

# 2020 FUND BUDGETS

## FUND OVERVIEW

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

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

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

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

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

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

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

HOW TO CALCULATE FUND BALANCE		
Beginning Balance +	Current Revenues =	<b>Total Resources</b>
-	(Less) <b>Total Current Expenditures</b>	
<hr/>		
=	(Equals) <b>Available Ending Balance</b>	(Also called <b>Fund Balance</b> )

Figure 23

## ALL FUNDS

### BALANCE ANALYSIS

Figure 25 presents the combined fund balances of all the Authority’s appropriated Funds (General, Capital Improvement, Bond Retirement, Insurance, Supplemental Pension, Law Enforcement, and Reserve Fund). The ending balance shows cyclical patterns, primarily increasing as a result of debt issuances, and decreasing as those funds are consumed. RTA has

been diligent in creating a sustainable budget. The Authority's 2020 funds forecast \$101 million in available ending balance.

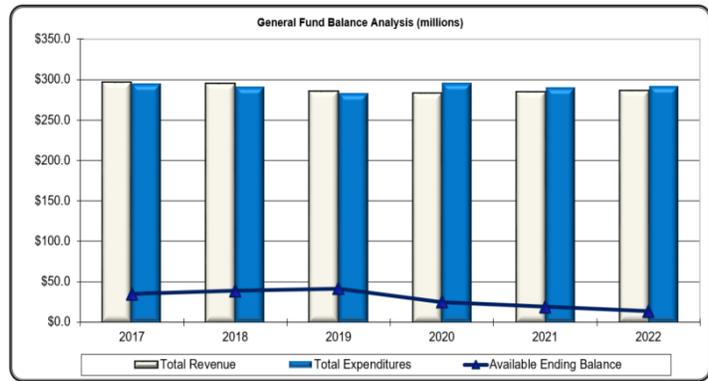


Figure 24

2020 Budget - All Funds Summary

	ALL FUNDS	GENERAL FUND	RTA CAPITAL FUND	DEVELOPMENT FUND	BOND RETIREMENT FUND	SUPPLEMENTAL PENSION FUND	INSURANCE FUND	LAW ENFORCEMENT FUND	RESERVE FUND
<b>Beginning Balance</b>	\$ 133,578,871	\$ 37,136,081	\$ 2,965,343	\$ 36,608,688	\$ 7,046,617	\$ 1,356,482	\$ 7,316,748	\$ 55,863	\$ 41,093,049
<b>Revenues</b>									
Passenger Fares	41,446,822	41,446,822							
Sales & Use Tax	215,396,173	215,396,173							
Federal	63,887,602			63,887,602					
State	1,384,658			1,384,658					
Investment Income	2,005,858	779,858	65,000	500,000	135,000	14,000	35,000	2,000	475,000
<b>Other Revenue</b>									
Advertising & Concessions	4,520,863	2,400,863							
Other Revenue	2,100,000							20,000	
Reimbursed Expenditure	21,520,000	21,520,000							
Transfer from General Fund			13,397,525		13,714,842	50,000	2,000,000		5,000,000
Transfer from GF for 27th Pay				10,684,255					878,615
Transfer from RTA Capital Fund									
Transfer from Reserve Fund									
<b>Total Revenues</b>	<b>350,161,976</b>	<b>283,643,716</b>	<b>13,462,525</b>	<b>76,456,515</b>	<b>13,849,842</b>	<b>64,000</b>	<b>2,035,000</b>	<b>22,000</b>	<b>6,353,615</b>
<b>Total Resources</b>	<b>483,740,846</b>	<b>320,779,797</b>	<b>16,427,868</b>	<b>113,065,203</b>	<b>20,896,459</b>	<b>1,420,482</b>	<b>9,351,748</b>	<b>77,863</b>	<b>47,446,664</b>
<b>Expenditures</b>									
<b>Personnel Services</b>									
Salaries & Overtime	197,058,571	143,667,173							
Payroll Taxes and Fringes		53,391,398							
Fuel (Diesel, CNG, Prop Pwr., Propane, Gas)	9,443,600	9,443,600							
Utilities	5,655,857	5,655,857							
Inventory	13,711,000	13,711,000							
Services and Materials & Supplies	19,430,753	19,430,753							
Purchased Transportation	10,345,000	10,345,000							
<b>Other Expenditures</b>		6,569,092			1,500				
Claims and Premium Outlay							2,895,450		
Benefit Payments	9,526,042					60,000			
Reserve Fund Expenses									
<b>Total Operating Expenditures</b>		<b>262,213,873</b>							
<b>Capital Outlay</b>				98,288,619					
Asset Maintenance	101,258,321		1,510,000						
Routine Capital			1,459,702						
<b>Debt Service</b>									
Principal	16,257,710				10,560,000				
Interest					5,697,710				
<b>Transfer to Other Funds</b>									1,450,000
General Fund									
Insurance Fund		2,000,000							
Supplemental Pension Fund		50,000							
Bond Retirement Fund		13,714,842							
RTA Capital Fund		13,397,525							
RTA Development Fund			10,684,255						
Reserve Fund		5,878,615							
Transfer from the Reserve Fund		(1,450,000)							
<b>Total Transfers to Other Funds</b>		<b>33,590,982</b>							
<b>Total Expenditures</b>	<b>382,686,854</b>	<b>295,804,855</b>	<b>13,653,957</b>	<b>98,288,619</b>	<b>16,259,210</b>	<b>60,000</b>	<b>2,895,450</b>		<b>1,450,000</b>
<b>Available Ending Balance</b>	<b>\$ 101,053,992</b>	<b>\$ 24,974,942</b>	<b>\$ 2,773,911</b>	<b>\$ 14,776,584</b>	<b>\$ 4,637,249</b>	<b>\$ 1,360,482</b>	<b>\$ 6,456,298</b>	<b>\$ 77,863</b>	<b>\$ 45,996,664</b>

Figure 25

## GENERAL FUND

### BALANCE ANALYSIS

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

In 2019, each of the five Pillar Studies were completed, with the most recent, the System Redesign and Fair Equity finalized in December. The Authority coordinated and facilitated 23 community meetings to gather customer input on the System Redesign and Fare Equity studies. All 5 of the pillar studies were presented to the Board of Trustees. Management will review each study's recommendations and results, culminating in the development of RTA's 10-year Strategic Plan.

### REVENUES

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

#### SALES & USE TAX

The Authority's main source of revenue is a one percent Sales and Use Tax on sales of tangible personal property and on other transactions subject to the State Sales and Use Tax within the boundaries of Cuyahoga County. The one percent tax is of unlimited duration, and was approved by the voters of Cuyahoga County in July 1975. The tax is levied and collected at the same time and on the same transactions as the permanent 5.75 percent Sales and Use Tax levied by the State, plus the one-half percent temporary state sales tax, a special one-quarter percent levied for Cuyahoga County, and the one percent tax levied by Cuyahoga County. The tax is administered and enforced by State taxing authorities and is distributed on a monthly basis, approximately two months following the collection of the tax by the State (three months after the tax is paid by consumers).

Sales tax receipts dedicated to capital improvements are reported as a fund transfer from the General Fund to the RTA Capital Fund. However, in the Authority's accounting records, sales

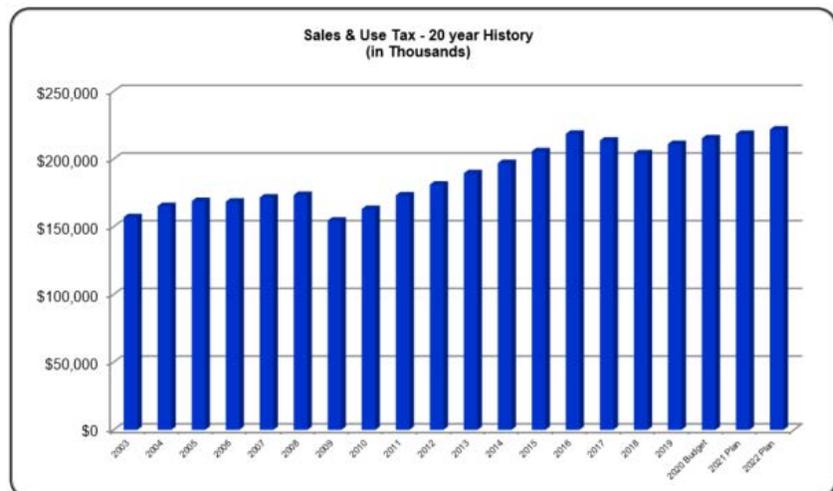


Figure 26

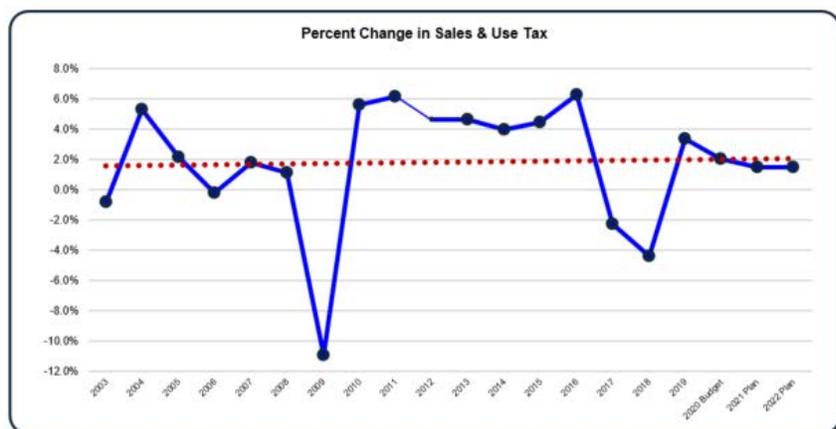


Figure 27

tax receipts dedicated to capital improvements are treated as direct revenue to the RTA Capital Fund, not as a transfer. In 1995, the direct contribution was further defined to include the transfer to the Bond Retirement Fund.

Receipts in 2017 were \$5 million less than 2016 receipts, mainly due to Medicaid MCOs being removed from the tax base as of July 1, 2017. The 2020 General Fund budget was approved on December 17, 2019. Revenues were based upon 3<sup>rd</sup> Quarter estimates. Sales Tax revenue for 2019 ended the year 2.3 percent higher than 2019 Budget, at \$207.4 million. Sales and Use Tax receipts for 2020 are estimated at \$215 million, a \$3 million increase over 2019 actual receipts.

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## PASSENGER FARES

Passenger Fares are the second largest source of revenue for the Authority. Passenger fares consist of cash fare box revenue from Authority trains and buses, kiosk's 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.

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

In 2019, RTA provided service for the Major League's Baseball All-Star Game and Tall Ships Festival.

The Authority experienced above average rail shutdowns. The S-Curve Retaining Wall emergency project with 75 steel beam frames along the 300-ft wall was completed.

In addition, the Red Line west track rehabilitation was finalized. It included 3.6 miles of track repair, over 12,000 timber cross ties, improved track drainage, and improved signal systems.

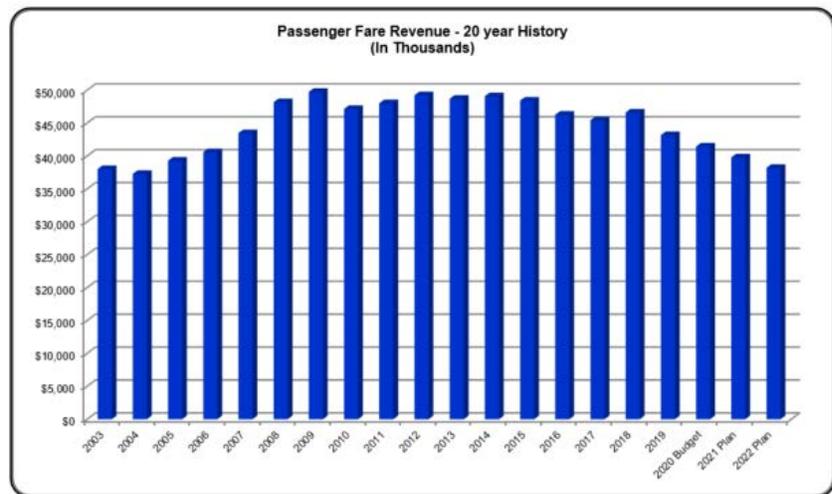


Figure 28

The year to date goal for total ridership through December was 35 million. The actual year to date ridership through December is 32.7 million, or approximately 6% below the annual goal.

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## INVESTMENT INCOME

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

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities the face value of which is at least 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement.

Investment income is budgeted at \$780,000 as interest rates remain low and projected to remain steady each from 2020 through 2022. Interest earned on General Fund investments varies depending upon the timing of revenue receipts, expenditures, and the transfers made to other funds (shifting interest earnings from the General Fund to other funds).

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## ADVERTISING & CONCESSIONS

Another source of local income is the Authority's contract to place advertisements upon buses and trains. A 3-year contract was signed in 2016, where guaranteed receipts would be received at the end of the contract year, which increased 2016 revenue to \$2.9 million. In this new contract, advertisements are heard on buses and trains through canned "commercials" on the overhead speakers. In 2018, receipts expected in December for Advertising were received in January 2019. The Advertising and Concessions budget for 2020 is \$2.4 million. For 2021 through 2022, receipts are projected at the guaranteed levels for each year.

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## REIMBURSED EXPENSES AND OTHER REVENUE

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

Federal Operating grant dollars are drawn down on cash flow requirements in the General Fund. The amount and timing of revenue received from this source in any year fluctuates, based on the Authority's ability to draw down these funds and the amount of the grant. Although Federal Operating Assistance was eliminated, some flexibility was given to use increases in capital grant awards for traditional maintenance type expenditures.

Though utilizing the flexibility provided has helped to support the Authority's level of service, as revenue challenges have arisen and been met over the years, it represents an ongoing disinvestment in the Authority's capital state of good repair in favor of maintaining service levels.

The Authority's goal is to keep Preventive Maintenance reimbursements at \$20 million or below. For 2020, \$21.5 million was originally budgeted this includes \$20.0 million for Preventive Maintenance reimbursements, \$0.07 million for fuel tax reimbursements, \$0.08 million for force account labor, and other smaller reimbursements. For the out-years, \$21.5 million is planned each year for Reimbursed Expenditures. Increasing PM Reimbursement would, in turn, lower available funding for capital projects and increase the difficulty of achieving and maintaining a state of good repair.

Other Revenues of \$2.1 million includes contractor and hospitalization reimbursements, rent, salvage sales, and claims receipts, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years due to one-time receipts settlements and miscellaneous reimbursements.

## EXPENDITURES

Figure 29 represents the General Fund Expenditures from 2016 through 2022, and the ending balances for each year. Total operating expenditures budget in 2019 was \$254.5 million, a 3 percent increase over budget.

For 2020, a total of 2,333 FTEs are budgeted. During 2019, a new General Manager/CEO was selected by the Board of Trustees. A new section for Business Intelligence was created within Service Management. Positions were traded for

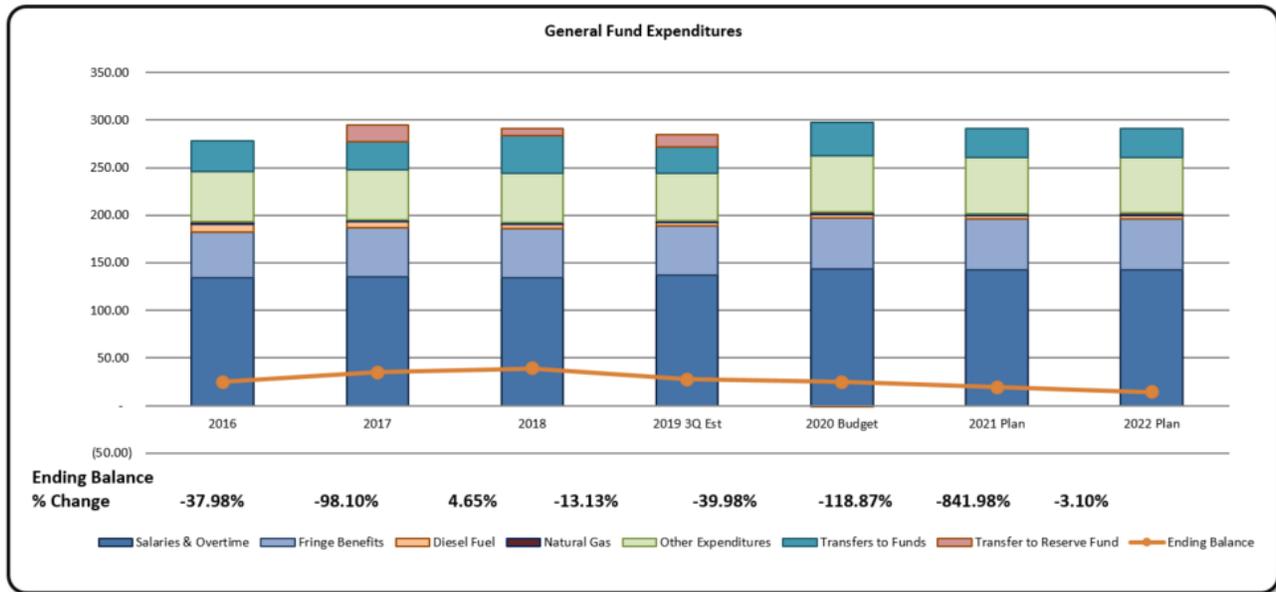


Figure 29

Business Intelligence positions and all restructured departments. The Legal department was restructured and talks began to better align work duties between Human Resources and Labor and Employee Relations. All Assistant Equipment Manager grades were standardized. Additional support was directed to the Predictive Maintenance program at Fleet Management. An internal project team was created for railcar replacement implementation. Marketing and Communications department increased its Marketing Associate and Marketing Assistant positions to full-time. A new position for Senior ITS specialist was created to manage the new radio equipment on board each RTA vehicle.

The ATU contract was approved in December 2019. It is retroactive to August 1, 2018 and continues through July 31, 2021. The FOP contract negotiations are expected to begin again in FY 2020. A brief description of the employment and service level changes over the past four years are described in Figure 30.

Employment Level and Service Level Changes				
FY	2017	2018	2019	2020
Positions	2,332.25	2,332.50	2,333.50	2,333.25
Net Increase (Decrease)	(29.5)	0.25	1.0	(0.25)
	31 Operator positions removed due to 3% service reduction; added 1 part-time Safety Awareness Coordinator; added 1 Administrative Assistant position (budgeted half year and dependent upon State's decision of the Sales & Use Tax base)	Total Operator positions reallocated between Rail and Bus, down 1 FTE compared to 2017; Reinstated a Planning Team Leader position; Added 1 Material Handler Leader position due to a grievance ruling; Reduced 2 Marketing positions and added a Part-Time Intern position as the Department reorganizes; Added 2 positions and reduced 1 position in OMB as the Department is reorganized;	Increase of one FTE from 2018. During 2018 14 position were moved from Marketing and Communications including Supervisor of Telephone Information Center, Telephone Operator/Information Clerks, and Customer Service. Call Center and Telephone Information center was merged with Paratransit. Supervisor of Telephone Information Center retired and position was moved to OMB to replace Manager of Budgets.	A new General Manager/CEO was selected by the Board of Trustees. A new section for Business Intelligence was created within Service Management. RTA welcomed a new Paratransit Director. Marketing and Communications department increased its Marketing Associate and Marketing Assistant positions to full-time. A new position for Senior ITS specialist was created to manage the new radio equipment on board each RTA vehicle.
Service Increase (Decrease)	(1.6%) Service Hours; (2.4%) Service Miles	(3.0%) Service Hours; (2.7%) Service Miles	(3.0%) Service Hours; (2.7%) Service Miles	(0%) Service Hours; (0%) Service Miles
	3% Service Reduction annualized (began September 2016); New Van Pool service implemented	3% Service Reduction planned for bus and rail starting in March. A pilot program for Paratransit is planned for 2018 using Uber and Lyft. The Vanpool program, which began in 2017, will continue in 2018.	No significant service changes are planned. Engaged in 5 Pillar Studies: Fare Equity Study, Economic Impact Study, Efficiency Study & Operational Review, Rail Car Study, and System Redesign Study, in order to create efficiencies, enhance service, and identify areas of improvement.	No significant service changes are planned. 2020 service is planned to remain at 2019 hours and miles. The Van pool program ended due to proposal respondents being unable to meet RTA's insurance requirements.

Figure 30

## BOND RETIREMENT FUND

The Bond Retirement Fund accounts for resources set aside for the payment of principal and interest on debt obligations. At the end of 2019, the Authority has six bond issuances against Sales Tax revenue for a total outstanding debt of \$116.82 million. The policy of the Authority is to set aside resources transferred from the General Fund on a monthly basis to meet the current year's annual principal and semiannual interest payments.

In Figures 31 and 32, each year's ending balance represents at least 1/12 of principal and 1/6 of interest of the subsequent year's debt service requirement, which is set-aside on the last day of each year. Thus, the ending balance in this fund remains relatively low at all times.

Long-term debt for the Authority includes both debt and refunding debt sales from 2012 through 2019. These include a combined \$116.8

million issuance of Sales Tax revenue bonds of which \$30 million issued in 2019 with the maturity date of 2039. A \$5.9 million premium was received in 2019 with the \$30 million Bond Issuance, which will pay for the 2019 principal and interest payments for the next few years.

In 2019, a transfer of \$13.3 million was required from the General Fund to cover the current overall debt service of the Authority. For 2020 through 2022, transfers of \$13.7 million, \$13.8 million, and \$13.8 million are planned, respectively.

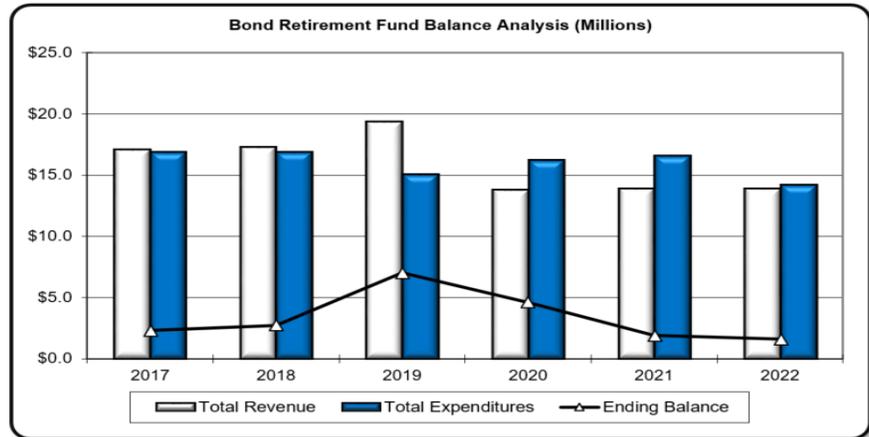


Figure 31

Bond Retirement Fund Balance	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Beginning Balance	\$ 2.13	\$ 2.31	\$ 2.69	\$ 7.01	\$ 4.60	\$ 1.90
Revenue	0.06	0.10	6.06	0.13	0.10	0.10
Fund Transfers	17.04	17.20	13.33	13.71	13.80	13.80
<b>Total Revenue</b>	<b>17.10</b>	<b>17.30</b>	<b>19.39</b>	<b>13.84</b>	<b>13.90</b>	<b>13.90</b>
Total Resources	19.23	19.61	22.08	20.85	18.50	15.80
<b>Total Expenditures</b>	<b>16.92</b>	<b>16.92</b>	<b>15.07</b>	<b>16.25</b>	<b>16.60</b>	<b>14.20</b>
<b>Ending Balance</b>	<b>\$ 2.31</b>	<b>\$ 2.69</b>	<b>\$ 7.01</b>	<b>\$ 4.60</b>	<b>\$ 1.90</b>	<b>\$ 1.60</b>

Figure 32

## INSURANCE FUND

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

According to the Authority's financial policies, the Risk Manager, on an annual basis, determines the minimum balance required in the Insurance Fund.

In 2018, transfer \$7.3 million was made from the General Fund to the Insurance Fund. Lower claims and premium payments helped to increase the ending balance to over \$12.7 million.

In 2019, a transfer of \$2.7 million was needed to cover insurance premiums and large claims and maintain the \$5.0 million ending balance.

For 2020 a transfer of \$2.0 million is budgeted to maintain the required ending balance. The transfers for 2021 and 2022 are \$2.0 million each.

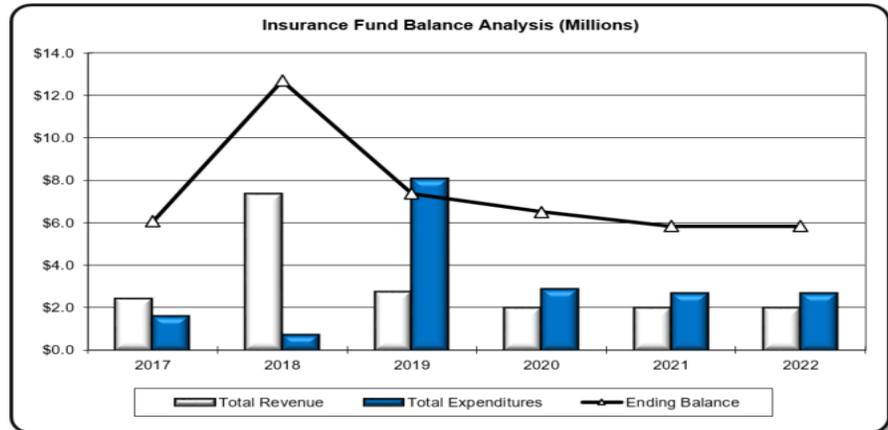


Figure 33

Insurance Fund Balance	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Beginning Balance	\$ 5.26	\$ 6.08	\$ 12.65	\$ 7.33	\$ 6.46	\$ 6.46
Investment Income	0.06	0.09	0.09	0.04	0.04	0.04
Transfers	2.40	7.25	2.70	2.00	2.00	2.00
<b>Total Revenue</b>	<b>2.46</b>	<b>7.34</b>	<b>2.79</b>	<b>2.04</b>	<b>2.04</b>	<b>2.04</b>
<b>Total Resources</b>	<b>7.72</b>	<b>13.42</b>	<b>15.44</b>	<b>9.36</b>	<b>8.50</b>	<b>8.50</b>
<b>Total Expenditures</b>	<b>1.65</b>	<b>0.77</b>	<b>8.11</b>	<b>2.90</b>	<b>2.70</b>	<b>2.70</b>
<b>Ending Balance</b>	<b>\$ 6.08</b>	<b>\$ 12.65</b>	<b>\$ 7.33</b>	<b>\$ 6.46</b>	<b>\$ 5.80</b>	<b>\$ 5.80</b>

Figure 34

## SUPPLEMENTAL PENSION FUND

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

An actuarial evaluation is performed every two years to assess the adequacy of the fund balance. This Budget increase maintains the fund balance at levels recommended in the last actuarial evaluation. A transfer of \$50,000 was made from the General Fund in 2019 to support this effort. For 2020, a transfer of \$50,000 is budgeted. To maintain the stable ending balance, transfers of \$45,000 in 2021 and \$40,000 in 2022 are planned.

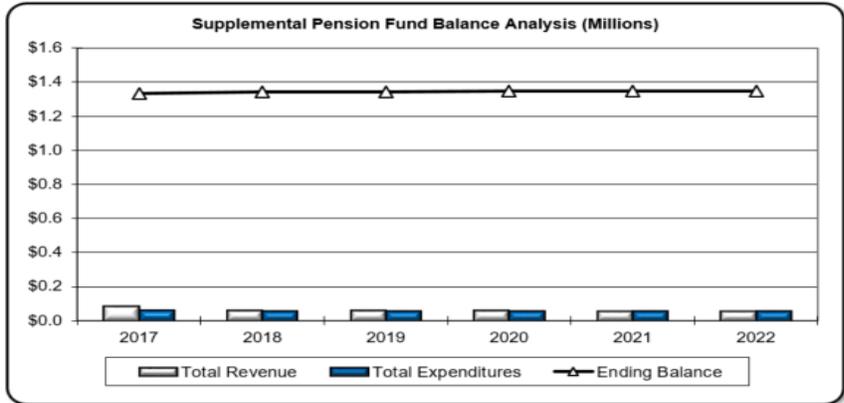


Figure 35

Supplemental Pension Fund Balance	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Beginning Balance	\$ 1.31	\$ 1.33	\$ 1.35	\$ 1.36	\$ 1.36	\$ 1.36
Total Revenue	0.09	0.08	0.06	0.06	0.06	0.06
Total Resources	1.40	1.41	1.42	1.42	1.42	1.42
Total Expenditures	0.06	0.06	0.06	0.06	0.06	0.06
Ending Balance	\$ 1.33	\$ 1.35	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36

Figure 36

## LAW ENFORCEMENT FUND

In 1988, RTA became involved with the Northern Ohio Law Enforcement Task Force (NOLETF), a multi-jurisdictional force (formerly known as the Caribbean/ Gang Task Force). The Authority's involvement was prompted by the increasing gang activity found in and around the rail system. 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.

Revenue obtained through the Task Force can be expended for non-budgeted police items. The Authority primarily uses

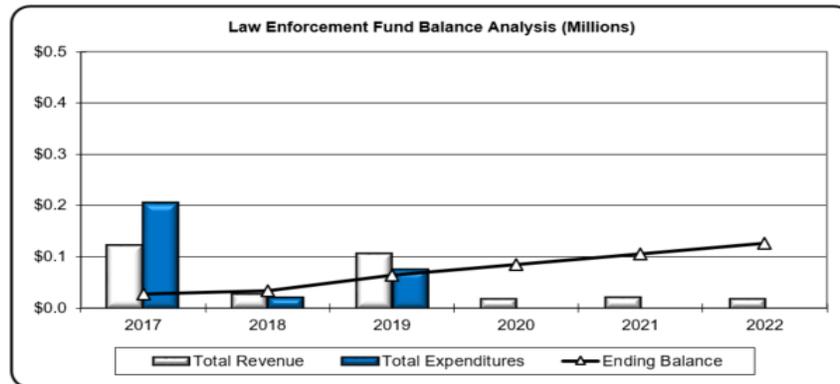


Figure 37

these proceeds for unbudgeted capital items. Certain guidelines have been instituted by the State Attorney General's Office for the reporting and disbursement of funds.

Expenditures within this fund have varied over the years, depending upon the levels of revenue obtained through the Task Force. These expenditures funded security items, protective equipment, and technical training equipment. For 2020, total revenue budget is \$22,000.

Law Enforcement Fund Balance	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Beginning Balance	\$ 0.11	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.08	\$ 0.11
<b>Total Revenue</b>	<b>0.12</b>	<b>0.03</b>	<b>0.11</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
Total Resources	0.23	0.06	0.14	0.08	0.11	0.13
<b>Total Expenditures</b>	<b>0.21</b>	<b>0.02</b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Balance</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>	<b>\$ 0.08</b>	<b>\$ 0.11</b>	<b>\$ 0.13</b>

Figure 38

## RESERVE FUND

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

The amount of transfers needed are based upon specific goals:

- Fuel Reserve: Annual savings resulting when expenditures are less than budget
- Hospitalization Reserve: Not exceed 10% of annual hospitalization costs
- Compensated Absence Reserve: Not exceed 25% of estimated payments
- 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

Once a reserve has met the goal, no additional funding is required. During a budget year, if expenses exceed the budget, funding can be transferred from the Reserve Fund back to the General Fund. For 2018, a \$2 million transfer was transferred from the Reserve Fund to the RTA Development Fund for a comprehensive rail locomotive study. In 2020, a transfer of \$5 million is budgeted for Rail Car replacement into the Rolling Stock Reserve Fund.

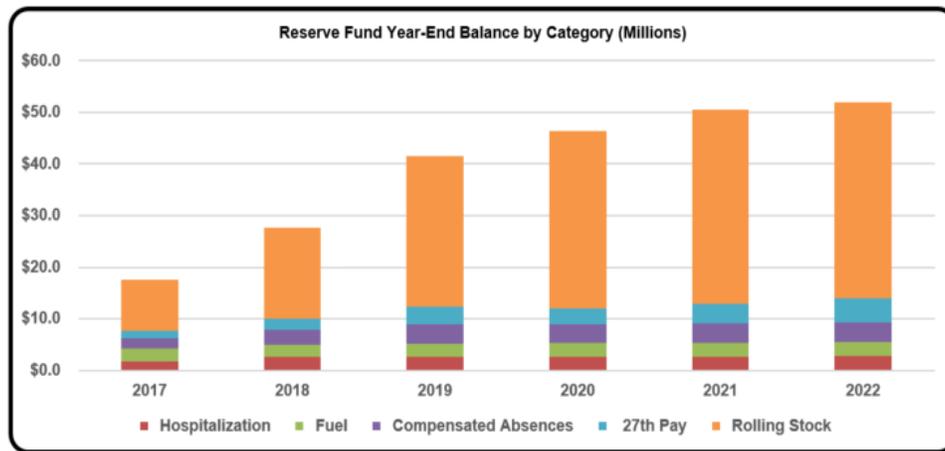


Figure 39

Reserve Fund Balance Category Year-End Balances	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Hospitalization	\$ 1.81	\$ 2.56	\$ 2.64	\$ 2.68	\$ 2.71	\$ 2.75
Fuel	2.46	2.46	2.58	2.62	2.65	2.69
Compensated Absences	1.91	2.88	3.66	3.71	3.76	3.81
27th Pay	1.41	2.12	3.46	2.93	3.85	4.79
Rolling Stock	10.04	17.66	29.11	34.45	37.51	37.87
<b>Total</b>	<b>\$ 17.63</b>	<b>\$ 27.68</b>	<b>\$ 41.45</b>	<b>\$ 46.38</b>	<b>\$ 50.48</b>	<b>\$ 51.91</b>

Figure 40

## CAPITAL IMPROVEMENT FUND

### BALANCE ANALYSIS

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

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

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

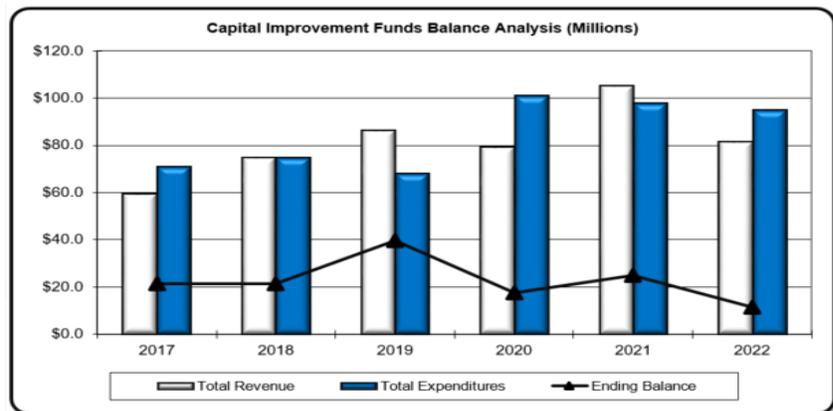


Figure 41

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

Detailed discussions of the fund balances in these funds are presented in the Capital Improvement Plan (CIP) section. The Figures 41 and 42 provide a consolidated look at all Capital Improvement Funds. The fund balance normally alternates years of increases and decreases as planned activities are balanced with cash infusions.

The beginning balance increased in 2020 to \$39.6 million, from \$21.3 million in 2019.

In 2020, the Capital Budget appropriation request totals \$101.3 million for the acquisition of buses, preventive maintenance, operating expense reimbursements, equipment, services, and construction projects to improve, replace or upgrade the Authority's facilities and infrastructure. The Authority's infrastructure needs continue to exceed the amount of available grant funds.

Capital Improvement Fund Balance	2017 Actual	2018 Actual	2019 3Q Est	2020 Budget	2021 Plan	2022 Plan
Beginning Balance	\$ 33.11	\$ 21.44	\$ 21.31	\$ 39.57	\$ 17.55	\$ 24.95
<b>Total Revenue</b>	<b>59.38</b>	<b>74.91</b>	<b>86.33</b>	<b>79.23</b>	<b>105.22</b>	<b>81.65</b>
Total Resources	92.49	96.34	107.64	118.81	122.76	106.60
<b>Total Expenditures</b>	<b>71.06</b>	<b>75.03</b>	<b>68.07</b>	<b>101.26</b>	<b>97.82</b>	<b>95.22</b>
<b>Ending Balance</b>	<b>\$ 21.44</b>	<b>\$ 21.31</b>	<b>\$ 39.57</b>	<b>\$ 17.55</b>	<b>\$ 24.95</b>	<b>\$ 11.38</b>

Figure 42

Proceeds from debt sales, as well as from sales tax contributions, are used to fulfill the Local Match requirement on grant-funded projects. Sales tax contributions are also used for 100 percent locally-funded projects. In the 2020 Budget, the Transfer to Capital from the General Fund is budgeted at \$13.4 million, an increase of \$1.6 million from prior year 2019

Budget. The transfer is planned to decrease to \$7.9 million in 2021 and increase to \$8.5 million in 2022. The Authority has doubled its efforts to securing additional non-traditional federal and state resources as the upcoming impact of the new FAST legislation is being analyzed and has becoming more creative with the use of debt and other financing as it strives to address the backlog of needed SGR projects and upcoming rail car vehicle replacement.

## REVENUES

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

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

Transfers to Capital and Bond Retirement Funds to meet current debt needs of the Authority are planned to be maintained at \$27.1 million for 2020 and \$21.7 million in 2021. This transfer will depend upon future debt service needs of the Authority and how the new debt service payments are structured. The Transfers to Capital in 2020-2022 are 12.6 percent, 9.9 percent, and 10.1 percent respectively. With several unfunded projects in the Capital Plan, there is an on-going challenge of meeting the total capital needs of the Authority while, at the same time, maintaining or improving the Authority's current assets in a state of good repair. Meeting the financial needs of both areas in the future will significantly challenge the overall financial stability of the Authority, particularly in light of the current economic situation and the slow future growth projected in revenue from the Sales & Use Tax.