

# Year-End Financial Report

The American Rescue Plan (ARP) provided stability for the Authority in 2022. The 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 reduce the capital unfunded projects.

The NextGen system, implemented in June 2021, continued to provide greater frequency of service to customers. Ridership in 2022 increased by 18% when compared to 2021. Passenger Trips totaled 18.8 million in 2022, up from 2021 level yet remains 41.2% below pre-pandemic levels.

Passenger Fare revenues totaled \$28.8 million for 2022, 33.5% above 2021 levels yet 32.8% below the pre-pandemic 2019 levels. Sales tax receipts totaled \$255.0 million, a 6.5% increase from 2021. Online sales, sales of motor vehicles & watercraft, and regular/statewide sales continued to be the leading categories. Total Operating Expenses ended the year 5.1% below budgeted levels. Total personnel expenses (salaries, overtime, payroll taxes and fringes) were 3.3% below budget. The Energy Price Risk Management Program continued to help stabilize fuel costs. Fuel costs were 7.1% under budget. 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 to 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 were made by June, totaling \$199.4 million. An increase of \$50 million to the Reserve Fund for Revenue Stabilization was approved by the Board. Funds in this reserve sub-fund will help the Authority to offset the decrease in passenger fare revenue from the pre-pandemic levels and to maintain the 1-month ending General Fund balance in the out-years.

## 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 12.4% largely 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 6.5% at the end of 2022. 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 \$168.7, the growth per year is 9.7%, compared to 2021.

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 1.9 months exceeding the policy goal.

### **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 10.8, exceeding the policy goal.

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 25.9%. Additional funds were transferred to capital to help decrease the amount of unfunded projects.

The Capital Maintenance Outlay to Capital Expansion Outlay ratio shows the Authority's focus is on the maintenance or State of Good Repair 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

# 12.4%

2021	8.9%
2020	11.0%
2019	19.0%
2018	19.1%

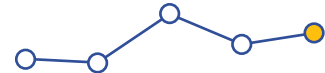


Ratio that shows the efficiency of management by comparing operating expenses to operating revenues (Operating Expenses divided by Operating Revenues).

## Cost per Hour of Service

# \$168.7

2021	\$153.7
2020	\$195.9
2019	\$130.9
2018	\$133.2

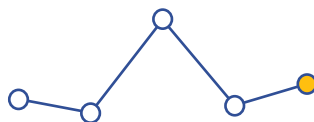


Measure of service efficiency (Operating Expenses divided by Service Hours).

## Growth per Year

# 9.7%

2021	8.9%
2020	49.7%
2019	-7.1%
2018	0.6%

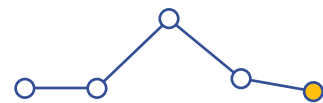


Growth in cost of delivering a unit of service (Cost per Hour), compared to the prior year, to be kept at or below the rate of inflation.

## Operating Reserve (Months)

# 1.9

2021	2.9
2020	6.5
2019	2.1
2018	2.1



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



# Indicators

## Capital Efficiency

### Debt Service Coverage

# 10.8

2021	3.0
2020	9.6
2019	4.5
2018	4.5



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

### Sales Tax Contribution to Capital

# 25.9%

2021	48.2%
2020	13.5%
2019	11.9%
2018	11.9%



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%

2021	100%
2020	100%
2019	100%
2018	97%



The capital program requires a critical balance between maintenance of existing assets and expansion efforts.

# Funds

## General Fund

	2021 Actual	2022 Actual	\$ Change	% Change
<b>Revenues</b>				
<b>Operating Revenue</b>				
Passenger Fares	21,541,061	28,761,449	7,220,388	33.5%
Advertising & Concessions	780,796	2,056,186	1,275,390	163.3%
Naming Rights	447,224	416,863	(30,361)	(6.8%)
Investment Income	97,478	891,750	794,272	814.8%
<b>Total Operating Revenue</b>	<b>22,866,559</b>	<b>32,126,248</b>	<b>9,259,689</b>	<b>40.5%</b>
<b>Non-Operating Revenue</b>				
Sales & Use Tax	239,341,747	254,954,364	15,612,617	6.5%
Reimbursed Expenditures	14,804,933	4,664,608	(10,140,325)	(68.5%)
Federal Reimbursements	122,231,555	81,293,421	(40,938,134)	(33.5%)
Other Revenue	854,246	547,336	(306,910)	(35.9%)
<b>Total Non-Operating Revenue</b>	<b>377,232,481</b>	<b>341,459,729</b>	<b>(35,772,752)</b>	<b>(9.5%)</b>
<b>Total Revenue</b>	<b>400,099,040</b>	<b>373,585,977</b>	<b>(26,513,063)</b>	<b>(6.6%)</b>
<b>Expenditures</b>				
<b>Operating Expenditures</b>				
Salaries, Payroll Taxes & Fringes	197,476,752	201,936,146	4,459,394	2.3%
Fuel & Utilities	12,921,958	13,279,558	357,600	2.8%
Services, Materials & Inventory	31,030,296	31,670,757	640,461	2.1%
Purchased Transportation	7,408,279	8,423,677	1,015,398	13.7%
Other Expenditures	5,322,050	5,346,038	23,998	0.5%
<b>Total Operating Expenditures</b>	<b>254,159,335</b>	<b>260,656,176</b>	<b>6,496,841</b>	<b>2.6%</b>
<b>Transfers</b>				
To (From) Reserve Fund	95,878,615	60,878,615	(35,000,000)	(36.5%)
To (From) Insurance Fund	2,100,000	2,500,000	400,000	19.0%
To (From) Pension Fund	45,000	-	(45,000)	(100.0%)
To (From) Bond Retirement Fund	71,569,994	11,327,875	(60,242,119)	(84.2%)
To (From) Capital Improvement Fund	43,398,859	44,725,757	1,326,898	3.1%
<b>Total Transfers</b>	<b>212,992,468</b>	<b>119,432,247</b>	<b>(93,560,221)</b>	<b>(43.9%)</b>
<b>Total Expenditures</b>	<b>467,151,803</b>	<b>380,088,423</b>	<b>(87,063,380)</b>	<b>(18.6%)</b>
<b>Total Revenues over Total Expenditures</b>	<b>(67,052,763)</b>	<b>(6,502,446)</b>	<b>60,550,317</b>	<b>(90.3%)</b>
<b>Beginning Balance January 1</b>	<b>\$ 143,072,493</b>	<b>\$ 62,360,626</b>	<b>\$ 92,004,364</b>	<b>226.7%</b>
<b>Ending Balance December 31</b>	<b>\$ 62,360,626</b>	<b>\$ 42,560,670</b>	<b>\$ (19,799,956)</b>	<b>(31.8%)</b>

# Funds Capital Fund

	2021 Actual	2022 Actual	\$ Change	% Change
<b>Revenues</b>				
<b>Federal / State Revenues</b>				
Federal Capital Grants	87,419,866	117,835,497	30,415,631	34.8%
Federal Stimulus Grants	122,231,555	81,293,421	(40,938,134)	(33.5%)
State Capital Grants	–	3,718,546	3,718,546	100.0%
<b>Total Federal / State Revenues</b>	<b>97,556,464</b>	<b>121,554,043</b>	<b>23,997,579</b>	<b>(3.2%)</b>
<b>Other Revenues</b>				
Debt Service Proceeds	–	–	–	0.0%
Investment Income	118,933	2,024,734	1,905,801	1602.4%
Other Revenue	6,587,238	13,513,332	6,926,094	105.1%
<b>Total Other Revenue</b>	<b>6,706,171</b>	<b>15,538,066</b>	<b>8,831,895</b>	<b>131.7%</b>
<b>Transfers</b>				
Transfers from the General Fund	43,698,859	44,725,757	1,026,898	2.3%
Transfers from the Reserve Fund	49,000,000	10,000,000	(39,000,000)	(79.6%)
<b>Total Transfers</b>	<b>92,698,859</b>	<b>54,725,757</b>	<b>(37,973,102)</b>	<b>(41.0%)</b>
<b>Total Revenue</b>	<b>309,056,451</b>	<b>273,111,287</b>	<b>(35,945,164)</b>	<b>(11.6%)</b>
<b>Expenditures</b>				
RTA Development Fund Projects	68,940,326	41,096,925	(27,843,401)	(40.4%)
RTA Capital Fund Projects	1,496,627	3,163,818	1,667,191	111.4%
Federal Stimulus Grants	122,231,555	81,293,421	(40,938,134)	(33.5%)
<b>Total Expenditures</b>	<b>192,668,508</b>	<b>125,554,164</b>	<b>(67,114,344)</b>	<b>(34.8%)</b>
<b>Excess Revenues over Expenditures</b>	<b>116,387,943</b>	<b>147,557,123</b>	<b>31,169,180</b>	<b>26.8%</b>
<b>Beginning Balance January 1</b>	<b>33,437,292</b>	<b>149,825,235</b>	<b>116,387,943</b>	<b>348.1%</b>
<b>Ending Balance December 31</b>	<b>\$ 149,825,235</b>	<b>\$ 147,557,123</b>	<b>(2,268,112)</b>	<b>(1.5%)</b>