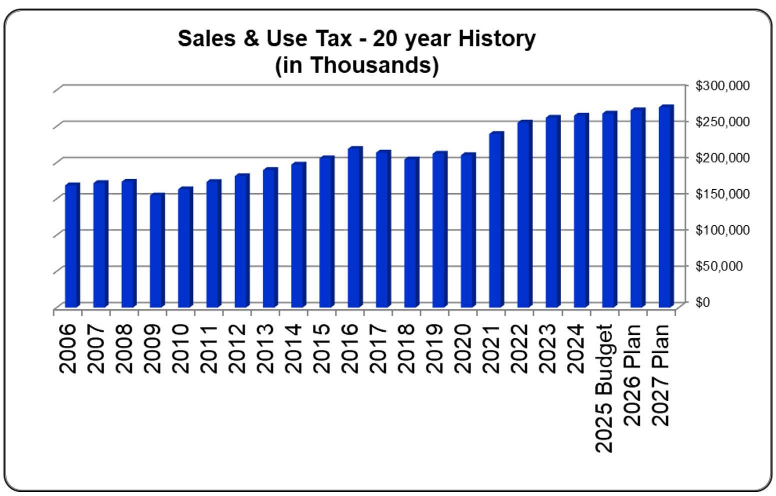

Figure 31

The 2025 General Fund budget was approved on December 17, 2024. Revenues budgeted for 2025 were based on actual data through October 2024. Sales and Use Tax receipts totaled $264.7 million, a $2.8 million or 1.1% increase over 2023 actual receipts. The 2024 Sales and Use Tax receipts include a $3.1 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 2024. Excluding the reimbursement for Sales Tax Holiday, Sales and Use Tax receipts were flat compared to 2023. The prior two years saw strong growth in sales tax caused by economic recovery and inflation, however the year over year sales tax growth tapered off during 2024; 2022 had an increase of 6.5% over prior year and 2023 had an increase of 2.7% over 2022. The consumer price index ended 2024 at 2.9%, down from 3.4% one year prior. Sales and Use Tax receipts are budgeted at $267.5 million, a 1.1% increase over 2024 total of $264.7 million.

[1] Approved by voters in July 1975 and of unlimited duration

Passenger Fares

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. Ridership dropped from approximately 32 million trips per year to less than 16 million in 2021. Since then, ridership has increased to more than 24.8 million trips.

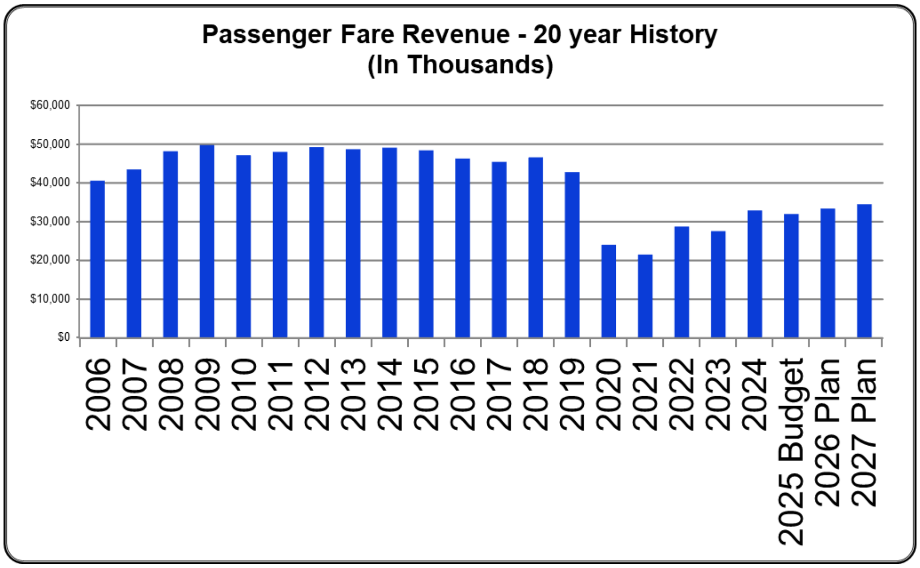

Figure 32

The pandemic's impact on increased remote work and altered travel habits continues to affect transit ridership. At the height of the pandemic, ridership in April through December of 2020 was only 42% of ridership the same period of 2019. Ridership continues to slowly return at similar rates as are seen nationally by transit authorities, and this same period in 2024 saw ridership increase to 78% of pre-pandemic levels. 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 77% of pre-pandemic levels in 2024. There have been no fare increases during this period, and GCRTA is pursuing fare-capping in 2025 which would use account based ticketing to limit customers' fares to the cost of a daily, weekly, or monthly pass even if not purchased upfront Fare capping would better serve customers who cannot afford the upfront expense and increase flexibility for the increased hybrid workforce trends. Ridership increased 11% in 2024 compared to the prior year and passenger fare revenue increased 19% from 2023 in part due to the timing of reimbursements for student fares from K-12 schools and universities.

GCRTA is projecting that ridership and passenger fare revenue will increase approximately 3% annually in 2025 through 2027. Even while many workers continue to work at least partially from home, public transit continues to safely connect people with employment, medical appointments, grocery stores, and other essential services without raising fares.

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 2024, GCRTA's average yield on its portfolio year to date was 4.45%, which is 51 basis points below the performance standard yield of 4.96 and 36 basis points below the market average yield of 4.81%.

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 are 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 the following sponsored lines that includes naming rights: Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters; Cleveland State University for the CSU Line; MetroHealth for MetroHealth Line; and Cuyahoga Community College (Tri-C) for E. 34th Rapid Transit Station.

Revenue from advertising fluctuates from year to year. In 2024, revenues totaled $1.3 million and are budgeted at $2.1 million in 2025.

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 FY2025, total Reimbursed Expenditures and Other Revenue are budgeted at $6.5 million. For 2026 and 2027, Reimbursed Expenditures and Other Revenue are planned at $14.8 million and $25.4 million respectively. The total reimbursements include $5.0 million in 2025. Reimbursed Expenditures include Preventive Maintenance reimbursements and other reimbursements for fuel tax for diesel and CNG, and other miscellaneous reimbursements. The 2025 Reimbursed Expenditures budget includes $1.0 million for Preventive Maintenance and $4.0 million for other reimbursements Preventive Maintenance reimbursements increased to $7.7 million in 2024 because several older grants were closed and are planned at $10 million in 2026 and $15 million in 2027. 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 $1 million to address unfunded and under-funded capital projects. Unfunded projects total nearly $281 million in the 2025 budget.

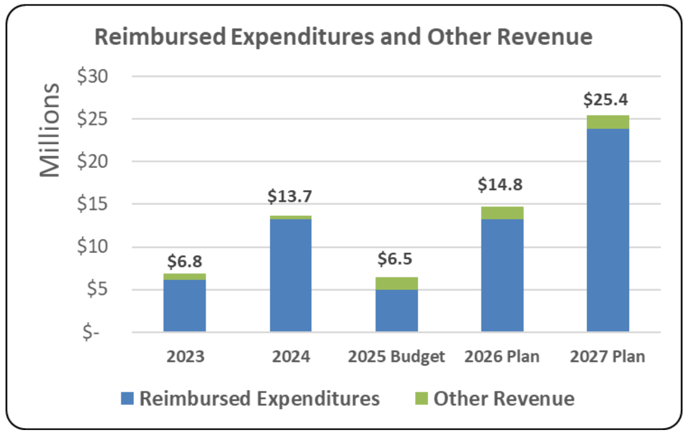

Figure 33

Other reimbursements, also included within Reimbursed Expenditures, are planned at $3.3 million and $3.9 million in 2026 and 2027. 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 2024 through 2027, and the ending balances for each year, are displayed in Figure 29. Total operating expenditures are budgeted at $323.8 million in 2025. The available ending balance in the General Fund is budgeted at $33.6 million. Transfers to other funds total $41.1 million. These include $3.0 million to the Insurance Fund, $10.9 million to the Reserve Fund, $9.2 million to the Bond Retirement Fund, and $18.1 million to the Capital Improvement Fund.

General Fund expenditures include salary and fringe benefits for 2,423 budgeted positions, which comprises 76.5% of the 2025 budgeted total operating expenditures. Salary and fringe benefits budgets include wage increases of 4% across the board. The non-payroll General Fund 2025 budgeted operating expenditures include Fuel (diesel, compressed natural gas, propulsion power, propane, and gasoline, nearly 13%), Utilities (6%), Inventory (17%), Services Materials & Supplies (34%), Purchased Transportation (nearly 22%), and Other Expenditures (nearly 9%). The 2025 budget for non-payroll operating expenditures has an increase of 2% compared to the 2024 amended budget. The largest increases are for Utilities ($1.0 million; 30%) and Services, Materials & Supplies ($1.7 million; 7%). Purchased Transportation is budgeted relatively flat with the 2024 amended budget but did require a transfer in appropriation during the fiscal year 2024 to meet increased costs caused by demographic changes. Purchased Transportation is budgeted $6.4 million/62% higher than 2023 expenditures. 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 during 2022-2023, and the 2024 budget was the first budget built based on the results of the study. The Authority contracted with a consultant to perform the study of non-bargaining positions to review and improve its classification and salary structure and address any applicable pay equity needs. The review included 1) the development of a classification and salary structure based on job evaluation and market analysis (public and private sector) and 2) a pay equity analysis. 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.

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 2024 totaled $346.5 million. Ridership decreases since the COVID pandemic have negatively impacted passenger fare revenue. Ridership at the end of 2024 totaled 24.8 million riders, an 11% increase from 2023, but a 23% drop from 2019 (pre-COVID levels). Sales and Use Tax revenue has increased by 25%, compared to 2019 levels, mainly due to an increase in on-line sales and inflation.

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, 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 due to lost ridership and the COVID pandemic, and as Operating Expenses are increasing, the Operating Ratio for 2025 is projected to be 11.0%. Prior to the pandemic, the Operating Ratio was approximately 17%. The Operating Ratios for 2025 and 2026 are projected at 11.6% and 11.7%, 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 met with a budgeted amount of $33.6 million or approximately 1.2 months of operating reserve funding available for 2025. The Authority created a Revenue Stabilization Fund which provides a safety net for the General Fund during economic downturns. The 2025 budget includes a $50.5 million transfer from the Revenue Stabilization Fund with a plan for $39 million in 2026 and $24.5 million in 2027 to maintain an adequate balance.

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 2025 are budgeted at the same level as the 2024 budget for fixed route and 14.2% increase in service hours with a 3.7% decrease in service miles for Paratransit. The cost per service hour is budgeted at $177.57, a 4.8% increase from 2024.

Inflation has decreased from over 9 percent in mid-2022 to an estimate of 2.9% by the start of 2025 and is forecast to remain between around 2.2% through 2025. The Congressional Budget Office as of January, 2025 forecasts the consumer price index to average 2.2% by year-end 2025 and 2.1% in 2026. This policy goal was met in 2024 but is not expected to be met in 2025. The Authority will ensure that Operating expenses are managed throughout the year.

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 2025 is projected at 5.0. The debt coverage is projected at 6.2 in 2026 and 12.8 in 2027, exceeding 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 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.

RTA Development Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Federal / State Revenues					
Federal Capital Grants	$ 71,876,582	$ 92,498,466	$ 120,939,575	$ 102,611,773	$ 82,547,867
State Capital Grants	41,116,997	639,712	20,000,000	20,000,000	15,000,000
Total Federal / State Revenues	**112,993,579**	**93,138,178**	**140,939,575**	**122,611,773**	**97,547,867**
Other Revenue					
Investment Income	1,000,000	6,287,634	1,000,000	1,000,000	1,000,000
Other Revenue	26,520,794	26,520,794	34,500,000	25,000,000	-
Total Other Revenue	**27,520,794**	**32,808,428**	**35,500,000**	**26,000,000**	**1,000,000**
Transfers					
Transfer from RTA Routine Capital Fund	16,144,837	16,144,837	15,500,000	16,000,000	21,000,000
Transfer from Reserve Fund	10,770,503	12,415,340	10,000,000	10,000,000	5,000,000
Total Transfers	**26,915,340**	**28,560,177**	**25,500,000**	**26,000,000**	**26,000,000**
Total Revenue	**167,429,713**	**154,506,783**	**201,939,575**	**174,611,773**	**124,547,867**
Expenditures					
Capital Outlay					
Capital Outlay - Development Fund	243,748,249	96,042,007	177,102,767	130,983,952	116,940,343
Total Capital Outlay	**243,748,249**	**96,042,007**	**177,102,767**	**130,983,952**	**116,940,343**
Total Expenditures	**243,748,249**	**96,042,007**	**177,102,767**	**130,983,952**	**116,940,343**
Excess/(Deficiency) of Total Revenues over Total E	(76,318,536)	58,464,776	24,836,808	43,627,821	7,607,524
Beginning Balance	225,462,610	225,462,610	283,927,386	308,764,194	352,392,015
Projected Ending Balance	**$ 149,144,074**	**$ 283,927,386**	**$ 308,764,194**	**$ 352,392,015**	**$ 359,999,539**

Figure 34

RTA Routine Capital Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Investment Income	$ 100,000	$ 309,820	$ 100,000	$ 100,000	$ 100,000
Transfer from General Fund	17,483,041	16,812,041	18,074,438	20,468,089	24,707,042
Total Revenue	**17,583,041**	**17,121,861**	**18,174,438**	**20,568,089**	**24,807,042**
Expenditures					
Capital Outlay					
Asset Maintenance	2,310,000	2,173,834	2,560,000	2,560,000	2,560,000
Routine Capital	1,718,921	1,255,162	2,078,000	1,990,500	1,940,000
Total Capital Outlay	**4,028,921**	**3,428,996**	**4,638,000**	**4,550,500**	**4,500,000**
Other Capital Expenditures					
Transfer to RTA Development Fund	16,144,837	16,144,837	15,500,000	16,000,000	21,000,000
Total Other Capital Expenditures	**16,144,837**	**16,144,837**	**15,500,000**	**16,000,000**	**21,000,000**
Total Expenditures	**20,173,758**	**19,573,833**	**20,138,000**	**20,550,500**	**25,500,000**
Excess/(Deficiency) of Total Revenues over Total E	(2,590,717)	(2,451,972)	(1,963,562)	17,589	(692,958)
Beginning Balance	7,810,952	7,810,952	5,358,980	3,395,418	3,413,007
Projected Ending Balance	**$ 5,220,235**	**$ 5,358,980**	**$ 3,395,418**	**$ 3,413,007**	**$ 2,720,049**

Figure 35

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 and 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 proceeds. 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.

FINANCIAL POLICIES - CAPITAL IMPROVEMENT FUNDS

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 2020, 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. The RTA Capital Fund and the RTA Development Fund (460.04(c)) are both in the Capital Improvement 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 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. The RTA Capital Fund (460.04(b)) and the RTA Development Fund are both in the Capital Improvement Fund.***

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 2024, the Sales Tax Contribution to Capital is budgeted at 10.0%. The contribution projected for 2024 and 2025 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 2025-2029 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) to be used 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 the Capital Section Figure 49.

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 $34.4 million in Sales Tax Revenue Bonds at the end of 2023. In 2024, 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 2025 and 2026 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 goal percent 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 2024 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 2025 and 2026, 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 2025 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 $35.1 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 $44.3 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 $24.9 million in Sales Tax Revenue bonds at the end of 2024, which will require principal and interest payments of $9.5 million in 2025. 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. GCRTA currently does not plan on issuing any new debt in the near future.

Bond Retirement Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Transfers					
Transfer from the General Fund	$ 9,346,959	$ 9,346,959	$ 9,184,042	$ 6,731,911	$ 2,902,958
Total Transfers	**9,346,959**	**9,346,959**	**9,184,042**	**6,731,911**	**2,902,958**
Other Revenues					
Investment Income	100,000	254,952	100,000	100,000	100,000
Total Other Revenues	**100,000**	**254,952**	**100,000**	**100,000**	**100,000**
Total Revenues	**9,446,959**	**9,601,911**	**9,284,042**	**6,831,911**	**3,002,958**
Expenditures					
Debt Service					
Principal	7,995,000	7,995,000	8,355,000	6,935,000	2,795,000
Interest	1,481,450	1,481,450	1,115,500	697,750	351,000
Total Debt Service	**9,476,450**	**9,476,450**	**9,470,500**	**7,632,750**	**3,146,000**
Other Expenditures					
Other Expenditures	1,500	1,500	1,500	1,500	1,500
Total Other Expenditures	**1,500**	**1,500**	**1,500**	**1,500**	**1,500**
Total Expenditures	**9,477,950**	**9,477,950**	**9,472,000**	**7,634,250**	**3,147,500**
Excess/(Deficiency) of Total Revenues over Total Expenditur	(30,991)	123,961	(187,958)	(802,339)	(144,542)
Beginning Balance	1,184,825	1,184,825	1,308,786	1,120,828	318,489
Projected Ending Balance	**$ 1,153,834**	**$ 1,308,786**	**$ 1,120,828**	**$ 318,489**	**$ 173,947**

Figure 36

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 2025, a transfer of $9.18 million will be required from the General Fund to cover the current overall debt service of the Authority. For 2026 through 2027, transfers of $9.73 million and $7.90 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 $24.90 million to be paid by FY 2030 including $22.31 million principal and $2.59 million interest payments. The debt repayment schedule for FY 2025 totals $9.48 million combined for principal and interest.

GCRTA Debt Schedule (in millions)

Debt Series	Series 2014 A		Series 2015		Series 2016		Series 2019		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest
FY 2025	$ 1.74	$ 0.09	$ 4.08	$ 0.42	$ 1.38	$ 0.22	$ 1.16	$ 0.39	$ 8.36	$ 1.12
FY 2026			$ 4.28	$ 0.21	$ 1.45	$ 0.15	$ 1.22	$ 0.34	$ 6.94	$ 0.70
FY 2027					$ 1.52	$ 0.08	$ 1.28	$ 0.28	$ 2.80	$ 0.35
FY 2028							$ 1.34	$ 0.21	$ 1.34	$ 0.21
FY 2029							$ 1.41	$ 0.14	$ 1.41	$ 0.14
FY 2030							$ 1.48	$ 0.07	$ 1.48	$ 0.07
Total	**$ 1.74**	**$ 0.09**	**$ 8.35**	**$ 0.63**	**$ 4.35**	**$ 0.44**	**$ 7.88**	**$ 1.43**	**$ 22.31**	**$ 2.59**
Total Debt		**$ 1.83**		**$ 8.98**		**$ 4.79**		**$ 9.31**		**$ 24.90**

Figure 37

FINANCIAL POLICIES - BOND RETIREMENT FUND

Policy Goal: 460.05(a) 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 $24.9 million in Sales Tax Supported bonds at the end of 2024. Principal and interest payments are budgeted at $9.5 million in 2025, $7.6 million in 2026, and $3.2 million in 2027. 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 2025, 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 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Transfer from General Fund	$ 2,500,000	$ 2,500,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
Investment Income	100,000	415,981	100,000	100,000	100,000
Total Revenues	**2,600,000**	**2,915,981**	**3,100,000**	**3,100,000**	**3,100,000**
Expenditures					
Claims and Premium Outlay	3,078,000	1,963,370	3,100,000	3,300,000	3,500,000
Total Expenditures	**3,078,000**	**1,963,370**	**3,100,000**	**3,300,000**	**3,500,000**
Excess/(Deficiency) of Total Revenues over Tot	(478,000)	952,611	-	(200,000)	(400,000)
Beginning Balance	6,557,040	6,557,040	7,509,651	7,509,651	7,309,651
Projected Ending Balance	**$ 6,079,040**	**$ 7,509,651**	**$ 7,509,651**	**$ 7,309,651**	**$ 6,909,651**

Figure 38

A transfer of $2.5 million was needed each year in 2023 and 2024 to meet industry-wide premium increases while maintaining the $5.0 million ending balance. For 2025, a transfer of $3.0 million is budgeted. For 2026 and 2027, a transfer of $3.0 million is planned each year.

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 FY2025, revenues are budgeted at $3.1 million and expenditures are budgeted at $3.1 million. The ending balance is budgeted at $7.5 million, meeting the minimum requirement.

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 2025, $3.1 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. The required minimum balance is $5.0 million. For FY2025, expenditures are projected at $3.1 million. A transfer of $3.0 million is needed from the General Fund to maintain the $5.0 million balance. The budgeted ending balance is $7.5 million and would exceed 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.

An actuarial evaluation is periodically performed to assess the adequacy of the fund balance. The last study was completed in 2021 and determined that there are sufficient funds for remaining pension obligations. For 2025, expenditures of $9,000 are budgeted. Expenditures are planned to remain at $9,000 for 2026 and 2027.

Supplemental Pension Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Investment Income	$ 40,000	$ 75,522	$ 30,000	$ 28,000	$ 26,000
Total Revenues	**40,000**	**75,522**	**30,000**	**28,000**	**26,000**
Expenditures					
Benefit Payments	9,000	9,000	9,000	9,000	9,000
Total Expenditures	**9,000**	**9,000**	**9,000**	**9,000**	**9,000**
Excess/(Deficiency) of Total Revenues over Total Expenditures	31,000	66,522	21,000	19,000	17,000
Beginning Balance	1,405,325	1,405,325	1,471,847	1,492,847	1,511,847
Projected Ending Balance	**$ 1,436,325**	**$ 1,471,847**	**$ 1,492,847**	**$ 1,511,847**	**$ 1,528,847**

Figure 39

FINANCIAL POLICIES - SUPPLEMENTAL PENSION FUND

Policy Goal: 460.07(c) Every two years, an evaluation, including appropriate actuarial studies, shall be made of the Supplemental Pension Fund to determine the amounts required to meet expected obligations of the Fund. Any additional funds determined to be needed will be allocated during the annual budgeting process of the Authority.

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). The obligations have decreased over time and are projected to remain below $9,000 per year. The Supplemental Pension Fund has been determined to be adequately funded for its duration and no longer requires a transfer from the General Fund under the current ATU agreement.

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 Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Law Enforcement Revenue	$ 20,000	$ 20,000	$ 15,000	$ 15,000	$ 10,000
Investment Income	5,000	4,934	5,000	5,000	5,000
Total Revenues	**25,000**	**24,934**	**20,000**	**20,000**	**15,000**
Expenditures					
Capital & Related Expenditures	50,000	16,616	25,000	25,000	25,000
Total Expenditures	**50,000**	**16,616**	**25,000**	**25,000**	**25,000**
Excess/(Deficiency) of Total Revenues over Total Expenditures	(25,000)	8,317	(5,000)	(5,000)	(10,000)
Beginning Balance	351,321	351,321	359,638	354,638	349,638
Projected Ending Balance	**$ 326,321**	**$ 359,638**	**$ 354,638**	**$ 349,638**	**$ 339,638**

Figure 40

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 2025, total revenues are budgeted at $20,000. The planned revenue budget will remain at $20,000 for 2026 and $15,000 for 2027. For 2025, expenditures of $25,000 are budgeted. Expenditures are planned to remain at $25,000 for the years 2026 and 2027.

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 $16,616 in 2024 to purchase vehicles and other non-budgeted items. The 2025 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 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.

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.
- 27th Pay Reserve: 1/12th of Annual 27th Pay costs for each of the hourly and salary payrolls.
- Rolling Stock Replacement: Goal is to transfer funding each year to cover costs of aging revenue vehicles.
- Reserve for Revenue Stabilization: Protect against substantial decreases in revenues. Transferred to General Fund when needed to maintain a one-month ending balance.

Reserve Fund Balance Analysis

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2026 Plan	FY 2027 Plan
Revenues					
Transfers					
Transfer from GF for Rolling Stock Reserve	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 5,000,000
Transfer from GF for 27th Pay	878,615	878,615	878,615	878,615	878,615
Total Transfers	**10,878,615**	**10,878,615**	**10,878,615**	**10,878,615**	**5,878,615**
Other Revenue					
Investment Income	4,000,000	7,447,182	8,000,000	6,000,000	5,000,000
Total Other Revenue	**4,000,000**	**7,447,182**	**8,000,000**	**6,000,000**	**5,000,000**
Total Revenues	**14,878,615**	**18,325,797**	**18,878,615**	**16,878,615**	**10,878,615**
Expenditures					
Transfers					
Transfer to GF for Compensated Absences	1,076,181	1,076,181	-	-	
Transfer to GF for Hospitalization	568,656	568,656	-	-	
Transfer to RTA Development Fund for Rolling Stock Reserve	10,770,503	10,770,503	10,000,000	10,000,000	5,000,000
Transfer to GF for 27th Pay	-	-	4,500,000	-	
Transfer to GF for Revenue Stabilization	30,000,000	30,000,000	50,500,000	39,000,000	24,500,000
Total Transfers	**42,415,340**	**42,415,340**	**65,000,000**	**49,000,000**	**29,500,000**
Total Expenditures	**42,415,340**	**42,415,340**	**65,000,000**	**49,000,000**	**29,500,000**
Excess/(Deficiency) of Total Revenues over Total Expenditures	(27,536,725)	(24,089,543)	(46,121,385)	(32,121,385)	(18,621,385)
Beginning Balance	161,038,852	161,038,852	136,949,309	90,827,924	$ 58,706,539
Projected Ending Balance	**$ 133,502,127**	**$ 136,949,309**	**$ 90,827,924**	**$ 58,706,539**	**$ 40,085,154**
Rolling Balances					
Compensated Absences	$ 2,915,180	$ 3,123,279	$ 3,200,899	$ 3,425,844	$ 3,613,298
Fuel	2,902,545	2,963,495	3,104,173	3,318,000	3,496,189
Hospitalization	2,325,102	2,465,250	2,531,521	2,709,102	2,857,086
Rolling Stock Reserve	17,404	33,949	72,137	74,799	77,018
27th Pay	6,942,240	7,051,119	3,724,683	4,851,534	5,937,013
Revenue Stabilization	118,399,656	121,312,217	78,194,511	44,327,260	24,104,550
Total	**$ 133,502,127**	**$ 136,949,309**	**$ 90,827,924**	**$ 58,706,539**	**$ 40,085,154**

Figure 41

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 2024 $10 million was transferred from the General Fund to the Reserve Fund for the Rolling Stock Reserve and $0.88 million for the 27th Pay. For each year 2025 through 2027, $10 million is budgeted to be transferred from the General Fund to the Rolling Stock Reserve and $0.88 million to 27th Pay Reserve. The Rolling Stock Reserve gets used to systematically replace aging revenue vehicles, and the 27th Pay Reserve gets used for the one additional pay period that occurs for each pay group roughly every 11 years.

Expenditures

transfers from Reserve Fund to other funds

In 2024, a transfer of $10.8 million was made from the Reserve Fund to the RTA Development Fund for Rolling Stock for scheduled vehicle replacement. In 2025 through 2027, $10 million per year is budgeted to be transferred from the Reserve Fund to RTA Development Fund for Rolling Stock. In 2025, $50.5 million is budgeted to be transferred to the General Fund for Revenue Stabilization to protect against substantial decreases in revenues, and transfers are planned for 2026 and 2027 for $39.0 million and $24.5 million respectively, and a transfer of $30 million occurred in 2024. For 2025, $4.5 million is budgeted to be transferred from the 27th Pay Reserve to the General Fund for a 27th Pay scheduled that year. No transfers from the 27th Pay Reserve to the General Fund are planned for 2026 or 2027 as those years do not include a 27th pay.

	FY 2024 Amended Budget	FY 2024 Actual	FY 2025 Budget	FY 2025 Projection	FY 2026 Plan	FY 2027 Plan
Reserve Fund Rolling Balances						
Compensated Absences	$ 2,915,180	$ 3,123,279	$ 3,200,899	$ 3,405,210	$ 3,425,844	$ 3,613,298
Fuel	2,902,545	2,963,495	3,104,173	3,236,907	3,318,000	3,496,189
Hospitalization	2,325,102	2,465,250	2,531,521	2,688,223	2,709,102	2,857,086
Rolling Stock Reserve	17,404	33,949	72,137	40,303	74,799	77,018
27th Pay	6,942,240	7,051,119	3,724,683	3,757,799	4,851,534	5,937,013
Revenue Stabilization	118,399,656	121,312,217	78,194,511	77,699,483	44,327,260	24,104,550
Total	**$ 133,502,127**	**$ 136,949,309**	**$ 90,827,924**	**$ 90,827,924**	**$ 58,706,539**	**$ 40,085,154**

Figure 42

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: Six sub-funds have been created that make up the Reserve Fund. These include funding for fuel, compensated absences, hospitalization, 27th pay, rolling stock, and revenue stabilization. The ending balance for 2025 is budgeted at $90.8 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 2025 through 2027, GCRTA does not plan to add any additional funds to the Fuel reserve outside of regular investment income. The FY 2025 budgeted balance is $3.1 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. This reserve shall not exceed twenty-five percent of the accrued liability for compensated absences.

Implementation: From FY 2025 through 2027, GCRTA does not plan to add any additional funds to the compensated absences fund outside of regular investment income. The FY 2025 budgeted balance is $3.2 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 2025 through 2027, GCRTA does not plan to add any additional funds to the hospitalization fund. The FY 2025 budgeted balance is $2.5 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 (27th payroll expense) that occurs every eleven years. This reserve shall be funded to the best of the Authority's ability in order to plan for this additional payroll expense.

Implementation: The 2025 budget has a $878,615 transfer from the General Fund and an ending balance of $3.7 million dollars. The 27th pay for hourly employees will occur in FY 2025.

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 with a plan to continue adding $10 million per year through 2026 and $5 million in 2027. The ending balance is budgeted at $0.7 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 2025, the budgeted balance is $78.2 million. A transfer of $30.0 million occurred in 2024 and transfers of $50.5 million, $39.0 million, and $24.5 million are planned for 2025, 2026, and 2027 respectively to ensure a one-month ending balance.