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GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

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TAX BUDGET

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July 7, 2009

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Greater Cleveland Regional Transit Authority

2010 TAX BUDGET

Executive Summary

Over the last eight years, three factors have dominated the outcomes of our budget levels for GCRTA. The revenue generated by Sales & Use Tax, the cost and volatility of diesel fuel costs, and the amount of funding provided by the State of Ohio for public transit.

After the recession of 1990-1992 through the end of the year 2000, Cleveland's economy was strong. Although the city had suffered population losses, manufacturing, banking, and the insurance industries were operating at satisfactory levels, the economy was growing, and Sales Tax Revenue was increasing by about 5.5% annually. Since approximately 65% of GCRTA funding is generated from the Sales and Use Tax, the Authority was receiving funding levels sufficient to sustain an expansion of public transportation service. This was true, even though the region's population was beginning to decline. The events surrounding September 11th, 2001 negatively impacted the entire U.S. economy. Ohio was particularly affected and observed a significant loss of status and economic vitality. Population in the City of Cleveland and Cuyahoga County subsequently declined by approximately 8% and Cleveland became one of the nation's poorest major urban centers. Sales & Use Tax revenue has grown by only 1% annually since 9/11/2001. This decline established a new reality for Sales Tax expectations and a new baseline for growth and service levels that is well below historic levels. It has also created a significant and continuing shortfall in funding.

After personnel costs, diesel fuel has become the second largest expense for the Authority. In the last five years, diesel costs have increased by 200%, increasing by 100% in the last two years and by 60% in 2008 alone. Over this period GCRTA fuel costs have skyrocketed from \$4 million to nearly \$20 million as the cost of oil jumped from \$40 per barrel to \$140 per barrel.

In addition, from 2003 to 2005, the State of Ohio cut funding for public transportation by 60%. The level was already low at \$43 million and was then reduced to one of the lowest in the nation at \$16 million annually.

As a consequence of these factors, GCRTA has been forced to cut public transportation service levels by 17% since 2001. Service reductions were made in both 2007 and 2008. Fares were raised in 2006 and then raised twice in 2008. Facilities have been consolidated and the operations of the North Olmsted and Maple Heights Bus lines were assimilated into RTA operations to increase efficiencies and reduce costs. Budgets levels were reduced every year to maintain a reasonable fiscal status. In December 2007, the process of continuous improvement and efficiency was formalized with the establishment of TransitStat. These actions taken over the last eight years have resulted in a combined \$270 million in budget reductions.

Because of these factors the 2009 Tax Budget projected a \$20 million deficit. As a result, a 12% service cut was recommended, along with a 50-cent fuel surcharge, administrative positions were reduced by 5% and, non-bargaining employees salaries were held at 2008 pay rates. To avoid the deep service cuts and a substantial fare increase, the Governor, through state Metropolitan Planning Organizations (MPOs), provided \$9 million toward the increased fuel costs. The service cut was only partially implemented and the fare increase was reduced to 25 cents. However, the budget needed additional funding from the State. If funding did not materialize, RTA would need to implement the deferred service cuts; and the remainder of the fare increase would have to be implemented. This premise was made part of the 2009 Budget.

The economy continued to worsen during the spring and summer of 2008, and by August, the U.S. was officially in a recession. Then, in late September, a banking crisis occurred and several large and influential banks ceased operations and were either sold or closed. The market reacted, plunged, and the recession deepened quickly and dramatically. Demand for products dropped suddenly, car sales dropped by 40%, unemployment rose significantly causing further reductions in spending, in addition to lower demand for products, more layoffs, and company closings.

Sales & Use Tax collections remained at nearly budgeted levels through the end of 2008, but immediately began to drop with the start of 2009. GCRTA revised its Sales Tax Revenue projection from \$173 million to \$160 million. This 7.6% decline would be the worst single year sales tax decline for The Authority in the last 25 years. Unemployment continues to rise, now nearing 11%, Sales Tax collections continue to decline at an accelerating pace, and Chrysler and General Motors both declared bankruptcy. The decline in the Sales and Use Tax revenue could now exceed the previous dire projection of \$160 million, and no additional State funding is expected. Although economists project a mild recovery beginning in 2010, another new and lower base level has been established at least for 2010 and 2011 as we project growth of 1.4% (\$162 million) and 2.2% (\$165 million) for Sales Tax Revenue in those years. Due to the ongoing decline in Sales Tax Revenue, those projections may have to be revised to \$159 million and \$162.7 million respectively. Fuel costs have been stabilized through a firm fixed price contract for 2009 and an Energy Price Risk Management Program for 2010 that will lower projected 2010 fuel costs. Fuel positions for 2011 are currently being purchased, and the outcome should also lower budgeted costs for that year.

Consequently, the 2010 Tax Budget currently shows a \$16.3 million deficit. A service reduction must be made and implemented either in the fall of 2009 or the onset of 2010 with additional expense reductions. Some level of additional State funding will be needed or GCRTA will have to hold public hearings and reduce service levels even more dramatically than the 6% already approved. This could result in a cut of as much as 15% if the level of funding provided by current Sales Tax receipts and those projected for 2010 and 2011 simply does not allow RTA to sustain the current level of service provided.

General Fund Assumptions

Inflation

Assumption: **0.5-1.5%**

Rationale:

According to economic analyses including sources such as the Federal Reserve Bank (Fed) and the Bureau of Labor Statistics, 2009 inflation measures are currently showing “deflation”. January 2009 inflation rate was 0.03% and dropping through May 2009 to a negative 1.28%. Deflation fears have been a central animating force of monetary policy. The Federal Reserve Bank contends that the threat of deflation has fallen by a notable margin, with a modest recovery and price stabilization occurring in the fourth quarter of 2009.

Interest Rates

Assumption: **0.0-0.25%**

Rationale:

The federal funds target rate decreased to 0.25% in December 2008 and has remained at this level. The Fed has stated that they will maintain 0.0%-0.25% as the target rate and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. This rate provides support to mortgage lending and housing markets and to improve overall conditions in private credit markets. Fed experts expect that the federal funds rate will remain stable for the remainder of the year.

This affects GCRTA because the federal funds rate is a tool used by the Federal Open Market Committee (FOMC) to control economic growth and inflation. Both are components of GCRTA's Sales and Use Tax Revenue and projections.

Beginning and Available Ending Balance

The beginning balance for each of the five years shown represents unrestricted cash and investments.

The 2009 projected ending balance is \$1.3 million and the 2010 available ending balance is projected to be negative \$16.3 million. It is clear that the Authority's policy of maintaining a reserve equal to one month's operating expenses in the General Fund will not be satisfied.

REVENUES

Passenger Fares

Assumption: **\$53.9 million**

Rationale:

Actual Passenger Fare revenue received through the first quarter of 2009 was \$11.8 million. This amount is \$1.4 million, or 13.75%, above the same period in 2008, and \$152,322 more or 1.31% more than the 2009 budget. The gain, as compared to 2008, is mostly attributed to the \$0.25 fuel service charge implemented in November 2008. To provide a more informative indicator, RTA also analyzes core passenger fare, which tracks performance of passenger fares by excluding the variable timing receipt items: U-Pass and student tickets.

Through the first three months of 2009, the increase in core passenger fare, compared to 2008, was 9.62% in January, 1.68% in February, and 21.66% in March, equaling an increase in core passenger fare of 10.49% in the first quarter. Ridership numbers began to slide in April 2009, and we expect Ridership to continue to slide this year, until the unemployment rate begins to decrease. The 2010 Tax budget assumes a modest 2% increase (\$53,867,832) over the 2009 first quarter projection (\$52,811,600) due to the anticipated slight increase in ridership.

Advertising Revenue

Assumptions

| | |
|-----------------------------|----------------------|
| Advertising Contract | \$825K |
| HealthLine (net) | \$175K |
| <u>Other</u> | <u>\$100K</u> |
| Total | \$1.1M |

Rationale:

Advertising revenue is composed of three subcategories. The first subcategory is the current advertising contract. Due to recent fleet reductions, the advertising contract's annual guarantee was lowered from \$1,000,000 to \$825,000 per year. The second subcategory is the HealthLine naming rights contract that will net the Authority \$175,000 in 2010. The other subcategory includes various concession and vending arrangements and is expected to generate \$100,000 in the upcoming year.

Sales Tax

Assumption:

\$162.2 million

Rationale:

The Authority received \$42.7 million in Sales and Use Tax revenue through the first quarter of 2009. This amount was \$5.2 million, or 10.98%, less than the same period in 2008, and below budget by \$1.9 million or 4.24%. The large negative variation is due to the current decline in retail sales in Cuyahoga County, which are proportional to the sales tax level.

For the month of April 2009, GCRTA Sales Tax receipts are 2.73% above April 2008. However, Year-to-date receipts through April 2009 are 8.33% or \$5.0 million lower than April 2008 year-to-date collections and \$3.1 million or 5.5% below the 2009 budget.

Cleveland's economy continues to weaken. Commercial and industrial lending is down, unemployment continues to increase and there are continued reports of job cuts, wage cuts and hiring freezes. Consumer spending is down, home sales and home values are down, and auto sales are down which is one of the largest contributing sources for Sales Tax revenue.

The total Sales Tax Revenue collected in Cuyahoga County continues to drop sharply, with a twelve-month moving average drop of 6.1%. From March 2009 to April 2009 Sales Tax dropped by 7.3%. Regional economic growth is not expected to make any modest recovery until sometime in 2010. As a result of available economic data, the 2010 Sales Tax budget shows slight growth over the 2009 projection of 1.4% or \$162.2 million. This is \$2,240,000 more than the 2009 first quarter projection but still \$11.3 million or 6.5% lower than 2008 actual Sales Tax receipts.

State Operating Assistance

Assumption: Elderly and Disabled

\$2.1 million

Rationale:

In 2006, the State decided to issue one Ohio Elderly and Disabled Fare Assistance payment per year rather than several payments to cover a 12-month period. GCRTA expects to receive \$2.1 million this October for 2009. The 2010 elderly fare assistance receipt is anticipated to remain at \$2.1 million.

Access to Jobs Revenue

Assumptions

| | |
|--------------------------|----------------------|
| Federal Funds | \$600K |
| <u>ODOT Funds</u> | <u>\$600K</u> |
| Total | \$1.2M |

Rationale:

The Access to Jobs revenue helps the GCRTA provide vanpool and reverse commute services consistent with Welfare to Work initiatives. The funds from this source have been severely sporadic over the past few years. However, recent actions by the Northeast Ohio Areawide Coordinating Agency (NOACA) has released Federal funds and allocated 2008-2009 ODOT funds. In 2010, GCRTA anticipates annual allotments of \$600,000 from Federal funds and \$600,000 from ODOT, totaling \$1.2 million in revenue.

Investment Income

Assumption: **\$400,000**

Rationale:

The 2010 General Fund balance is projected to be negative \$15.1 million, and the 2010 interest rate on investments is projected to range from 0% to 0.25%. As a result of the modest recovery expected in 2010, revenue from this source is projected at \$400,000. Through April 2009, GCRTA received \$88,954. The 2009 estimate for investment income is \$304,000, nearly 63.2% lower than the 2008 actuals of \$825,633.

Operating Assistance for Trolley Operations

Assumption: **\$783,000**

Rationale:

In 2009, GCRTA was advised by NOACA that we would receive \$783,000 in operating funding for our Trolley service from CMAQ funds for years 2009, 2010, and 2011.

Operating Assistance for Paratransit

Assumption: **\$240,000**

Rationale:

For fiscal years 2009 and 2010, NOACA made funds available through the “New Freedom” program to support the incremental cost of providing same day Paratransit services through a public/private partnership. The amount is \$480,000 over two years.

Other Revenue

Assumption: **\$1.0 million**

Rationale:

This revenue category consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. Through April 2009, GCRTA has received \$409,985 and anticipates receiving \$1.2 million by the end of the year. The 2010 Tax Budget assumes a reduction to \$1.0 million in this category due to the continual reduction in the percentage of our fleet that uses Compressed Natural Gas (CNG).

Reimbursed Expenditures

Assumptions: **\$35.3 million**

| | |
|--|----------------------|
| Capitalized Operating Assistance | \$28.7M |
| Fuel Tax Reimbursement | \$1.5M |
| ARRA Force Account Labor | \$1.9M |
| <u>Force Account Labor & Material</u> | <u>\$3.2M</u> |
| Total | \$35.3M |

Rationale:

This category is composed of grant labor and materials reimbursements, capitalized operating assistance reimbursements and diesel fuel tax refunds. In 2009, GCRTA expects to be reimbursed for expenditures in the amount of \$33.4 million. The majority of these dollars are expected in the 3rd and 4th quarters in the form of capitalized operating assistance. Labor and fuel tax reimbursements occur somewhat evenly throughout the year.

For 2010, \$28.7 million is expected from Capitalized Operating Assistance. Fuel tax reimbursements are projected to be close to \$1.5 million and reimbursements for labor costs associated with capital projects are expected to be \$3.2 million. Combined reimbursed expenditures of \$35.3 million are expected for 2010. \$1.9 million in ARRA funds was authorized by the Federal Government to use for force account labor for 2009 and 2010.

EXPENDITURES

Personnel Services

Assumption: **\$179.5 million**

Rationale:

The 2010 estimate for salaries and fringe benefits shows no wage increases for non-bargaining or bargaining employees. A modest increase of 2% was applied to Health Care Benefits. GCRTA will be required to make an extra OPERS payment (13 payments instead of 12), in 2010 in the amount of \$1.4 million.

Diesel Fuel

Assumptions: **\$10.5 million**

Rationale:

In, 2008, GCRTA locked in 2009 fuel prices at \$3.17 per gallon. On January 13, 2009 the board approved a resolution to authorize the implementation of the Energy Price Risk Management Program, which includes fuel hedging. As of May 2009, GCRTA has hedged 86.6% of our 2010 fuel requirement at a considerable reduction in budgeted fuel cost. Because of this proactive measure, diesel fuel costs are estimated to be \$10.5 million in 2010, a 39% reduction of cost from the 2009 projection and 45% lower than 2008 actual.

Other Expenditures

Assumption: **\$52.1 million**

Rationale:

This category of operating costs is expected to increase by 3.6% in 2010, relative to projected 2009 expenditures. The other major drivers in this category are utilities costs, services, materials and supplies and leases and rentals. The 2009 projection includes a \$1.5 million budget reduction in "Other Expenses" category. These cuts were restored in 2010, thus explaining the majority of the increase. This does not include transfers to other funds, which are shown below.

Transfers

| | | |
|--------------------|----------------------------------|-----------------------|
| Assumption: | Bond Retirement..... | \$19.3 million |
| | Capital Improvements..... | \$11.2 million |
| | Insurance Fund..... | \$3.1 million |
| | Pension Fund..... | \$100,000 |

Rationale:

Transfers shown for the bond retirement “set-aside” are simply debt service less both the investment income earned in the Bond Retirement Fund and the transfer from the Capital Fund. The interest and principal payments on outstanding debt are taken from debt amortization schedules.

The transfer to the Capital Improvement Fund covers local Asset Maintenance and Routine Capital purchases, as well as required local matches for some grant-funded projects in the development fund. The \$19.3 million transfer to the Bond Retirement Fund for debt payments represents an 11.9% contribution level from projected Sales Tax revenue and 63.4% of the overall transfer to capital. The planned \$11.2 million transfer to the RTA Capital Fund in 2010 represents 6.8% of sales tax revenue and the remaining 36.6% of the overall transfer to capital. The total contribution to capital, at 18.8%, is well outside the Board policy of a minimum of 10% and a maximum of 15% of sales tax revenue. The transfer to the Insurance Fund is required to maintain the Fund Balance at the \$5 million level and to cover expected expenses for the 2010 Year. Lastly, the \$100,000 transfer to the Pension Fund is also needed to maintain the recommended balance.

FINANCIAL INDICATORS

The General Fund statement presented in this Tax Budget results in the following performance against the Authority's financial policy goals.

REVENUES

Operating Ratio: The Board policy requires a 25.0% ratio in operating revenues compared to total operating expenditures. The Tax Budget yields a 23.3% ratio, which is below the policy objective, but this represents an improvement over the last several years primarily as a result of the January 2008 fare increase and a projected increase in ridership. Though this is an improvement over recent years, this indicator continues to be a warning that self-generated revenues may be growing at a slower rate than expenditures.

Fare Subsidy (Net Cost) Per Passenger: This indicator, at \$3.17 will not meet the policy ceiling of three times the average fare of \$0.93 (\$2.79), again an indication that self-generated revenues are not growing at the same rate as expenditures.

EXPENDITURES

Operating Reserve: At negative \$16.3 million or negative 0.8 month, this budget does not meet the policy goal of a one-month operating reserve (indicator = 1.0). This level represents a decrease from the projected reserve for year-end 2009 (0.1 month reserve) and is again an indication that Sales Tax Revenues are declining and new on-going revenues have not been discovered or identified.

Overhead Cost vs. Total Cost: This indicator, at 13.1%, is well below the policy maximum of 15.0%, indicating that overhead costs are being kept low. This percentage, however is creeping up over 2008 (12.2%), and the 2009 projection (12.6%).

Cost/Hour: This policy requires that growth in the cost per hour of service from year to year be kept at or below the rate of inflation. This budget assumes no inflation in "Other Expenses" and a mere 2.0 % growth in Health Care Benefits. This indicator is \$110.93 per hour of service that is 1.3% lower than the 2009 projection. This is mainly due to the decrease in diesel fuel costs.

DEBT STRUCTURES

Debt Service Coverage: At 0.15, this indicator is below the policy minimum of 1.50. This is a result of increases in the debt service requirement stemming from higher debt levels relative to the decrease in the ending balance.

CAPITAL OUTLAY

Sales Tax Contribution to Capital: Policy requires that a minimum of 10.0% and a maximum of 15.0% of sales tax receipts be applied to capital programs. The 2010 contribution to capital funds is planned at \$30.5 million to meet both debt service needs and to locally fund projects. This amount represents an 18.8% contribution level, which does not meet the policy level.

Capital Maintenance to Expansion: At 97.5%, this ratio is outside of the policy guidelines of 33% to 67%, as a result of an increase in the number of maintenance projects relative to expansion projects in 2010.

CAPITAL IMPROVEMENT FUNDS

The majority of Capital Improvement projects are funded through Federal and State grants. Funds needed to meet the local share requirements of these grants, as well as funds for 100% locally funded capital projects, are provided through the retention of investment earnings and contributions from Sales Tax proceeds as well as debt sales.

The 2009 and 2010 estimated capital outlays are predicated on year-to-date outlays, obligations and projected commitments, as well as, the approved five-year Capital Improvement Plan. Projected grant revenues include current, as well as, expected grant awards. In 2010, the Authority's capital maintenance projects include track, bridge, and station rehabilitations. Major equipment expenditures include the overhaul of the Heavy Rail Vehicle fleet. The expansion projects in 2010 include three Intermodal Stations at the Cleveland Museum of Art, University Hospitals and the Cleveland Clinic.

BOND RETIREMENT FUND

The General and Capital Funds will be the sources of fund transfers necessary to make scheduled interest and principal payments in 2010 of \$19.9 million on the \$166.2 million in current outstanding debt remaining at the end of 2009 and for a planned debt sale of \$25 million sometime early in 2010. The last series of existing long-term debt for GCRTA will expire in 2027.

INSURANCE FUND

The Insurance Fund is structured to reflect a combination of self and purchased insurance coverage. Activity expected in 2010 includes premium outlays and claims totaling \$3.2 million. Maintaining the \$5.0 million balance is again recommended by the GCRTA Risk Management Department for 2010. This is accomplished with a \$3.1 million transfer from the General Fund.

SUPPLEMENTAL PENSION FUND

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activity expected in 2010 includes investment income and scheduled benefit payments. Investment income in 2010 is estimated at \$31,000 and benefit payments at \$81,907. A transfer of \$100,000 will be received from the General Fund to maintain the pension fund at the recommended level.

LAW ENFORCEMENT FUND

In 1988, RTA became involved with the multi-jurisdictional Caribbean/Gang Task Force. RTA's involvement was prompted by the increased gang activity found in and around the rail system and the need to obtain intelligence in this area. In addition to the benefits of intelligence gathering and improved inter-department relations, RTA derives revenue from seized and confiscated moneys and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the Task Force can be expended for non-budgeted police items for law enforcement purposes. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting of and disbursement of funds. No expenditures are assumed in 2010 at this time. The only activity that is expected in this fund in 2010 is investment earnings of \$10,000 and Law Enforcement revenue of \$5,500.

ALL FUNDS

As a result of projected financial activities in the first half of 2009, the All Funds Balance is expected to decrease by \$7.2 million for 2010, when compared to 2009. This is due a loss of Sales Tax revenue and the lack of identifying sustainable revenue sources as well as increases in the Operating, Capital and Debt Service categories that offset anticipated growth in the Authority's total revenue base. In 2009, the All Funds Balance is expected to increase by about \$7.2 million over 2008.

ATTACHMENT I
All Funds Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 37,578,099 | 45,516,377 | 46,438,563 | 50,533,881 | 57,239,300 |
| Revenue | | | | | |
| Passenger Fares | 40,587,880 | 43,467,204 | 48,173,971 | 52,811,600 | 53,867,832 |
| Sales & Use Tax | 168,615,372 | 171,661,508 | 173,568,817 | 160,000,000 | 162,240,000 |
| Federal | 71,849,886 | 74,319,702 | 86,109,609 | 95,242,821 | 66,815,318 |
| State | 9,011,293 | 10,778,700 | 9,370,685 | 21,501,897 | 3,297,296 |
| Investment Income | 2,680,623 | 2,453,602 | 3,086,144 | 824,075 | 983,500 |
| Other Revenue | 36,300,526 | 40,097,355 | 41,797,538 | 42,500,500 | 40,402,375 |
| General Obligation Debt Proceeds | 25,003,289 | 0 | 35,472,559 | 0 | 25,000,000 |
| Capital Lease | 0 | 25,000,000 | 0 | 0 | 0 |
| Total Revenue | 354,048,869 | 367,778,071 | 397,579,323 | 372,880,893 | 352,606,321 |
| Total Resources | 391,626,968 | 413,294,448 | 444,017,886 | 423,414,774 | 409,845,621 |
| Expenditures | | | | | |
| Personnel Services | 168,973,550 | 173,796,848 | 173,016,961 | 177,829,034 | 179,518,253 |
| Diesel Fuel | 12,552,157 | 12,112,507 | 19,272,336 | 17,263,100 | 10,530,602 |
| Other Expenditures | 46,779,762 | 51,276,616 | 51,230,086 | 54,888,915 | 55,372,840 |
| Capital Outlay | 102,057,253 | 113,391,482 | 132,461,869 | 98,151,449 | 94,470,018 |
| Debt Service | 15,747,869 | 16,278,432 | 17,502,753 | 18,042,977 | 19,886,922 |
| Total Expenditures | 346,110,591 | 366,855,885 | 393,484,005 | 366,175,474 | 359,778,635 |
| Available Ending Balance | 45,516,377 | 46,438,563 | 50,533,881 | 57,239,300 | 50,066,986 |

General Fund Balance Analysis

Assumptions:

| | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|
| Passenger Fare Annual Growth = | 3.3% | 7.1% | 10.8% | 9.6% | 2.0% |
| Sales Tax Annual Growth = | -0.2% | 1.8% | 1.1% | -7.8% | 1.4% |
| Operating Expenses Growth = | 3.2% | 3.2% | 2.7% | 2.2% | -1.3% |
| Capital Contribution = | 21,840,207 | 22,281,814 | 24,819,832 | 28,160,000 | 30,501,120 |
| | 13.0% | 13.0% | 14.3% | 17.6% | 18.8% |

| | 2006 Actual | 2007 Actual | 2008 Actual | 2009 Estimate | 2010 Tax Budget |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Beginning Balance | 16,090,633 | 15,762,335 | 14,047,468 | 8,401,085 | 1,320,302 |
| Revenue | | | | | |
| Passenger Fares | 40,587,880 | 43,467,204 | 48,173,971 | 52,811,600 | 53,867,832 |
| Advertising & Concessions | 1,404,936 | 1,217,959 | 1,591,538 | 1,132,500 | 1,109,375 |
| Sales & Use Tax | 168,615,372 | 171,661,508 | 173,568,817 | 160,000,000 | 162,240,000 |
| Operating Assistance - ARRA Federal Grants | 0 | 0 | 0 | 3,456,599 | 0 |
| Operating Assistance Paratransit | 0 | 0 | 0 | 240,000 | 240,000 |
| Ohio Elderly Fare Assistance | 2,999,495 | 2,246,309 | 0 | 4,178,298 | 2,089,149 |
| State Funding Fuel Initiative | 0 | 0 | 0 | 8,000,000 | 0 |
| Op Assistance for Trolley Operations | 0 | 0 | 0 | 783,000 | 783,000 |
| Access to Jobs Program | 890,152 | 572,647 | 976,432 | 1,200,000 | 1,200,000 |
| Investment Income | 862,701 | 870,024 | 825,633 | 304,000 | 400,000 |
| Other Revenue | 2,672,865 | 1,193,213 | 1,391,890 | 1,200,000 | 1,000,000 |
| Reimbursed Expenditures | 30,636,402 | 34,201,180 | 35,597,279 | 37,150,000 | 35,300,000 |
| Total Revenue | 248,669,803 | 255,430,044 | 262,125,560 | 270,455,997 | 258,229,356 |
| Total Resources | 264,760,436 | 271,192,379 | 276,173,028 | 278,857,082 | 259,549,658 |
| Operating Expenditures | | | | | |
| Personnel Services | 168,973,550 | 173,796,848 | 173,016,961 | 177,829,034 | 179,518,253 |
| Diesel Fuel | 12,552,157 | 12,112,507 | 19,272,336 | 17,263,100 | 10,530,602 |
| Other Expenditures | 44,776,187 | 47,653,742 | 47,662,814 | 50,252,651 | 52,080,933 |
| Total Operating Expenditures | 226,301,894 | 233,563,097 | 239,952,111 | 245,344,784 | 242,129,788 |
| Transfer to the Insurance Fund | 750,000 | 1,200,000 | 2,900,000 | 3,931,996 | 3,075,000 |
| Transfer to the Pension Fund | 106,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Transfers to Capital | | | | | |
| Bond Retirement Fund | 14,700,000 | 15,456,127 | 14,718,950 | 17,137,062 | 19,313,741 |
| Capital Improvement Fund | 7,140,207 | 6,825,687 | 10,100,882 | 9,904,667 | 11,187,379 |
| Total Transfers to Capital | 21,840,207 | 22,281,814 | 24,819,832 | 27,041,729 | 30,501,120 |
| Total Expenditures | 248,998,101 | 257,144,911 | 267,771,943 | 276,418,509 | 275,805,908 |
| Available Ending Balance | 15,762,335 | 14,047,468 | 8,401,085 | 1,320,302 | -16,256,250 |

Capital Improvement Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 12,818,403 | 21,684,192 | 24,211,812 | 33,793,503 | 48,113,088 |
| Revenue | | | | | |
| Transfer from General Fund | 7,140,207 | 6,825,687 | 10,100,882 | 11,022,938 | 11,187,379 |
| Investment Income | 1,278,176 | 940,802 | 1,737,653 | 278,275 | 326,500 |
| Federal Capital Grants | 71,849,886 | 74,319,702 | 86,109,609 | 71,720,952 | 45,236,244 |
| ARRA Federal Capital Grants | 0 | 0 | 0 | 23,521,869 | 21,579,074 |
| State Capital Grants | 6,011,798 | 8,532,391 | 9,370,685 | 5,627,000 | 968,147 |
| General Obligation Debt Proceeds | 25,003,289 | 0 | 35,472,559 | 0 | 25,000,000 |
| Capital Lease | 0 | 25,000,000 | 0 | 0 | 0 |
| Other Revenue | 500,000 | 2,810,906 | 1,837,731 | 1,000,000 | 1,000,000 |
| Total Revenue | 111,783,356 | 118,429,488 | 144,629,119 | 113,171,034 | 105,297,344 |
| Total Resources | 124,601,759 | 140,113,680 | 168,840,931 | 146,964,537 | 153,410,432 |
| Expenditures | | | | | |
| Capital Outlay | 102,057,253 | 113,391,482 | 132,461,869 | 98,151,449 | 94,470,018 |
| Other Expenditures | 0 | 2,000,000 | 472,559 | 0 | 0 |
| Transfer to Bond Retirement Fund | 860,314 | 510,386 | 2,113,000 | 700,000 | 625,000 |
| Total Expenditures | 102,917,567 | 115,901,868 | 135,047,428 | 98,851,449 | 95,095,018 |
| Available Ending Balance | 21,684,192 | 24,211,812 | 33,793,503 | 48,113,088 | 58,315,414 |

ATTACHMENT C

RTA Development Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 9,366,610 | 18,784,966 | 22,837,466 | 33,485,254 | 47,807,026 |
| Revenue | | | | | |
| General Obligation Debt Proceeds | 25,003,289 | 0 | 35,472,559 | 0 | 25,000,000 |
| Transfer from RTA Capital Fund | 5,000,000 | 5,000,000 | 7,600,882 | 7,675,400 | 7,825,400 |
| Investment Income | 1,112,118 | 844,393 | 1,672,096 | 278,000 | 325,000 |
| Federal Capital Grants | 71,849,886 | 74,319,702 | 86,109,609 | 71,720,952 | 45,236,244 |
| ARRA Federal Capital Grants | 0 | 0 | 0 | 23,521,869 | 21,579,074 |
| State Capital Grants | 6,011,798 | 8,532,391 | 9,370,685 | 5,627,000 | 968,147 |
| Capital Lease | 0 | 25,000,000 | 0 | 0 | 0 |
| Other Revenue | 500,000 | 2,810,906 | 1,837,731 | 1,000,000 | 1,000,000 |
| Total Revenue | 109,477,091 | 116,507,392 | 142,063,562 | 109,823,221 | 101,933,865 |
| Total Resources | 118,843,701 | 135,292,358 | 164,901,028 | 143,308,475 | 149,740,891 |
| Expenditures | | | | | |
| Capital Outlay | 99,198,421 | 109,944,506 | 128,830,215 | 94,801,449 | 90,995,018 |
| Other Expenditures | 0 | 2,000,000 | 472,559 | 0 | 0 |
| Transfer to Bond Retirement Fund | 860,314 | 510,386 | 2,113,000 | 700,000 | 625,000 |
| Total Expenditures | 100,058,735 | 112,454,892 | 131,415,774 | 95,501,449 | 91,620,018 |
| Ending Balance | 18,784,966 | 22,837,466 | 33,485,254 | 47,807,026 | 58,120,873 |

ATTACHMENT D

RTA Capital Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 3,451,793 | 2,899,226 | 1,374,346 | 308,249 | 306,062 |
| Revenue | | | | | |
| Transfer from General Fund | 7,140,207 | 6,825,687 | 10,100,882 | 11,022,938 | 11,187,379 |
| Investment Income | 166,058 | 96,409 | 65,557 | 275 | 1,500 |
| Other Revenue | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 7,306,265 | 6,922,096 | 10,166,439 | 11,023,213 | 11,188,879 |
| Total Resources | 10,758,058 | 9,821,322 | 11,540,785 | 11,331,462 | 11,494,941 |
| Expenditures | | | | | |
| Asset Maintenance | 1,233,421 | 1,394,482 | 1,627,517 | 1,925,000 | 1,825,000 |
| Routine Capital | 1,625,411 | 2,052,494 | 2,004,137 | 1,425,000 | 1,650,000 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 |
| Transfer to RTA Development Fund | 5,000,000 | 5,000,000 | 7,600,882 | 7,675,400 | 7,825,400 |
| Total Expenditures | 7,858,832 | 8,446,976 | 11,232,536 | 11,025,400 | 11,300,400 |
| Ending Balance | 2,899,226 | 1,374,346 | 308,249 | 306,062 | 194,541 |

ATTACHMENT E

Bond Retirement Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 1,510,792 | 1,764,973 | 1,727,210 | 1,698,884 | 1,542,613 |
| Revenue | | | | | |
| Transfer from General Fund | 14,700,000 | 15,456,127 | 14,718,950 | 17,137,062 | 19,313,741 |
| Transfer from RTA Development Fund | 860,314 | 510,386 | 2,113,000 | 700,000 | 625,000 |
| Investment Income | 298,954 | 271,752 | 316,200 | 49,644 | 75,000 |
| Other Revenue | 142,782 | 2,404 | 326,277 | 0 | 0 |
| Total Revenue | 16,002,050 | 16,240,669 | 17,474,427 | 17,886,706 | 20,013,741 |
| Total Resources | 17,512,842 | 18,005,642 | 19,201,637 | 19,585,590 | 21,556,354 |
| Expenditures | | | | | |
| Debt Service | | | | | |
| Principal | 8,801,619 | 9,358,533 | 10,216,526 | 10,288,912 | 11,671,440 |
| Interest | 6,946,250 | 6,919,899 | 7,286,227 | 7,754,065 | 8,215,482 |
| Other Expenditures | 0 | 0 | 0 | 0 | 10,000 |
| Total Expenditures | 15,747,869 | 16,278,432 | 17,502,753 | 18,042,977 | 19,896,922 |
| Ending Balance | 1,764,973 | 1,727,210 | 1,698,884 | 1,542,613 | 1,659,432 |

ATTACHMENT F

Insurance Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 6,051,880 | 5,167,010 | 5,264,655 | 5,432,199 | 5,024,195 |
| Revenue | | | | | |
| Investment Income | 197,782 | 316,340 | 167,544 | 160,000 | 150,000 |
| Transfer from General Fund | 750,000 | 1,200,000 | 2,900,000 | 3,931,996 | 3,075,000 |
| Other Revenue | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 947,782 | 1,516,340 | 3,067,544 | 4,091,996 | 3,225,000 |
| Total Resources | 6,999,662 | 6,683,350 | 8,332,199 | 9,524,195 | 8,249,195 |
| Expenditures | | | | | |
| Claims and Premium Outlay | 1,832,652 | 1,418,695 | 2,900,000 | 4,500,000 | 3,200,000 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 1,832,652 | 1,418,695 | 2,900,000 | 4,500,000 | 3,200,000 |
| Ending Balance | 5,167,010 | 5,264,655 | 5,432,199 | 5,024,195 | 5,049,195 |

ATTACHMENT G

Supplemental Pension Fund Balance Analysis

| | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------|-----------|-----------|-----------|-----------|------------|
| | Actual | Actual | Actual | Estimate | Tax Budget |
| Beginning Balance | 888,711 | 933,358 | 983,292 | 1,036,017 | 1,081,309 |
| Revenue | | | | | |
| Investment Income | 33,586 | 42,900 | 34,609 | 31,556 | 31,000 |
| Transfer from General Fund | 106,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Revenue | 139,586 | 142,900 | 134,609 | 131,556 | 131,000 |
| Total Resources | 1,028,297 | 1,076,258 | 1,117,901 | 1,167,573 | 1,212,309 |
| Expenditures | | | | | |
| Benefit Payments | 94,939 | 92,966 | 81,884 | 86,264 | 81,907 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 94,939 | 92,966 | 81,884 | 86,264 | 81,907 |
| Ending Balance | 933,358 | 983,292 | 1,036,017 | 1,081,309 | 1,130,402 |

ATTACHMENT H

Law Enforcement Fund Balance Analysis

| | 2006 Actual | 2007 Actual | 2008 Actual | 2009 Estimate | 2010 Tax Budget |
|---------------------------|----------------|----------------|----------------|------------------|--------------------|
| Beginning Balance | 217,680 | 204,509 | 204,126 | 172,193 | 157,793 |
| Revenue | | | | | |
| Law Enforcement Revenue | 53,389 | 99,046 | 14,400 | 35,000 | 10,000 |
| Investment Income | 9,424 | 11,784 | 4,505 | 600 | 1,000 |
| Other Revenue | 0 | 0 | 61,991 | 0 | 0 |
| Total Revenue | 62,813 | 110,830 | 80,896 | 35,600 | 11,000 |
| Total Resources | 280,493 | 315,339 | 285,022 | 207,793 | 168,793 |
| Expenditures | | | | | |
| Capital & Related Items | 75,984 | 111,213 | 112,829 | 50,000 | 0 |
| Total Expenditures | 75,984 | 111,213 | 112,829 | 50,000 | 0 |
| Ending Balance | 204,509 | 204,126 | 172,193 | 157,793 | 168,793 |

ATTACHMENT B

2010 Proposed Budget Financial Indicators

| | 2006 Actual | 2007 Actual | 2008 Actual | 2009 Estimate | 2010 Tax Budget |
|---------------------------------------|----------------|----------------|----------------|------------------|--------------------|
| REVENUES | | | | | |
| Operating Ratio | 19.3% | 19.9% | 21.5% | 22.5% | 23.3% |
| Fare Subsidy (Net Cost) Per Passenger | \$3.18 | \$3.23 | \$3.23 | \$3.25 | \$3.17 |
| Average Fare | \$0.71 | \$0.76 | \$0.83 | \$0.91 | \$0.93 |
| EXPENDITURES | | | | | |
| Operating Reserve (Months) | 0.9 | 0.7 | 0.4 | 0.1 | -0.8 |
| Overhead Cost vs. Total Cost | 12.4% | 12.1% | 12.2% | 12.6% | 13.1% |
| Cost/Hour of Service | \$98.32 | \$100.21 | \$105.47 | \$112.43 | \$110.93 |
| Growth per Year | 3.3% | 1.9% | 5.3% | 6.6% | -1.3% |
| DEBT STRUCTURES | | | | | |
| Debt Service Coverage | 1.93 | 1.81 | 1.32 | 1.02 | 0.15 |
| CAPITAL OUTLAY | | | | | |
| Sales Tax Contribution to Capital | 13.0% | 13.0% | 14.3% | 17.6% | 18.8% |
| Capital Maintenance to Expansion | 66.8% | 84.1% | 89.3% | 87.5% | 97.5% |

Definitions:

Operating Ratio = Operating Revenue (Fares + Advertising + Interest) / Total Operating Expenditures
 Fare Subsidy (Net Cost) Per Passenger = (Total Operating Expenditures/Ridership) - (Fares/Ridership)
 Operating Reserve = Available Ending Balance / (Total Operating Expenditures/12)
 Overhead Cost vs. Total Cost = Operating Overhead Cost / Total Operating Cost
 Cost/Hour of Service = Total Operating Expenditures / Total Service Hours
 Debt Service Coverage = (Total Operating Revenues - Total Operating Expenditures) / Debt Service
 Contribution to Capital = (Capital Improvements Contribution and Capital Improvement + Bond Retirement Transfers) / Sales & Use Tax Revenue
 Capital Maintenance to Expansion = Capital Maintenance Outlay / Total Capital Outlay