



YEAR-END FINANCIAL REPORT

The Coronavirus Response & Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) provided stability for the Authority. This funding was used to pay for the Authority's operating expenses, less passenger fares collected. The funding from Sales & Use Tax, traditionally used for operating expenses, was strategically used to defease 9 years of debt, create a revenue stabilization fund, and reduce the capital unfunded projects.

On June 13, 2021, the Authority implemented the NextGen system, which provided greater frequency and connectivity for the Greater Cleveland area. To ease the transition into the new service, the Authority offered free fares for the first week of NextGen. Ridership increased by nearly 13% during that week. Ridership increased by 16.8%, on average, from June through December, compared to 2020 ridership. Ridership totaled 16.0 million passenger trips for 2021, a decrease of 6.0% when compared to 2020, mainly due to the first quarter of 2020 not being hit by the pandemic. Ridership in 2021 was 46.5% below 2019 pre-pandemic levels.

Passenger Fare revenue totaled \$21.5 million in 2021, 10.4% below 2020 levels and down 49.7% compared to 2019. Sales tax receipts totaled \$239.3 million, a 13.9% increase from 2020. On-line sales, sales of motor vehicles & watercraft, and regular/statewide sales were the leading categories. Total Operating Expenses ended the year 3.1% below budgeted levels. Total personnel expenses (salaries, overtime, payroll taxes and fringes) were 1.5% below budget. Health care and prescription expenses continued to rise in the 4th Quarter and ended the year 0.4% over budget and 10.3% over 2020 levels. The Energy Price Risk Management Program continues to help stabilize fuel costs. Fuel costs were 1% under budget for the year. The Authority continues to purchase cleaner Compressed Natural Gas (CNG) buses and retire older diesel buses.

Transfers to other funds are to support the expected expenditures and maintain the recommended balances for the Bond Retirement, Insurance, Supplemental Pension, Capital Improvement, and Reserve Funds. Most of the transfers to the Insurance Fund, Pension Fund, Reserve Fund, and Capital Improvement Fund occurred in June, totaling \$63.2 million. An increase to the Bond Retirement Fund for the defeasance of bonds was approved in July and totaled \$57.7 million. An increase to the Reserve Fund for Revenue Stabilization was approved in December and \$85 million was transferred. Funds in this reserve sub-fund will help the Authority maintain the 1-month ending General Fund balance in the out-years. At year-end, transfers to other funds totaled \$213.3 million.

Operating Efficiency

The policy goal is to maintain an Operating Ratio of at least 25%. This ratio shows the efficiency of management by comparing operating expenses to operating revenues (Passenger Fares, Advertising & Concessions, and Investment Income). At year-end, the Operating Ratio is 8.9% due to the decrease in ridership from the COVID pandemic. The Authority projects that it will take a few years for ridership to return to pre-COVID levels.

The target of the Cost per Hour of Service indicator is service to be maintained at or below the rate of inflation. The Federal Reserve inflation rate was 7.0% at the end of 2021. The Cost per Hour of Service is a measure of service efficiency, dividing total operating expenses by total service hours. At a cost per service hour of \$153.7, the growth per year is -3.4%, compared to 2020.

Operating Reserve is targeted for a period of 30 Days or 1 Month, which requires the available unrestricted cash and cash equivalents to be one month of operating expenses to cover any unforeseen or extraordinary fluctuations in revenues or expenses. At year-end, the Operating Reserve is 2.9 months.



YEAR-END FINANCIAL REPORT CONTINUED

Capital Efficiency

The Debt Service Coverage ratio is the measure of the Authority's ability to meet annual interest and principal payments on its outstanding debt. The goal is for the debt service coverage to be 1.5 or above, and compares total operating resources (net of operating costs and transfers to the Insurance, Capital, and Pension Funds) with the Authority's debt service needs. The Debt Service Coverage ended the year at 3.04, exceeding the policy goal. The bond defeasance had a positive impact on the future debt service coverage.

The Sales Tax Contribution to Capital is a measure of the level of commitment to longer-term capital needs by determining the percentage of the sales tax revenues that is to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments. This indicator ended the year at 48.2%. Additional funds were transferred to capital to help decrease the unfunded projects and defease 9 years of debt.

The Capital Maintenance Outlay to Capital Expansion Outlay ratio shows the Authority's focus is on the maintenance or State of Good Repair (SOGR) of its current assets rather than on the expansion of service levels. This continues to remain the best course available as the Authority continues its bus replacement program, equipment upgrades, and plans for rail vehicle replacement and rail infrastructure improvements.



INDICATORS

OPERATING EFFICIENCY

Operating Ratio

8.9%

2017	2018	2019	2020
19.5%	19.1%	19.0%	11.0%



Ratio that shows the efficiency of management by operating expenses to operating revenues. Operating Revenues divided by Operating Expenses.

Cost per Hour of Service

\$153.7

2017	2018	2019	2020
\$132.4	\$133.20	\$130.9	\$195.9



Measure of service efficiency. Total Operating Expenses divided by Total Service Hours.

Growth per Year

-3.4%

2017	2018	2019	2020
-2.0%	0.6%	-7.1%	49.7%



Growth in cost of delivering a unit of service (Cost per Hour), compared to the prior year, to be kept at or below the rate of inflation.

Operating Reserve (Months)

2.9 Months

2017	2018	2019	2020
1.7 Months	2.1 Months	2.1 Months	6.5 Months



Equal or above one month's operating expenses to cover unforeseen or extraordinary fluctuations in revenues or expenses.



INDICATORS

CAPITAL EFFICIENCY

Debt Service Coverage

3.00

2017	2018	2019	2020
4.11	4.5	4.5	9.6



The measure of the Authority's ability to meet annual interest and principal payments on outstanding debts.

Sales Tax Contribution to Capital

48.2%

2017	2018	2019	2020
12.2%	11.9%	11.9%	13.5%



Sales tax revenues to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.

Capital Maintenance to Expansion

100%

2017	2018	2019	2020
97.3%	97.3%	100%	100%



The capital program requires a critical balance between maintenance of existing assets and expansion efforts. This indicator shows the percentage of projects related to maintenance of existing assets.



FUNDS

General Fund	2020 Actual	2021 Actual	\$ Change	% Change
Beginning Balance	\$ 40,577,395	\$ 132,581,757	\$ 92,004,364	226.7%
Revenues				
Operating Revenue				
Passenger Fares	24,044,664	21,541,062	(2,503,602)	(10.4%)
Advertising / Concessions	2,337,735	1,228,020	(1,109,715)	(47.5%)
Investment Income	698,786	97,478	(601,308)	(86.1%)
Other Income	364,250	854,246	489,996	134.5%
Total Operating Revenue	27,445,435	23,720,806	(3,724,629)	(13.6%)
Non-Operating Revenue				
Sales / Use Tax	210,147,468	239,341,748	29,194,280	13.9%
Reimbursements	26,963,719	15,092,767	(11,870,952)	(44.0%)
Federal CARES Act	111,977,170	122,231,555	10,254,385	100.0%
Total Non-Operating Revenue	349,088,357	376,666,070	27,577,713	7.9%
Total Revenue	376,533,792	400,386,876	23,853,084	6.3%
Total Resources	417,111,187	532,968,633	115,857,446	27.8%
Expenditures				
Operating Expenditures				
Salaries, Payroll Taxes & Fringes	190,811,330	197,580,239	6,768,909	3.5%
Fuel & Utilities	12,357,057	12,801,965	444,908	3.6%
Services, Materials & Inventory	32,150,974	31,591,913	(559,061)	(1.7%)
Purchased Transportation	7,599,160	9,335,470	1,736,310	22.8%
Other Expenditures	3,783,813	6,018,115	2,234,302	59.0%
Total Operating Expenditures	246,702,334	257,327,702	10,625,368	4.3%
Transfers				
To (From) Reserve Fund	9,428,615	95,878,615	86,450,000	916.9%
To (From) Insurance Fund	0	2,100,000	2,100,000	(100.0%)
To (From) Pension Fund	50,000	45,000	(5,000)	(10.0%)
To (From) Bond Retirement Fund	14,950,956	71,569,994	56,619,038	378.7%
To (From) Capital Improvement Fund	13,397,525	43,698,859	30,301,334	226.2%
Total Transfers	37,827,096	213,292,468	175,465,372	463.9%
Total Expenditures	284,529,430	470,620,170	186,090,740	65.4%
Excess Revenues over Expenditures	92,004,362	(70,233,294)	(162,237,656)	(176.3%)
Balance December 31	\$ 132,581,757	\$ 62,348,463	\$ (70,233,294)	(53.0%)

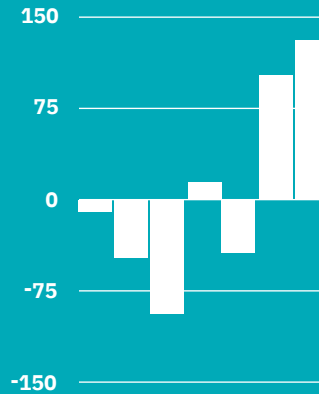


CHARTS

GENERAL FUND

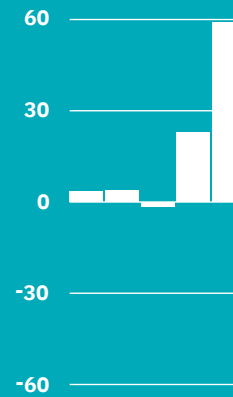
Revenue

Passenger Fares	(10.4%)
Advertising/Concessions	(47.5%)
Investment Income	(86.1%)
Sales/Use Tax	13.9%
Reimbursements	(44.0%)
Federal CARES Act	100.0%
Other Income	134.5%



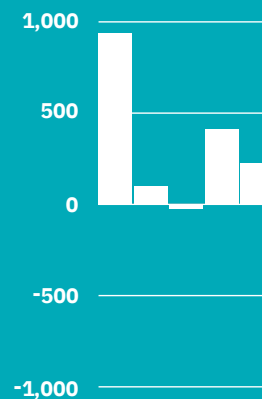
Expenditures

Salaries, Payroll Taxes & Fringes	3.5%
Fuel & Utilities	3.6%
Services, Materials & Inventory	(1.7%)
Purchased Transportation	22.8%
Other Expenditures	59.0%



Transfers

Transfer to Reserve Fund	916.9%
Transfer to Insurance Fund	100.0%
Transfer to Pension Fund	(10.0%)
Transfer to Bond Retirement Fund	378.7%
Transfer to Capital Improvement Fund	226.2%





FUNDS

Capital Fund	2020 Actual	2021 Actual	\$ Change	% Change
Beginning Balance	\$ 45,377,784	\$ 33,437,292	\$ (11,940,492)	(26.3%)
Revenues				
Federal Capital Grants	42,000,277	87,419,866	45,419,589	108.1%
Federal CARES Act	111,977,170	122,231,555	10,254,385	100.0%
State Capital Grants	2,702,681	0	(2,702,681)	(100.0%)
Local Sources	13,397,525	92,698,859	79,301,334	591.9%
Other	12,800	6,587,238	6,574,438	100.0%
General Obligation Debt Proceeds	0	0	0	0%
Investment Income	1,079,699	118,933	(960,766)	(89.0%)
Total Revenues	171,170,152	309,056,451	137,886,299	80.6%
Total Resources	216,547,936	342,493,743	125,945,807	58.2%
Expenditures				
RTA Development Fund Projects	68,810,841	68,940,326	129,485	0.2%
RTA Capital Fund Projects	2,322,633	1,496,627	(826,006)	(35.6%)
CARES Act	111,977,170	122,231,555	10,254,385	100.0%
Total Expenditures	183,110,644	192,668,508	9,557,864	5.2%
Excess Revenues over Expenditures	(11,940,492)	116,387,943	128,328,435	(1,074.7%)
Balance December 31	\$ 33,437,292	\$ 149,825,235	\$ 116,387,943	348.1%

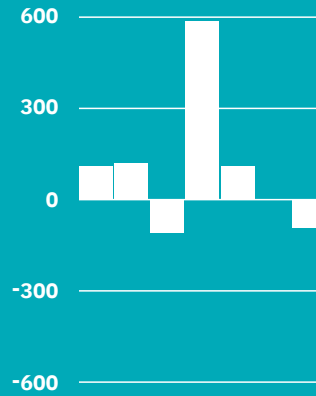


CHARTS

CAPITAL FUND

Revenue

Federal Capital Grants	108.1%
Federal CARES Act	100.0%
State Capital Grants	(100.0%)
Local Sources	591.9%
Other	100.0%
General Obligation Debt Proceeds	0%
Investment Income	(89.0%)



Expenditures

RTA Development Fund Projects	0.2%
RTA Capital Fund Projects	(35.6%)
CARES Act	100.0%

