

County of Lackawanna Transit System
25-26 Fiscal Year Budget

Budget Overview

Over the past four years, COLTS has been able to keep its operating costs increasing at a modest pace. While COLTS' philosophy as it pertains to budgeting is to manage each budgetary line item, PennDOT tracks our budget from an overall cost standpoint. Statewide, transit agencies have averaged budgetary growth year-over-year of about 15% (Since COVID-19). COLTS has seen its budget grow approximately 5-10% on average each year and this year will follow that trend.

<u>Fuel</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
CNG	396,841.00		481,000.00	84,159.00	21.21%
Diesel	306,133.00		224,000.00	(82,133.00)	-26.83%
Gas	281,386.00		296,616.00	15,230.00	5.41%
Total Fuel		984,360.00	1,001,616.00	17,256.00	1.75%

We are projecting a \$1,001,616 budget for fuel expense for the fiscal year ending 25-26. This represents a 1.75% increase when compared against projected 24-25 FY numbers. COLTS is expecting to reduce its consumption of diesel by 25% thanks to a partial conversion of our bus fleet. The switch to CNG doesn't come without its fiscal challenges, however, as the cost of CNG has steadily increased since we began our conversion. As more Diesel buses come offline, expect this expenditure to outpace typical inflation projections (Inflation grows around 3-5% traditionally).

<u>Vehicle Maintenance</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
Cleaning / Towing	10,314.00		11,887.00	1,573.00	15.25%
Parts	537,797.00		588,713.00	50,916.00	9.47%
Garage Supplies	43,083.00		45,500.00	2,417.00	5.61%
Outside Repairs	68,589.00		50,966.00	(17,623.00)	-25.69%
Total Vehicle Maintenance		659,783.00	697,066.00	37,283.00	5.65%

It is important to note, as we did last year, that COLTS' revenue vehicle fleet is aging. There is a direct correlation to the age of an organization's fleet and the cost to maintain its fleet. COLTS will continue to replace buses over the next five years; however, expectations need to be tempered as it relates to this expenditure category. The newer CNG buses have experienced more mechanical and electrical failure than expected and the cost to maintain these vehicles is greater when comparing the CNG buses to its predecessor, the Diesel bus.

COLTS has been trying to mitigate the effects of supply chain disruptions on our operations by increasing our inventory levels to unprecedented levels over the past three years. Traditionally, COLTS has maintained a "Just in Time" inventory system. This means that COLTS has kept small inventory levels and has purchased parts and supplies as it needed them. There are many reasons to keep a JIT inventory system, such as, cost efficiencies and reduced probability for theft. Economic conditions have called for a change in this inventory management philosophy and COLTS' finance department has authorized a 70% increase in inventory levels over historical levels and will maintain this policy in this upcoming fiscal year. While this is a more costly way to manage inventory, supply chain interruptions are minimized and operations can be carried on more efficiently under this philosophy.

Less: Operating Expenses					
Payroll Expense		Projected 24-25	Budgeted 25-26	Difference	% Increase
Operating Salaries & Wages (FR)	2,947,676.00		3,646,202.00	698,526.00	23.70%
Operating Salaries & Wages (SR)	1,390,485.00		1,420,971.00	30,486.00	2.19%
Operating Salaries & Wages (Admin)	966,604.00		1,138,186.00	171,582.00	17.75%
Operating Salaries & Wages (Office SR)	358,105.00		402,211.00	44,106.00	12.32%
Overtime Salaries & Wages (FR)	858,740.00		799,538.00	(59,202.00)	-6.89%
Overtime Salaries & Wages (SR)	59,450.00		59,882.00	432.00	0.73%
Overtime Salaries & Wages (Admin)	3,101.00		4,586.00	1,485.00	47.89%
Overtime Salaries & Wages (Office SR)	14,298.00		19,528.00	5,230.00	36.58%
Paid Leave (FR)	572,563.00		527,062.00	(45,501.00)	-7.95%
Paid Leave (SR)	235,564.00		231,504.00	(4,060.00)	-1.72%
Paid Leave (Admin)	157,032.00		168,016.00	10,984.00	6.99%
Paid Leave (Office SR)	75,678.00		79,429.00	3,751.00	4.96%
Other Wages Paid (FR)	409,677.00		353,801.00	(55,876.00)	-13.64%
Other Wages Paid (SR)	283,997.00		247,550.00	(36,447.00)	-12.83%
Other Wages Paid (Admin)	92,564.00		86,664.00	(5,900.00)	-6.37%
Other Wages Paid (Office SR)	71,718.00		64,487.00	(7,231.00)	-10.08%
Payroll Taxes	656,651.00		756,427.00	99,776.00	15.19%
Total Payroll Expenses		9,153,903.00	10,006,044.00	852,141.00	9.31%

We are budgeting a 9.31% increase in payroll costs in the 25-26 FY when compared to 24-25 FY expected results. Over the past two fiscal years, COLTS has made a concerted effort to seek the most efficient labor level for our organization given our ridership levels. We believe this level has been achieved, however, with recent departures of admin staff & drivers, recommendations for shared ride reorganization, and the impending move into our new facility, have forced us to reconsider these levels. Therefore, we have not only budgeted for planned raises, but also for a slight increase in staffing levels.

Employee Benefits		Projected 24-25	Budgeted 25-26	Difference	% Increase
Health Insurance	2,352,758.00		1,867,489.00	(485,269.00)	-20.63%
Dental Insurance	37,967.00		65,500.00	27,533.00	72.52%
Life Insurance	34,529.00		37,800.00	3,271.00	9.47%
Pension Expense	721,673.00		708,236.00	(13,437.00)	-1.86%
Total Employee Benefits		3,146,927.00	2,679,025.00	(467,902.00)	-14.87%

COLTS is expecting to inject liquidity into its ATU / Admin pension plan for 25-26 FY. We have a \$708,236 total cash outlay planned for 25-26 FY to fund our pension plan. Last year, the positive returns of the stock market drastically improved the financial performance of our pension, as planned. This year, COLTS may not be as fortunate as fiscal unrest at the Federal government level, lack of clarity from a monetary policy standpoint, and fears of a recession brought on by U.S. Tariff policies threaten to destabilize the stock and bond markets. COLTS remains prepared and able to provide the funding necessary to cover any shortfall in pension asset growth for the upcoming fiscal.

From a benefits standpoint, COLTS is anticipating a surplus check from our insurance cooperative, PHMIC, in the 25-26 FY which will far exceed the 7% increase to our premiums. When premiums exceed claims, our cooperative pays COLTS a refund for the premium surplus.

Therefore, we are planning to see a drastic reduction to health insurance expense in 25-26 FY. For planning purposes, COLTS does not foresee the same surplus continuing in 26-27 FY.

<u>Professional Services</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
Legal	41,619.00		46,500.00	4,881.00	11.73%
Accounting	58,626.00		51,500.00	(7,126.00)	-12.16%
Workmed	22,764.00		26,825.00	4,061.00	17.84%
Admin - Pension	109,678.00		119,411.00	9,733.00	8.87%
Consulting	31,327.00		42,906.00	11,579.00	36.96%
Professional Cleaning	21,372.00		31,865.00	10,493.00	49.10%
Total Professional Services		285,386.00	319,007.00	33,621.00	11.78%

We are expecting a 11.78% increase in professional services as compared to projected 24-25 FY numbers. COLTS will be seeking technical assistance as it pertains to an adjustment of route configurations. We will also be seeking guidance as we prepare for our FTA Triennial Review that will be taking place in the Summer / Fall of 2026. The Finance department has not relied on outside contractors to provide accounting consultation and, as a result, total accounting expense is expected to decrease in the upcoming fiscal year. The accounting expense that we do have will be the audit fees from our provider, RKL.

<u>Building Maintenance</u>					
Office Expense	43,863.00		69,475.00	25,612.00	58.39%
Cleaning	44,892.00		51,424.00	6,532.00	14.55%
Equipment Lease	95,940.00		95,940.00	-	0.00%
Total Building Maintenance		184,695.00	216,839.00	32,144.00	17.40%
Purchased Transportation		1,892,302.00	1,973,433.00	81,131.00	4.29%
Utilities		176,499.00	296,634.00	120,135.00	68.07%
Advertsing Expense		60,288.00	104,840.00	44,552.00	73.90%
IT Expense		232,191.00	234,626.00	2,435.00	1.05%

<u>Miscellaneous Expense</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
Security	45,991.00		91,550.00	45,559.00	99.06%
Dues / Travel	56,049.00		63,400.00	7,351.00	13.12%
Uniforms	25,393.00		61,545.00	36,152.00	142.37%
Training	14,064.00		25,000.00	10,936.00	77.76%
Printing	20,496.00		27,000.00	6,504.00	31.73%
Interest Expense	27,862.00		28,698.00	836.00	3.00%
Misc (Penalties, Bank Fees)	14,426.00		12,796.00	(1,630.00)	-11.30%
Total Miscellaneous Expenses		204,281.00	309,989.00	105,708.00	51.75%
Insurance Expense (P&L)		781,228.00	816,245.00	35,017.00	4.48%

The above excerpt is the remaining budgeted expenditures. A particular focus should be placed training, uniforms, advertising, utilities, IT & security sections. The impending move into our new administrative facility is forcing the Finance department to deal with many unknowns. Utility consumption is one unknown as well as office equipment that may be needed after we move in and get a better grasp of what we need. Also, it is an organizational emphasis that COLTS be more engaged in the community. COLTS has already made tremendous strides in

becoming more visible in the community. This commitment is evident in the budget line for advertising.

Operating Revenues		Projected 24-25	Budgeted 25-26	Difference	% Increase
Operating Revenues (FR)		834,783.00	901,566.00	66,783.00	8.00%
Operating Revenues (SR)		435,165.00	466,842.00	31,677.00	7.28%
Operating Revenues (Purch Tr)		11,579.00	12,506.00	927.00	8.01%
Miscellaneous Revenue		13,318.00	13,576.00	258.00	1.94%
Advertising Revenue		70,000.00	70,000.00	-	0.00%
Total Operating Revenue		1,364,845.00	1,464,490.00	99,645.00	7.30%

Expectations for ridership growth in the fiscal year are 6-8%. Ridership is the primary driver of operating revenue and, as such, we believe that operating revenue will keep pace with ridership.

Add: Non-Operating Revenues		Projected 24-25	Budgeted 25-26	Difference	% Increase
Non-Operating (FR)		13,786,919.00	13,328,386.00	(458,533.00)	-3.33%
Non-Operating (SR)		2,385,095.00	3,630,755.00	1,245,660.00	52.23%
Investment Income		224,984.00	231,733.00	6,749.00	3.00%
Total Non-Operating Revenues		16,396,998.00	17,190,874.00	793,876.00	4.84%

Ridership remains steadily growing at 5-10% pace across our organization. In order to offset the effects that inflation has had on our operating expenditures, COLTS will utilize its 5307 operating assistance that is now available. COLTS will also be seeking a shared ride fare increase to offset recent growth in total shared ride expenditures (This mode of service has grown 10%, on average). The total increase in non-operating revenues will subsidize the operating deficit that we run across our organization.

The main focus, in the next few years, is to grow our service level while keeping our cash outlays within budgetary parameters. The Finance department's main goal in the near term is to fund extended weekend service and night service performed by COLTS directly. This will be an investment that COLTS will have to fund directly for the initial term, so it will be important for COLTS to grow an operating surplus able to withstand the financial demands of a service increase.

COLTS						
5307 & 5339 Grant Inventory						
<u>5307</u>						
<u>Period</u>	<u>Funding</u>	<u>Amount Used</u>	<u>Amount Left</u>	<u>Due Date</u>		
FFY 2020	210,835	210,835	-	9/30/2025		
FFY 2021	2,268,985	2,268,985	-	9/30/2026		
FFY 2022	3,525,254	345,180	3,180,074	9/30/2027		
FFY 2023	2,977,879	-	2,977,879	9/30/2028		
FFY 2024	2,943,765		2,943,765	9/30/2029		
FFY 2025	1,332,535		1,332,535	9/30/2030	Partial Apportionment Received	
Total 5307 Funding			10,434,253			
<u>5339</u>						
<u>Period</u>	<u>Funding</u>	<u>Amount Used</u>	<u>Amount Left</u>	<u>Due Date</u>		
FFY 2022	246,420	246,420	-	9/30/2025		
FFY 2023	253,353	113,580	139,773	9/30/2026		
FFY 2024	255,598		255,598	9/30/2027		
FFY 2025			-	9/30/2028		
Total 5339 Funding			395,371			
Total Grant Funding Remaining			10,829,624			

County of Lackawanna Transit System
25-26 FY Full Operating Budget

County of Lackawanna Transit System (COLTS)					
25-26 Fiscal Year Budget					
Operating Revenues		Projected 24-25	Budgeted 25-26	Difference	% Increase
Operating Revenues (FR)		834,783.00	901,566.00	66,783.00	8.00%
Operating Revenues (SR)		435,165.00	466,842.00	31,677.00	7.28%
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Miscellaneous Revenue		13,318.00	13,576.00	258.00	1.94%
Advertising Revenue		70,000.00	70,000.00	-	0.00%
Total Operating Revenue		1,364,845.00	1,464,490.00	99,645.00	7.30%
Less: Operating Expenses					
Payroll Expense					
Operating Salaries & Wages (FR)	2,947,676.00		3,646,202.00	698,526.00	23.70%
Operating Salaries & Wages (SR)	1,390,485.00		1,420,971.00	30,486.00	2.19%
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Overtime Salaries & Wages (SR)	59,450.00		59,882.00	432.00	0.73%
Overtime Salaries & Wages (Admin)	3,101.00		4,586.00	1,485.00	47.89%
Overtime Salaries & Wages (Office SR)	14,298.00		19,528.00	5,230.00	36.58%
Paid Leave (FR)	572,563.00		527,062.00	(45,501.00)	-7.95%
Paid Leave (SR)	235,564.00		231,504.00	(4,060.00)	-1.72%
Paid Leave (Admin)	157,032.00		168,016.00	10,984.00	6.99%
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Other Wages Paid (Admin)	92,564.00		86,664.00	(5,900.00)	-6.37%
Other Wages Paid (Office SR)	71,718.00		64,487.00	(7,231.00)	-10.08%
Payroll Taxes	656,651.00		756,427.00	99,776.00	15.19%
Total Payroll Expenses		9,153,903.00	10,006,044.00	852,141.00	9.31%
Employee Benefits					
Health Insurance	2,352,758.00		1,867,489.00	(485,269.00)	-20.63%
Dental Insurance	37,967.00		65,500.00	27,533.00	72.52%
Life Insurance	34,529.00		37,800.00	3,271.00	9.47%
Pension Expense	721,673.00		708,236.00	(13,437.00)	-1.86%
Total Employee Benefits		3,146,927.00	2,679,025.00	(467,902.00)	-14.87%
Professional Services					
Legal	41,619.00		46,500.00	4,881.00	11.73%
Accounting	58,626.00		51,500.00	(7,126.00)	-12.16%
Workmed	22,764.00		26,825.00	4,061.00	17.84%
Admin - Pension	109,678.00		119,411.00	9,733.00	8.87%
Consulting	31,327.00		42,906.00	11,579.00	36.96%
Professional Cleaning	21,372.00		31,865.00	10,493.00	49.10%
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Insurance Expense (P&L)		781,228.00	816,245.00	35,017.00	4.48%
Vehicle Maintenance					
Cleaning / Towing	10,314.00		11,887.00	1,573.00	15.25%
Parts	537,797.00		588,713.00	50,916.00	9.47%
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Total Vehicle Maintenance		659,783.00	697,066.00	37,283.00	5.65%
Fuel					
CNG	396,841.00		481,000.00	84,159.00	21.21%
Diesel	306,133.00		224,000.00	(82,133.00)	-26.83%
Gas	281,386.00		296,616.00	15,230.00	5.41%
Total Fuel		984,360.00	1,001,616.00	17,256.00	1.75%
Building Maintenance					
Office Expense	43,863.00		69,475.00	25,612.00	58.39%
Cleaning	44,892.00		51,424.00	6,532.00	14.55%
Equipment Lease	95,940.00		95,940.00	-	0.00%
Total Building Maintenance		184,695.00	216,839.00	32,144.00	17.40%
Purchased Transportation		1,892,302.00	1,973,433.00	81,131.00	4.29%
Utilities		176,499.00	296,634.00	120,135.00	68.07%
Advertsing Expense		60,288.00	104,840.00	44,552.00	73.90%
IT Expense		232,191.00	234,626.00	2,435.00	1.05%

<u>Miscellaneous Expense</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
Security	45,991.00		91,550.00	45,559.00	99.06%
Dues / Travel	56,049.00		63,400.00	7,351.00	13.12%
Uniforms	25,393.00		61,545.00	36,152.00	142.37%
Training	14,064.00		25,000.00	10,936.00	77.76%
Printing	20,496.00		27,000.00	6,504.00	31.73%
Interest Expense	27,862.00		28,698.00	836.00	3.00%
Misc (Penalties, Bank Fees)	14,426.00		12,796.00	(1,630.00)	-11.30%
Total Miscellaneous Expenses		204,281.00	309,989.00	105,708.00	51.75%
Total Operating Expenses		17,761,843.00	18,655,364.00	1,292,356.00	7.28%
Total Operating Profit		(16,396,998.00)	(17,190,874.00)	(793,876.00)	-4.84%
<u>Add: Non-Operating Revenues</u>		<u>Projected 24-25</u>	<u>Budgeted 25-26</u>	<u>Difference</u>	<u>% Increase</u>
Non-Operating (FR)		13,786,919.00	13,328,386.00	(458,533.00)	-3.33%
Non-Operating (SR)		2,385,095.00	3,630,755.00	1,245,660.00	52.23%
Investment Income		224,984.00	231,733.00	6,749.00	3.00%
Total Non-Operating Revenues		16,396,998.00	17,190,874.00	793,876.00	4.84%
Suplus / Deficit		-	-		