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**GREATER CLEVELAND  
REGIONAL TRANSIT  
AUTHORITY**

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**TAX BUDGET**

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**July 1, 2008**

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# Greater Cleveland Regional Transit Authority

## 2009 TAX BUDGET ASSUMPTIONS

### TAX BUDGET FUND BALANCE ANALYSIS

#### Introduction

The 2009 Tax Budget is presented differently from previous years. This year's presentation will illustrate four revenue and expense scenarios, all of which indicate that the underperformance of sales tax revenue in tandem with the unprecedented increase in the cost of diesel fuel has created a critical financial situation for the Authority. The 2009 Budget year will require a combination of fuel surcharges, service and staffing reductions, and other expenditure reductions in order to create a balanced budget with a solid ending balance. Moreover, should regional economic conditions depress sales tax performance lower than the minimal projected increases, even more reductions or additional revenue streams will be required.

Table 1, on the next page, presents the General Fund Balance analysis related to the four financial scenarios. The numbers in bold are those that change in the various scenarios. As can be easily seen, the ending balance in all cases is negative, representing an unacceptable 2009 appropriation. The analysis below presents a bleak financial picture and though the current financial situation is not one that the Authority has created, it is the reality we face. Management is working diligently to forestall those issues that can be addressed. However, the financial foundation of the Authority will be severely challenged without additional operating support, larger fuel surcharges, and/or more drastic staffing/service cuts.

#### The Scenarios

- Scenario #1: Do nothing. Assumes no service or staffing reductions.
- Scenario #2: Assumes \$0.25 fuel surcharge on current base fare, implemented in October 2008 and a 2.5% reduction in the salaried labor payroll.
- Scenario #3: Assumes Scenario #2 plus a 3.0% service reduction.
- Scenario #4: Assumes Scenario #3 plus an additional \$0.25 (\$0.50 total) fuel surcharge on current 2008 base fare, implemented in October 2008.

#### Beginning Balance

The beginning balance for each year/scenario is intended to represent unrestricted cash and investments.

**Table 1: 2009 Tax Budget Revenue and Expenditure Analysis / Scenarios**

	2008 Estimate	2009 Tax Budget Scenario #1	2009 Tax Budget Scenario #2	2009 Tax Budget Scenario #3	2009 Tax Budget Scenario #4
<b>Beginning Balance</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>4,649,675</b>	<b>4,649,675</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	48,010,546	<b>48,970,757</b>	<b>52,811,601</b>	<b>52,811,601</b>	<b>57,612,655</b>
Advertising & Concessions	1,198,387	1,225,000	1,225,000	1,225,000	1,225,000
Sales & Use Tax	172,000,000	173,204,000	173,204,000	173,204,000	173,204,000
Ohio Elderly Fare Assistance	2,246,300	2,246,300	2,246,300	2,246,300	2,246,300
Access to Jobs Grants	2,089,000	1,400,000	1,400,000	1,400,000	1,400,000
Investment Income	652,000	390,655	390,655	390,655	390,655
Other Revenue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	36,000,000	34,400,000	34,400,000	34,400,000	34,400,000
<b>Total Revenue</b>	<b>263,396,233</b>	<b>263,036,712</b>	<b>266,877,556</b>	<b>266,877,556</b>	<b>271,678,610</b>
<b>Total Resources</b>	<b>277,443,701</b>	<b>267,686,387</b>	<b>271,527,231</b>	<b>271,527,231</b>	<b>276,328,285</b>
<b>Expenditures</b>					
Operating Expenditures					
Personnel Services	176,430,092	<b>186,188,786</b>	<b>185,248,951</b>	<b>183,021,661</b>	<b>183,021,661</b>
Diesel Fuel	20,544,858	<b>24,143,305</b>	<b>24,143,305</b>	<b>23,572,585</b>	<b>23,572,585</b>
Other Expenditures	48,395,076	<b>50,356,351</b>	<b>50,356,351</b>	<b>50,096,035</b>	<b>50,096,035</b>
<b>Total Operating Expenditures</b>	<b>245,370,026</b>	<b>260,688,442</b>	<b>259,748,607</b>	<b>256,690,281</b>	<b>256,690,281</b>
Transfer to Insurance Fund	2,900,000	2,300,000	2,300,000	2,300,000	2,300,000
Transfer to Pension Fund	100,000	100,000	100,000	100,000	100,000
Transfer to Bond Retirement Fund	17,030,039	16,943,155	16,943,155	16,943,155	16,943,155
Transfer to Capital Improvement Fund	7,393,961	7,894,299	7,894,299	7,894,299	7,894,299
<b>Total Transfers to Capital</b>	<b>27,424,000</b>	<b>27,237,454</b>	<b>27,237,454</b>	<b>27,237,454</b>	<b>27,237,454</b>
<b>Total Expenditures</b>	<b>272,794,026</b>	<b>287,925,896</b>	<b>286,986,061</b>	<b>283,927,735</b>	<b>283,927,735</b>
<b>Available Ending Balance</b>	<b>4,649,675</b>	<b>-20,239,509</b>	<b>-15,458,830</b>	<b>-12,400,504</b>	<b>-7,599,450</b>

## Revenues

### Introduction

The revenue picture for the Authority presents tremendous concern. The current 2008 Estimate projects \$263.4M in General Fund revenue and total resources of \$277.4M. As a result of unprecedented fuel cost increases, GCRTA will utilize the 2008 fund balance to cover expenditures that have outpaced revenue. This will result in a 2009 beginning balance that is \$9.4M lower than 2008.

Table 2, shown below, presents the variation in the four revenue scenarios, which highlight that sales tax revenue is fixed and expected to show minimal growth; reimbursed expenditures are expected to decrease as the force account labor associated with the Euclid Corridor Transportation Project (ECTP) is finalized; and that passenger fares is the only source of revenue that can be adjusted to alter the 2009 revenue picture. Moreover, Table 2 indicates that Scenario #1 – (Do Nothing), will result in \$360K less current revenue than 2008 and \$9.8M less total resources. The revenue increase from Scenario #1 to Scenario #4 – (\$0.50 Fuel Surcharge) is \$8.6M. However, even Scenario #4 will result in a negative ending balance (see Table 1). Therefore, in order to present a balanced budget, with a healthy ending balance, the Authority will need to consider a higher fuel surcharge and/or more drastic service cuts.

**Table 2: 2009 Tax Budget Changes in Revenue and Resources**

	2008 Estimate	2009 Tax Budget Scenario #1	2009 Tax Budget Scenario #2	2009 Tax Budget Scenario #3	2009 Tax Budget Scenario #4
<b>Beginning Balance</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>4,649,675</b>	<b>4,649,675</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	48,010,546	<b>48,970,757</b>	<b>52,811,601</b>	<b>52,811,601</b>	<b>57,612,655</b>
Advertising & Concessions	1,198,387	1,225,000	1,225,000	1,225,000	1,225,000
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Other Revenue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
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<b>Total Resources</b>	<b>277,443,701</b>	<b>267,686,387</b>	<b>271,527,231</b>	<b>271,527,231</b>	<b>276,328,285</b>
<i>Change in Total Revenue</i>		-359,521	3,481,323	3,481,323	8,282,377
<i>Change in Total Resources</i>		-9,757,314	-5,916,470	-5,916,470	-1,115,416
<i>Changes in Total Revenue Scenario #1 vs. Other Scenarios</i>		0	3,840,844	3,840,844	8,641,898

## **Passenger Fares**

## **Assumptions**

### **2009 Passenger Fare Projections**

**Scenario 1: \$49.0M / 2% Inc.**  
**Scenario 2: \$52.8M / 10% Inc.**  
**Scenario 3: \$52.8M / 10% Inc.**  
**Scenario 4: \$57.6M / 20% Inc.**

### **2009 Ridership Projections**

**Scenario 1: 57.2M / 2.0% Inc.**  
**Scenario 2: 55.6M / -1.0% Inc.**  
**Scenario 3: 55.6M / -1.0% Inc.**  
**Scenario 4: 55.0M / -2.0% Inc.**

## **Rationale:**

The scenarios above present various revenue assumptions. The base assumption, Scenario #1, presents a modest 2% increase above 2008 passenger fare revenue, which will be mainly due to increased ridership. Scenarios #2, #3, and #4 present expected revenue from a proposed fuel surcharge. The fuel surcharge is expected to result in \$4.8M over the 2008 receipt for each \$0.25 increase to the base fare. Scenarios #2 and #3 assume a \$0.25 increase in the base fare. Scenario #4 assumes a \$0.50 increase in the base fare.

## **Fuel Surcharge:**

RTA purchases 5.8 million gallons of diesel fuel annually. As a result, each 10-cent increase in fuel adds \$580,000 to RTA's operating costs. Over the past five years, the cost of diesel fuel has increased by \$13.2 million or 181%. The current 2008 projection indicates that diesel fuel will increase by \$5.0 million over the adopted budget. For the 2009 budget year, diesel fuel is projected to range between \$23.6 and \$24.1 million. Given the sustained revenue challenges in the Sales and Use Tax and the declining ending balance, fuel increases of this magnitude cannot be absorbed.

In response to the unprecedented growth in fuel costs, RTA has implemented several cost savings strategies such as a targeted service reduction in December 2007, its TransitStat performance strategy resulting in significant overtime savings, and a strategic hiring freeze. However, these actions are not enough to keep pace and the fuel outlook suggests sustained high costs and volatility.

Therefore, in order to minimize additional service reductions at a time when customers are choosing to take public transit, RTA management is developing a proposal for a fuel surcharge. The fuel surcharge will trigger a predefined fare increase should average quarterly diesel fuel prices move above a defined range. The price will be defined by a nationally available index. The average diesel price will be evaluated on a quarterly basis and the fuel surcharge adjusted per the defined schedule. Fuel surcharges have been used throughout the transportation industry at airlines, package delivery companies, and public transit agencies. Implementation of the fuel surcharge is needed by October 2008.

## **Sales Tax Revenue**

## **Assumptions**

**2008 Est. \$172.0M / 0.2% Inc.  
2009 Proj. \$173.2M / 0.7% Inc.**

### **Rationale:**

Through June 2008, sales tax receipts registered 2.3% above 2007 and 0.6% above budget. The 2008 YTD receipts were aided by a large single payment in March, by a major delinquent taxpayer. The current RTA projection anticipates a gradual erosion of the sales tax gains during the second half of the year. Retail sales reports from the first six months suggest that consumer spending was lower than previous expectations. The most recent Federal Reserve's Beige Book for the Fourth District, reports that regional retail sales are flat to declining. Auto dealers also report sluggish sales. Moreover, requests for home equity loans are on the decline and the residential mortgage market is extremely depressed. As a result, RTA projects only a 0.2% increase in 2008 Sales Tax receipts in comparison to 2007.

The 2009 Tax Budget, projects a minimal increase of 0.7% above the 2008 estimate. The combination of high fuel and utility prices, falling housing values, home foreclosures, and declining payrolls are expected to continue to constrain consumer spending. Furthermore, trends in county population loss continue to exert negative pressure on the County's economic base. The Northeast Ohio economic fundamentals indicate minimal growth in sales tax receipts for the near future.

## **Reimbursed Expenditures**

## **Assumptions**

<b>Capitalized Operating Assistance</b>	<b>\$28.7M</b>
<b>Fuel Tax Reimbursement</b>	<b>\$1.5M</b>
<b><u>Force Account Labor &amp; Material</u></b>	<b><u>\$4.2M</u></b>
<b>Total</b>	<b>\$34.4M</b>

### **Rationale:**

The Reimbursed Expenditures category is composed of capitalized operating assistance, fuel tax reimbursements, and grant labor and material reimbursements. In 2008, this category will amount to \$36.0 million in revenue. The 2009 estimate for this source is \$1.6 million lower than 2008 due to the completion of the Euclid Corridor Transportation Project, which had been the largest grant labor reimbursement project. The 2009 estimate will include a full year of reimbursement for the Heavy Rail Vehicle Rehabilitation Project.

**State Operating Assistance**

**Assumption**

**Elderly and Disabled Fare Assistance**

**\$2.2M**

**Rationale:**

In 2007, the Authority received \$2.2 million from the State of Ohio for elderly and disabled fare assistance. GCRTA expects to receive \$2.2 million in October 2008 covering the 2008 and 2009-time period. Likewise, GCRTA anticipates the revenue from this source to remain at \$2.2 million and to be received in October 2009.

**Access to Jobs Revenue**

**Assumptions**

**Federal Funds**

**\$700K**

**ODOT Funds**

**\$700K**

**Total**

**\$1.4M**

**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 Area Coordinating Agency (NOACA) has released Federal funds and allocated 2008 ODOT funds. In 2009, GCRTA anticipates annual allotments of \$700,000 from Federal funds and \$700,000 from ODOT, totaling \$1.4 million in revenue.

**Other Revenue**

**Assumption**

**\$1.2M**

**Rationale:**

This revenue category consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. In addition, it includes Compressed Natural Gas rebates. The 2009 Tax Budget assumes \$1.2 million, consistent with receipts totals from the past two years.

**Advertising Revenue****Assumptions**

<b>Advertising Contract</b>	<b>\$925K</b>
<b>Healthline (net)</b>	<b>\$175K</b>
<b><u>Other</u></b>	<b><u>\$125K</u></b>
<b>Total</b>	<b>\$1.2M</b>

**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 \$925,000 per year. The second subcategory is the Healthline naming rights contract that will net the Authority \$175,000 in 2009. The other subcategory is composed of various concession and vending arrangements and is expected to generate \$125,000 in the upcoming year.

**Interest Income****Assumption****\$391K****Rationale:**

The 2009 General Fund balance is projected to average nearly \$13.1 million. The 2009 interest rate on investments is projected to range from 2.25% to 3.75%. As a result of lower fund balances and lower investment rates, the 2009 revenue from this source is projected at \$390,655. This is a decrease of slightly more than \$260,000 when compared to the 2008 estimate.

## EXPENDITURES

### Introduction

The Tax Budget also defines in very broad terms the limits of expenditures anticipated for the 2009 budget year. In the fall of 2008, the Authority will develop more detailed expenditure estimates as part of the 2009 budget process, culminating with the adoption of the 2009 budget appropriations. The revenue and expenditure analysis are presented in Table 1, on page two. The numbers in bold are those that change in the various scenarios. Table 1 clearly illustrates that each presented scenario results in a negative fund balance. Thus, budget deliberations between the Tax Budget adoption and the 2009 budget appropriation will require additional revenue streams and/or larger reductions in staffing, service, and other expenditures.

### Personnel Services

#### **Assumptions**

**Scenario 1: \$186.2M / 5.5% Inc.**  
**Scenario 2: \$185.2M / 5.0% Inc.**  
**Scenario 3: \$183.0M / 3.7% Inc.**  
**Scenario 4: \$183.0M / 3.7% Inc.**

#### **Rationale:**

The 2009 estimate for salaries and fringe benefits shows an overall increase of 5.5% for the Scenario #1 – (Do nothing), 5.0% for Scenario #2 – (2.5% reduction in salaried labor), and 3.7% for Scenarios #3 and #4 – (2.5% reduction in salaried labor and a 3.0% service reduction). Each scenario annualizes all current negotiated bargaining unit wage increases and step increases. This estimate is also negatively impacted by the requirement of 27 pays in 2009, as opposed to the normal 26 pay periods, for salaried employees as well as the State requirement to pay 13 OPERS payments, as opposed to 12, in 2009. The additional cost of these two atypical payments is nearly \$3.0 million, or close to 1.6% of total Personnel Services in 2009.

### Diesel Fuel

#### **Assumptions**

#### **RTA Diesel Price/Cost**

**2008 3<sup>rd</sup> Qtr: \$4.16 per gal**  
**2008 Avg. Price: \$3.72 per gal**  
**2009 Projection: \$4.10 per gal**  
**Total Diesel: \$23.6M to \$24.1M**

#### **Rationale:**

The unprecedented increases in fuel costs are well documented. At GCRTA, the effects are nearly crippling. In 2007, the Authority was able to lock in a favorable diesel fuel cost of \$2.092 per gallon for the entire year. However, for 2008 the Authority's diesel fuel was purchased on an OPIS plus/minus contract. The market volatility and strain that have been experienced by transportation companies throughout the country

have equally affected GCRTA. Since January 2008, RTA's average monthly diesel prices have increased 46%, where the daily purchase price has ranged from a low of \$2.55 per gallon to a high of \$4.17 per gallon. The price per gallon in May and June averaged \$3.86 and \$3.88 respectively and ranged from \$3.46 per gallon on May 1<sup>st</sup> to a peak of \$4.18 per gallon on May 23<sup>rd</sup>.

For 2008, diesel fuel was budgeted at \$2.70 per gallon, which represented a 30% increase above the 2007 price; however, current estimates project an average 2008 diesel price of nearly \$3.72 per gallon. This will represent a 38% increase in the actual diesel cost per gallon vs. the budgeted amount and will result in diesel fuel costs that are \$5.0 million over budget.

Projections for the remainder of 2008 show slight relief in the fourth quarter as compared to the summer driving season. However, the price of diesel fuel is not expected to retreat much from current levels. The US Department of Energy reports that diesel fuel demand remains strong, particularly in emerging markets; therefore reducing the likelihood of a price decrease due to lower aggregate demand. As such, RTA projects diesel costs to average \$4.10 for 2009. The total cost of diesel varies between the scenarios due to the projected change in service levels.

### **Other Expenditures**

### **Assumptions**

**Scenario 1: \$50.4M / 4.1% Inc.**

**Scenario 2: \$50.4M / 4.1% Inc.**

**Scenario 3: \$50.1M / 3.5% Inc.**

**Scenario 4: \$50.1M / 3.5% Inc.**

### **Rationale:**

Other Expenditures include costs for services, material and supplies, CNG fuel and utilities, liabilities & damages, purchased transportation, miscellaneous expenses and leases & rentals. The 2009 estimate for other expenditures shows a 4.1% increase for Scenarios #1 and #2 and a 3.5% increase for Scenarios #3 and #4. The variations are due to reduced expenditures related to the different service level assumptions. Utility costs are projected to increase by five percent while most other costs show slight inflationary increases. This does not include transfers to other funds, which are shown below.

**Transfers****Assumption**

<b>Bond Retirement</b>	<b>\$16.9M</b>
<b>Capital Improvements</b>	<b>\$7.9M</b>
<b>Insurance Fund</b>	<b>\$2.3M</b>
<b>Pension Fund</b>	<b><u>\$100K</u></b>
<b>Total</b>	<b>\$27.2M</b>

**Rationale:**

Figures 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 Funds covers local Asset Maintenance and Routine Capital purchases, as well as required local matches for some grant-funded projects. The contribution from the General Fund to capital, at 14.3% meets the Board policy of a minimum of 10% and maximum of 15% of sales tax revenue. The transfer to the Insurance fund is required to maintain its fund balance at the \$5 million level and to cover expected premium and claims for 2009. Lastly, the \$100,000 transfer to the Pension Fund is also needed to maintain its recommended balance.

## FINANCIAL INDICATORS

The General Fund statements presented in this Tax Budget results in the following performance against the Authority's financial policy goals. Detailed Fund Statements and the corresponding financial indicators for each scenario are presented in the Appendix section.

### REVENUES

**Operating Ratio:** The Board policy requires a 25.0% operating ratio when comparing operating revenues to total operating expenditures. The Tax Budget scenarios yield the following Operation Ratios:

- Scenario #1: 19.7%
- Scenario #2: 21.3%
- Scenario #3: 21.6%
- Scenario #4: 23.5%

In all cases, the indicator fails to meet the policy goal as a result of weak operating revenue relative to total operating expenditures. The projected revenue from the fuel surcharge helps the indicator, but even the most aggressive scenario cannot create a ratio that meets the goal.

**Fare Subsidy (Net Cost) Per Passenger:** The Board policy sets a goal for the fare subsidy per passenger to be no more than three times the average fare. The Tax Budget scenarios yield the following:

- Scenario #1: \$3.62                      Average Fare: \$0.86
- Scenario #2: \$3.65                      Average Fare: \$0.95
- Scenario #3: \$3.59                      Average Fare: \$0.95
- Scenario #4: \$3.54                      Average Fare: \$1.05

In each case, the indicator fails to meet the policy goal. This further illustrates that self-generated revenues are not growing at the same rate as expenditures. Scenarios #2 - #4 represent improvement above the 2008 estimate due to projected increases in fare revenue from the fuel surcharges.

### EXPENDITURES

**Operating Reserve:** The Board policy sets a goal of a one-month operating reserve (indicator = 1.0). The Tax Budget scenarios yield the following:

- Scenario #1: -0.9 months
- Scenario #2: -0.7 months
- Scenario #3: -0.6 months
- Scenario #4: -0.4 months

In each case the indicator fails to meet the policy goal and is unacceptable for the 2009 appropriation.

**Overhead Cost vs. Total Cost:** The Board policy sets the maximum level for this indicator at 15.0%. The Tax Budget scenarios yield the following:

- Scenario #1: 12.6%
- Scenario #2: 12.4%
- Scenario #3: 12.6%
- Scenario #4: 12.6%

In each case the indicator meets the policy goal and indicates that overhead costs are being controlled.

**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. The Tax Budget scenarios yield the following:

- Scenario #1: \$115.24 Pct. Increase: 7.1%
- Scenario #2: \$114.82 Pct. Increase: 6.7%
- Scenario #3: \$116.96 Pct. Increase: 8.7%
- Scenario #4: \$116.96 Pct. Increase: 8.7%

In each case the indicator fails to meet the policy goal, as overall inflation is expected to range between 1.9% and 2.3%. The leading causes for the elevated growth are fuel and utility increases, general wage increases, the 27<sup>th</sup> salaried payroll, and the 13<sup>th</sup> OPERS payment due in 2009.

## **DEBT STRUCTURES**

**Debt Service Coverage:** The Board policy sets the minimum level for this indicator, which is a ratio of operating revenues minus operating expenses with the result divided by debt service, at 1.50. The four Tax Budget scenarios yield the following results:

- Scenario #1: -0.18
- Scenario #2: 0.08
- Scenario #3: 0.25
- Scenario #4: 0.51

This indicator falls below the policy minimum of 1.50 in each scenario due to the ending balances relative to the Authority's debt service levels. It grows as the ending balances increase, but remains well below the Board policy goal in each scenario.

## **CAPITAL OUTLAY**

**Sales Tax Contribution to Capital:** This Board policy requires that a minimum of 10.0% and a maximum of 15.0% of sales tax receipts be applied to the Authority's capital programs. The 2009 contribution to capital funds is planned at \$24.8 million. This represents a 14.3% contribution level, which meets the policy level.

**Capital Maintenance to Expansion:** At an expected 92.5% in 2009, this ratio remains well outside of the Board policy guidelines of 33% to 67%. This is the result of a continued increase in the number of maintenance projects relative to expansion projects in 2009.

## **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 Federal and other grants, as well as, funds needed for locally funded capital projects, are provided through the retention of investment earnings and contributions from sales tax proceeds as well as debt sales.

The 2008 and 2009 estimated capital outlays are predicated on year-to-date outlays, current obligations and projected commitments, as well as the approved five-year Capital Improvement Plan. Projected grant revenue includes current, as well as, expected grant awards. In 2009, maintenance projects include various facilities maintenance projects and track, bridge and station rehabilitations. Major equipment expenditures include the purchase of buses and the overhaul of both the Heavy and Light Rail vehicle fleets. The expansion projects include the completion of the Euclid Corridor Transportation Project, continued work on three Intermodal Stations along Euclid Avenue, and preliminary work on three Transit Center projects.

## **BOND RETIREMENT FUND**

The General and Capital Funds will be the sources of fund transfers necessary to make scheduled interest and principal payments of \$18.1 million on the \$176.5 million in current outstanding debt remaining at the end of 2008. 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. Activities expected in 2009 includes premium outlays totaling \$1.5 million and an expected claims payout of \$1.0 million. Maintaining the \$5.0 million balance is again recommended by the GCRTA Risk Management Department for 2009. This is accomplished with a \$2.3 million transfer from the General Fund.

## **SUPPLEMENTAL PENSION FUND**

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activities expected in 2009 include investment income estimated at \$31,000 and scheduled benefit payments of approximately \$96,500. A transfer of \$100,000 will be received from the General Fund to maintain the pension fund at its 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 2009 at this time. The only activity that is expected in this fund in 2009 is investment earnings of \$6,000 and Law Enforcement revenue of \$35,000.

## **ALL FUNDS**

- Scenario #1 2009 Year-end Balance:   -\$20.2 million
- Scenario #2 2009 Year-end Balance:   -\$15.5 million
- Scenario #3 2009 Year-end Balance:   -\$12.4 million
- Scenario #4 2009 Year-end Balance:   -\$7.6 million

As a result of actual and projected financial activities during 2008, the All Funds Balance is expected to slightly increase to \$24.1 million, or by \$2.7 million, when compared to 2007. This modest increase is primarily due to a \$35 million debt sale in early 2008, in tandem with an increase in expected passenger fares and grant revenues that marginally offset the anticipated expenditure growth in the Authority's Operating, Capital and Debt Service categories.

In each scenario presented here, the All Funds Balance in 2009 decreases to an unacceptable level due to low sales tax growth, an aggressive capital program and projected increases to operating budget costs. This further highlights the necessity of taking the necessary steps to address the Authority's bleak financial picture.

## GENERAL FUND ECONOMIC ASSUMPTIONS

### Inflation Indicators

### **Assumptions**

#### **Overall Inflation**

2008: 3.1% to 3.4%  
**2009: 1.9% to 2.3%**  
2010: 1.8% to 2.0%

#### **Core Inflation**

2008: 2.2% to 2.4%  
**2009: 1.9% to 2.1%**  
2010: 1.7% to 1.9%

### **Rationale:**

According to economic analyses including sources such as the Federal Reserve Bank (Fed) and the Bureau of Labor Statistics, the price index for overall personal consumption expenditures (PCE) increased by 0.2 % in April and was up 3.2% for the preceding twelve months. The sustained increases in commodity prices for items related to oil, corn, and wheat have increased current and near-term inflation expectations. The Fed expects overall inflation to moderate through year-end 2008 as commodity prices level out or recede. The Federal Open Market Committee (FOMC) projects 2008 overall inflation to range between 3.1% and 3.4%.

The reading on core inflation, which excludes food and energy prices, has improved throughout 2008. Core inflation through April 2008 has ranged from 1.9% to 2.1%, over the corresponding preceding twelve months. There is slight upward pressure related to price increases for goods affected by higher energy and commodity prices. However, the Fed expects core inflation to remain relatively stable and range between 2.2% and 2.4% for 2008.

Looking forward, the Fed projects inflationary pressures to subside in 2009 as a result of the leveling off of oil prices and other commodities as well as the effects of economic slack in absorbing price increases. For 2009, overall inflation is projected to range from 1.9% to 2.3%, while core inflation is expected to range from 1.9% to 2.1%. Although projections suggest an easing of inflation pressures, the Fed still reports that it will be actively monitoring any changes in order to ensure price stability for the market.

**Consumer Confidence Indicator**

**Assumption**

**Conf. Board Consumer Confidence Index**

**Weak/Pessimistic**

**Rationale:**

The May 2008 consumer confidence index has continued a downward trend resulting in a 16-year low. Consumers' confidence in the state of the economy is being adversely affected by current business conditions as well as expectations for the short-term future. Consumers' appraisals of current business conditions are increasingly pessimistic as well as their outlook for job availability. Moreover, many consumers expect conditions to worsen during the next six months.

Consumer confidence measures the sentiment of individuals and is thus affected by feelings more than economic fundamentals. As such, consumer confidence is not likely to move as quickly as broadly reported economic indicators. The projection for consumer confidence in 2009 is weak and pessimistic. Fuel pressures, high profile job losses, and general economic uncertainty will keep consumer confidence depressed. This trend affects the Authority directly as low consumer confidence results in lower spending on discretionary items.

**Unemployment**

**Assumption**

**Cuyahoga County**

**Performs worse than national and state indicators**

**Current Indicators (April 2008)**

<b>US</b>	<b>5.0%</b>
<b>State</b>	<b>5.6%</b>
<b>Cuyahoga</b>	<b>6.5%</b>

**Discussion:**

The Fed projects national unemployment to increase to between 5.5% and 5.7% for the fourth quarter of 2008. Over the past two years Cuyahoga County's average unemployment rate has been 1.0% higher in 2006 and 1.4% higher in 2007 than the national average. This suggests that fourth quarter 2008 county unemployment may rise to levels higher than the current. In 2009, national unemployment is expected to show little relief and range between 5.2% and 5.7%. This national projection as well as local market conditions suggests that Ohio and Cuyahoga County will not see any relief in unemployment next year. Therefore, we are projecting county unemployment to remain high, stressing local economic activity.

## **APPENDIX**

**Section 1: Scenario #1 Fund Statements**

**Section 2: Scenario #2 Fund Statements**

**Section 3: Scenario #3 Fund Statements**

**Section 4: Scenario #4 Fund Statements**

# Section 1

**Scenario #1: Do nothing.  
Assumes no service or staffing  
reductions.**

ATTACHMENT A - SCENARIO #1

## General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	5.4%	3.3%	7.1%	10.5%	2.0%
Sales Tax Annual Growth =	2.2%	-0.2%	1.8%	0.2%	0.7%
Operating Expenses Growth =	1.5%	3.2%	3.2%	5.1%	6.2%
Capital Contribution =	20,699,560	21,840,207	22,281,814	24,424,000	24,837,454
	12.2%	13.0%	13.0%	14.2%	14.3%

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>9,649,815</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	48,970,757
Advertising & Concessions	1,705,176	1,404,936	1,217,959	1,198,387	1,225,000
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Ohio Elderly Fare Assistance	1,750,852	2,999,495	2,246,309	2,246,300	2,246,300
Access to Jobs Grants	1,927,187	890,152	572,647	2,089,000	1,400,000
Investment Income	443,225	862,701	870,024	652,000	390,655
Other Revenue	1,067,306	2,672,865	1,193,213	1,200,000	1,200,000
Reimbursed Expenditures	31,398,915	30,636,402	34,201,180	36,000,000	34,400,000
<b>Total Revenue</b>	<b>246,590,058</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>263,036,712</b>
<b>Total Resources</b>	<b>256,239,873</b>	<b>264,760,436</b>	<b>271,192,379</b>	<b>277,443,701</b>	<b>267,686,387</b>
<b>Operating Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	186,188,786
Diesel Fuel	11,466,037	12,552,157	12,112,507	20,544,858	24,143,305
Other Expenditures	43,949,231	44,776,187	47,653,742	48,395,076	50,356,351
<b>Total Operating Expenditures</b>	<b>219,349,680</b>	<b>226,301,894</b>	<b>233,563,097</b>	<b>245,370,026</b>	<b>260,688,442</b>
<b>Transfer to the Insurance Fund</b>	0	750,000	1,200,000	2,900,000	2,300,000
<b>Transfer to the Pension Fund</b>	100,000	106,000	100,000	100,000	100,000
<b>Transfers to Capital</b>					
Bond Retirement Fund	14,073,000	14,700,000	15,456,127	15,026,207	16,943,155
Capital Improvement Fund	6,626,560	6,811,909	5,110,820	0	7,894,299
<b>Total Transfers to Capital</b>	<b>20,699,560</b>	<b>21,511,909</b>	<b>20,566,947</b>	<b>15,026,207</b>	<b>24,837,454</b>
<b>Total Expenditures</b>	<b>240,149,240</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>287,925,896</b>
<b>Ending Balance</b>	16,090,633	16,090,633	15,762,335	14,047,468	-20,239,509
<b>Supplemental Transfer to Bond Retirement</b>	0	0	0	2,003,832	0
<b>Supplemental Transfer to Capital Improvement</b>	0	328,298	1,714,867	7,393,961	0
<b>Available Ending Balance</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>-20,239,509</b>

ATTACHMENT B - SCENARIO # 1

**2009 Tax Budget  
Financial Indicators**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>REVENUES</b>					
Operating Ratio	19.3%	19.3%	19.9%	20.8%	19.7%
Fare Subsidy (Net Cost) Per Passenger	\$3.08	\$3.18	\$3.23	\$3.41	\$3.62
Average Fare	\$0.69	\$0.71	\$0.76	\$0.86	\$0.86
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.9	0.9	0.7	0.2	-0.9
Overhead Cost vs. Total Cost	<b>12.4%</b>	<b>12.4%</b>	<b>12.1%</b>	<b>12.5%</b>	<b>12.6%</b>
Cost/Hour of Service	\$95.20	\$98.32	\$100.21	\$107.64	\$115.24
Growth per Year	5.4%	3.3%	1.9%	7.4%	7.1%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	<b>2.08</b>	<b>1.93</b>	<b>1.81</b>	1.19	-0.18
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	<b>12.2%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>14.3%</b>
Capital Maintenance to Expansion	80.3%	<b>66.8%</b>	84.1%	77.2%	92.5%

**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  
 Capital Maintenance to Expansion = Capital Maintenance Outlay / Total Capital Outlay

## ATTACHMENT C - SCENARIO # 1

## RTA Development Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>34,291,132</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>
<b>Revenue</b>					
General Obligation Debt Proceeds	0	25,003,289	0	35,472,559	0
Transfer from RTA Capital Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investment Income	607,626	1,112,118	844,393	1,846,332	1,107,800
Federal Capital Grants	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State Capital Grants	3,177,747	6,011,798	8,532,391	12,979,892	2,981,000
Lease	0	0	25,000,000	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,000,000	1,000,000
<b>Total Revenue</b>	<b>67,673,741</b>	<b>109,477,091</b>	<b>116,507,392</b>	<b>138,724,822</b>	<b>65,237,300</b>
<b>Total Resources</b>	<b>101,964,873</b>	<b>118,843,701</b>	<b>135,040,554</b>	<b>161,310,484</b>	<b>101,064,839</b>
<b>Expenditures</b>					
Capital Outlay	92,227,928	99,198,421	109,944,506	124,500,000	74,525,000
Other Expenditures	335	0	2,000,000	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	982,945	1,107,800
<b>Total Expenditures</b>	<b>92,598,263</b>	<b>100,310,539</b>	<b>112,454,892</b>	<b>125,482,945</b>	<b>75,632,800</b>
<b>Ending Balance</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>	<b>25,432,039</b>

ATTACHMENT D - SCENARIO # 1  
**RTA Capital Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	4,018,775	3,451,793	2,899,226	1,471,716	495,734
<b>Revenue</b>					
Transfer from General Fund	6,626,560	7,140,207	6,825,687	7,393,961	7,894,299
Investment Income	100,298	166,058	96,409	62,331	50,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	6,726,858	7,306,265	6,922,096	7,456,292	7,944,299
<b>Total Resources</b>	10,745,633	10,758,058	9,821,322	8,928,008	8,440,033
<b>Expenditures</b>					
Asset Maintenance	1,211,997	1,233,421	1,394,482	1,573,213	1,550,000
Routine Capital	1,081,843	1,625,411	1,955,124	1,859,061	1,450,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Total Expenditures</b>	7,293,840	7,858,832	8,349,606	8,432,274	8,000,000
<b>Ending Balance</b>	3,451,793	2,899,226	1,471,716	495,734	440,033

## Bond Retirement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	1,248,254	1,328,166	1,582,347	1,524,989	1,511,992
<b>Revenue</b>					
Transfer from General Fund	14,073,000	14,700,000	15,456,127	17,030,039	16,943,155
Transfer from RTA Development Fund	370,000	860,314	510,386	982,945	1,107,800
Investment Income	176,606	298,954	271,752	117,924	150,000
Other Revenue	0	142,782	2,404	0	0
<b>Total Revenue</b>	<b>14,619,606</b>	<b>16,002,050</b>	<b>16,240,669</b>	<b>18,130,908</b>	<b>18,200,955</b>
<b>Total Resources</b>	<b>15,867,860</b>	<b>17,330,216</b>	<b>17,823,016</b>	<b>19,655,897</b>	<b>19,712,947</b>
<b>Expenditures</b>					
Debt Service					
Principal	7,687,196	8,801,619	8,503,267	10,221,808	10,355,037
Interest	6,819,538	6,946,250	7,794,760	7,922,097	7,841,529
Other Expenditures	32,960	0	0	0	0
<b>Total Expenditures</b>	<b>14,539,694</b>	<b>15,747,869</b>	<b>16,298,027</b>	<b>18,143,905</b>	<b>18,196,566</b>
<b>Ending Balance</b>	<b>1,328,166</b>	<b>1,582,347</b>	<b>1,524,989</b>	<b>1,511,992</b>	<b>1,516,381</b>

## Insurance Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	5,998,905	6,051,880	5,167,010	5,264,655	5,097,180
<b>Revenue</b>					
Investment Income	141,210	197,782	316,340	196,153	220,000
Transfer from General Fund	0	750,000	1,200,000	2,900,000	2,300,000
Other Revenue	1,740,737	0	0	0	0
<b>Total Revenue</b>	1,881,947	947,782	1,516,340	3,096,153	2,520,000
<b>Total Resources</b>	7,880,852	6,999,662	6,683,350	8,360,808	7,617,180
<b>Expenditures</b>					
Claims and Premium Outlay	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Total Expenditures</b>	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Ending Balance</b>	6,051,880	5,167,010	5,264,655	5,097,180	5,088,423

## Supplemental Pension Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>831,425</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>
<b>Revenue</b>					
Investment Income	44,996	33,586	42,900	31,566	31,000
Transfer from General Fund	100,000	106,000	100,000	100,000	100,000
<b>Total Revenue</b>	<b>144,996</b>	<b>139,586</b>	<b>142,900</b>	<b>131,566</b>	<b>131,000</b>
<b>Total Resources</b>	<b>976,421</b>	<b>1,028,297</b>	<b>1,076,258</b>	<b>1,114,858</b>	<b>1,152,358</b>
<b>Expenditures</b>					
Benefit Payments	87,670	94,939	92,966	93,500	96,500
Other Expenditures	40	0	0	0	0
<b>Total Expenditures</b>	<b>87,710</b>	<b>94,939</b>	<b>92,966</b>	<b>93,500</b>	<b>96,500</b>
<b>Ending Balance</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>	<b>1,055,858</b>

## Law Enforcement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	292,653	217,680	204,509	210,384	223,490
<b>Revenue</b>					
Law Enforcement Revenue	400	53,389	99,046	76,391	35,000
Investment Income	8,087	9,424	11,784	5,215	6,000
<b>Total Revenue</b>	8,487	62,813	110,830	81,606	41,000
<b>Total Resources</b>	301,140	280,493	315,339	291,990	264,490
<b>Expenditures</b>					
Capital & Related Items	83,460	75,984	104,955	68,500	0
<b>Total Expenditures</b>	83,460	75,984	104,955	68,500	0
<b>Ending Balance</b>	217,680	204,509	210,384	223,490	264,490

ATTACHMENT I - SCENARIO # 1  
**All Funds Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	56,330,959	37,395,473	45,333,751	21,339,970	24,078,772
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	48,970,757
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Federal	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State	4,928,599	9,011,293	10,778,700	15,226,192	5,227,300
Investment Income	1,522,048	2,680,623	2,453,602	2,911,521	1,955,455
Other Revenue	40,839,721	36,300,526	40,097,355	41,563,778	39,260,000
Bond Proceeds	0	25,003,289	0	35,472,559	0
<b>Total Revenue</b>	<b>311,476,133</b>	<b>354,048,869</b>	<b>342,778,071</b>	<b>397,610,635</b>	<b>323,766,012</b>
<b>Total Resources</b>	<b>367,807,092</b>	<b>391,444,342</b>	<b>388,111,822</b>	<b>418,950,605</b>	<b>347,844,784</b>
<b>Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	186,188,786
Diesel	11,466,037	12,552,157	12,112,507	20,544,858	24,143,305
Other Expenditures	45,982,668	46,779,762	51,270,358	51,820,704	52,981,608
Capital Outlay	94,521,768	102,057,253	113,294,112	127,932,274	77,525,000
Debt Service	14,506,734	15,747,869	16,298,027	18,143,905	18,196,566
<b>Total Expenditures</b>	<b>330,411,619</b>	<b>346,110,591</b>	<b>366,771,852</b>	<b>394,871,833</b>	<b>359,035,265</b>
<b>Available Ending Balance</b>	<b>37,395,473</b>	<b>45,333,751</b>	<b>21,339,970</b>	<b>24,078,772</b>	<b>-11,190,481</b>

# Section 2

**Scenario #2: Assumes \$0.25 fuel surcharge on current base fare, implemented in October 2008 and a 2.5% reduction in the salaried labor payroll.**

ATTACHMENT A - SCENARIO # 2

## General Fund Balance Analysis

**Assumptions:**

Passenger Fare Annual Growth =	5.4%	3.3%	7.1%	10.5%	10.0%
Sales Tax Annual Growth =	2.2%	-0.2%	1.8%	0.2%	0.7%
Operating Expenses Growth =	1.5%	3.2%	3.2%	5.1%	5.9%
Capital Contribution =	20,699,560	21,840,207	22,281,814	24,424,000	24,837,454
	12.2%	13.0%	13.0%	14.2%	14.3%

	2005	2006	2007	2008	2009
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	<b>9,649,815</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	52,811,601
Advertising & Concessions	1,705,176	1,404,936	1,217,959	1,198,387	1,225,000
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Ohio Elderly Fare Assistance	1,750,852	2,999,495	2,246,309	2,246,300	2,246,300
Access to Jobs Grants	1,927,187	890,152	572,647	2,089,000	1,400,000
Investment Income	443,225	862,701	870,024	652,000	390,655
Other Revenue	1,067,306	2,672,865	1,193,213	1,200,000	1,200,000
Reimbursed Expenditures	31,398,915	30,636,402	34,201,180	36,000,000	34,400,000
<b>Total Revenue</b>	<b>246,590,058</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>266,877,556</b>
<b>Total Resources</b>	<b>256,239,873</b>	<b>264,760,436</b>	<b>271,192,379</b>	<b>277,443,701</b>	<b>271,527,231</b>
<b>Operating Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	185,248,951
Diesel Fuel	11,466,037	12,552,157	12,112,507	20,544,858	24,143,305
Other Expenditures	43,949,231	44,776,187	47,653,742	48,395,076	50,356,351
<b>Total Operating Expenditures</b>	<b>219,349,680</b>	<b>226,301,894</b>	<b>233,563,097</b>	<b>245,370,026</b>	<b>259,748,607</b>
<b>Transfer to the Insurance Fund</b>	0	750,000	1,200,000	2,900,000	2,300,000
<b>Transfer to the Pension Fund</b>	100,000	106,000	100,000	100,000	100,000
<b>Transfers to Capital</b>					
Bond Retirement Fund	14,073,000	14,700,000	15,456,127	15,026,207	16,943,155
Capital Improvement Fund	6,626,560	6,811,909	5,110,820	0	7,894,299
<b>Total Transfers to Capital</b>	<b>20,699,560</b>	<b>21,511,909</b>	<b>20,566,947</b>	<b>15,026,207</b>	<b>24,837,454</b>
<b>Total Expenditures</b>	<b>240,149,240</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>286,986,061</b>
<b>Ending Balance</b>	16,090,633	16,090,633	15,762,335	14,047,468	-15,458,830
<b>Supplemental Transfer to Bond Retirement</b>	0	0	0	2,003,832	0
<b>Supplemental Transfer to Capital Improvement</b>	0	328,298	1,714,867	7,393,961	0
<b>Available Ending Balance</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>-15,458,830</b>

ATTACHMENT B - SCENARIO # 2

**2009 Tax Budget  
Financial Indicators**

	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Tax Budget</b>
<b>REVENUES</b>					
Operating Ratio	19.3%	19.3%	19.9%	20.8%	21.3%
Fare Subsidy (Net Cost) Per Passenger	\$3.08	\$3.18	\$3.23	\$3.41	\$3.65
Average Fare	\$0.69	\$0.71	\$0.76	\$0.86	\$0.95
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.9	0.9	0.7	0.2	-0.7
Overhead Cost vs. Total Cost	<b>12.4%</b>	<b>12.4%</b>	<b>12.1%</b>	<b>12.5%</b>	<b>12.4%</b>
Cost/Hour of Service	\$95.20	\$98.32	\$100.21	\$107.64	\$114.82
Growth per Year	5.4%	3.3%	1.9%	7.4%	6.7%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	<b>2.08</b>	<b>1.93</b>	<b>1.81</b>	1.19	0.08
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	<b>12.2%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>14.3%</b>
Capital Maintenance to Expansion	80.3%	<b>66.8%</b>	84.1%	77.2%	92.5%

**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

ATTACHMENT C - SCENARIO # 2

## RTA Development Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>34,291,132</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>
<b>Revenue</b>					
General Obligation Debt Proceeds	0	25,003,289	0	35,472,559	0
Transfer from RTA Capital Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investment Income	607,626	1,112,118	844,393	1,846,332	1,107,800
Federal Capital Grants	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State Capital Grants	3,177,747	6,011,798	8,532,391	12,979,892	2,981,000
Lease	0	0	25,000,000	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,000,000	1,000,000
<b>Total Revenue</b>	<b>67,673,741</b>	<b>109,477,091</b>	<b>116,507,392</b>	<b>138,724,822</b>	<b>65,237,300</b>
<b>Total Resources</b>	<b>101,964,873</b>	<b>118,843,701</b>	<b>135,040,554</b>	<b>161,310,484</b>	<b>101,064,839</b>
<b>Expenditures</b>					
Capital Outlay	92,227,928	99,198,421	109,944,506	124,500,000	74,525,000
Other Expenditures	335	0	2,000,000	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	982,945	1,107,800
<b>Total Expenditures</b>	<b>92,598,263</b>	<b>100,310,539</b>	<b>112,454,892</b>	<b>125,482,945</b>	<b>75,632,800</b>
<b>Ending Balance</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>	<b>25,432,039</b>

ATTACHMENT D - SCENARIO # 2  
**RTA Capital Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	4,018,775	3,451,793	2,899,226	1,471,716	495,734
<b>Revenue</b>					
Transfer from General Fund	6,626,560	7,140,207	6,825,687	7,393,961	7,894,299
Investment Income	100,298	166,058	96,409	62,331	50,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	6,726,858	7,306,265	6,922,096	7,456,292	7,944,299
<b>Total Resources</b>	10,745,633	10,758,058	9,821,322	8,928,008	8,440,033
<b>Expenditures</b>					
Asset Maintenance	1,211,997	1,233,421	1,394,482	1,573,213	1,550,000
Routine Capital	1,081,843	1,625,411	1,955,124	1,859,061	1,450,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Total Expenditures</b>	7,293,840	7,858,832	8,349,606	8,432,274	8,000,000
<b>Ending Balance</b>	3,451,793	2,899,226	1,471,716	495,734	440,033

## Bond Retirement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	1,248,254	1,328,166	1,582,347	1,524,989	1,511,992
<b>Revenue</b>					
Transfer from General Fund	14,073,000	14,700,000	15,456,127	17,030,039	16,943,155
Transfer from RTA Development Fund	370,000	860,314	510,386	982,945	1,107,800
Investment Income	176,606	298,954	271,752	117,924	150,000
Other Revenue	0	142,782	2,404	0	0
<b>Total Revenue</b>	<b>14,619,606</b>	<b>16,002,050</b>	<b>16,240,669</b>	<b>18,130,908</b>	<b>18,200,955</b>
<b>Total Resources</b>	<b>15,867,860</b>	<b>17,330,216</b>	<b>17,823,016</b>	<b>19,655,897</b>	<b>19,712,947</b>
<b>Expenditures</b>					
Debt Service					
Principal	7,687,196	8,801,619	8,503,267	10,221,808	10,355,037
Interest	6,819,538	6,946,250	7,794,760	7,922,097	7,841,529
Other Expenditures	32,960	0	0	0	0
<b>Total Expenditures</b>	<b>14,539,694</b>	<b>15,747,869</b>	<b>16,298,027</b>	<b>18,143,905</b>	<b>18,196,566</b>
<b>Ending Balance</b>	<b>1,328,166</b>	<b>1,582,347</b>	<b>1,524,989</b>	<b>1,511,992</b>	<b>1,516,381</b>

ATTACHMENT F - SCENARIO # 2

## Insurance Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	5,998,905	6,051,880	5,167,010	5,264,655	5,097,180
<b>Revenue</b>					
Investment Income	141,210	197,782	316,340	196,153	220,000
Transfer from General Fund	0	750,000	1,200,000	2,900,000	2,300,000
Other Revenue	1,740,737	0	0	0	0
<b>Total Revenue</b>	1,881,947	947,782	1,516,340	3,096,153	2,520,000
<b>Total Resources</b>	7,880,852	6,999,662	6,683,350	8,360,808	7,617,180
<b>Expenditures</b>					
Claims and Premium Outlay	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Total Expenditures</b>	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Ending Balance</b>	6,051,880	5,167,010	5,264,655	5,097,180	5,088,423

## Supplemental Pension Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>831,425</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>
<b>Revenue</b>					
Investment Income	44,996	33,586	42,900	31,566	31,000
Transfer from General Fund	100,000	106,000	100,000	100,000	100,000
<b>Total Revenue</b>	<b>144,996</b>	<b>139,586</b>	<b>142,900</b>	<b>131,566</b>	<b>131,000</b>
<b>Total Resources</b>	<b>976,421</b>	<b>1,028,297</b>	<b>1,076,258</b>	<b>1,114,858</b>	<b>1,152,358</b>
<b>Expenditures</b>					
Benefit Payments	87,670	94,939	92,966	93,500	96,500
Other Expenditures	40	0	0	0	0
<b>Total Expenditures</b>	<b>87,710</b>	<b>94,939</b>	<b>92,966</b>	<b>93,500</b>	<b>96,500</b>
<b>Ending Balance</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>	<b>1,055,858</b>

## Law Enforcement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>292,653</b>	<b>217,680</b>	<b>204,509</b>	<b>210,384</b>	<b>223,490</b>
<b>Revenue</b>					
Law Enforcement Revenue	400	53,389	99,046	76,391	35,000
Investment Income	8,087	9,424	11,784	5,215	6,000
<b>Total Revenue</b>	<b>8,487</b>	<b>62,813</b>	<b>110,830</b>	<b>81,606</b>	<b>41,000</b>
<b>Total Resources</b>	<b>301,140</b>	<b>280,493</b>	<b>315,339</b>	<b>291,990</b>	<b>264,490</b>
<b>Expenditures</b>					
Capital & Related Items	83,460	75,984	104,955	68,500	0
<b>Total Expenditures</b>	<b>83,460</b>	<b>75,984</b>	<b>104,955</b>	<b>68,500</b>	<b>0</b>
<b>Ending Balance</b>	<b>217,680</b>	<b>204,509</b>	<b>210,384</b>	<b>223,490</b>	<b>264,490</b>

ATTACHMENT I - SCENARIO # 2  
**All Funds Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	56,330,959	37,395,473	45,333,751	21,339,970	24,078,772
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	52,811,601
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Federal	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State	4,928,599	9,011,293	10,778,700	15,226,192	5,227,300
Investment Income	1,522,048	2,680,623	2,453,602	2,911,521	1,955,455
Other Revenue	40,839,721	36,300,526	40,097,355	41,563,778	39,260,000
Bond Proceeds	0	25,003,289	0	35,472,559	0
<b>Total Revenue</b>	<b>311,476,133</b>	<b>354,048,869</b>	<b>342,778,071</b>	<b>397,610,635</b>	<b>327,606,856</b>
<b>Total Resources</b>	<b>367,807,092</b>	<b>391,444,342</b>	<b>388,111,822</b>	<b>418,950,605</b>	<b>351,685,628</b>
<b>Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	185,248,951
Diesel	11,466,037	12,552,157	12,112,507	20,544,858	24,143,305
Other Expenditures	45,982,668	46,779,762	51,270,358	51,820,704	52,981,608
Capital Outlay	94,521,768	102,057,253	113,294,112	127,932,274	77,525,000
Debt Service	14,506,734	15,747,869	16,298,027	18,143,905	18,196,566
<b>Total Expenditures</b>	<b>330,411,619</b>	<b>346,110,591</b>	<b>366,771,852</b>	<b>394,871,833</b>	<b>358,095,430</b>
<b>Available Ending Balance</b>	<b>37,395,473</b>	<b>45,333,751</b>	<b>21,339,970</b>	<b>24,078,772</b>	<b>-6,409,802</b>

# Section 3

**Scenario #3: Assumes  
Scenario #2 plus a 3.0% service  
reduction.**

ATTACHMENT A - SCENARIO # 3

## General Fund Balance Analysis

**Assumptions:**

Passenger Fare Annual Growth =	5.4%	3.3%	7.1%	10.5%	10.0%
Sales Tax Annual Growth =	2.2%	-0.2%	1.8%	0.2%	0.7%
Operating Expenses Growth =	1.5%	3.2%	3.2%	5.1%	4.6%
Capital Contribution =	20,699,560	21,840,207	22,281,814	24,424,000	24,837,454
	12.2%	13.0%	13.0%	14.2%	14.3%

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>9,649,815</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	52,811,601
Advertising & Concessions	1,705,176	1,404,936	1,217,959	1,198,387	1,225,000
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Ohio Elderly Fare Assistance	1,750,852	2,999,495	2,246,309	2,246,300	2,246,300
Access to Jobs Grants	1,927,187	890,152	572,647	2,089,000	1,400,000
Investment Income	443,225	862,701	870,024	652,000	390,655
Other Revenue	1,067,306	2,672,865	1,193,213	1,200,000	1,200,000
Reimbursed Expenditures	31,398,915	30,636,402	34,201,180	36,000,000	34,400,000
<b>Total Revenue</b>	<b>246,590,058</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>266,877,556</b>
<b>Total Resources</b>	<b>256,239,873</b>	<b>264,760,436</b>	<b>271,192,379</b>	<b>277,443,701</b>	<b>271,527,231</b>
<b>Operating Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	183,021,661
Diesel Fuel	11,466,037	12,552,157	12,112,507	20,544,858	23,572,585
Other Expenditures	43,949,231	44,776,187	47,653,742	48,395,076	50,096,035
<b>Total Operating Expenditures</b>	<b>219,349,680</b>	<b>226,301,894</b>	<b>233,563,097</b>	<b>245,370,026</b>	<b>256,690,281</b>
<b>Transfer to the Insurance Fund</b>	0	750,000	1,200,000	2,900,000	2,300,000
<b>Transfer to the Pension Fund</b>	100,000	106,000	100,000	100,000	100,000
<b>Transfers to Capital</b>					
Bond Retirement Fund	14,073,000	14,700,000	15,456,127	15,026,207	16,943,155
Capital Improvement Fund	6,626,560	6,811,909	5,110,820	0	7,894,299
<b>Total Transfers to Capital</b>	<b>20,699,560</b>	<b>21,511,909</b>	<b>20,566,947</b>	<b>15,026,207</b>	<b>24,837,454</b>
<b>Total Expenditures</b>	<b>240,149,240</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>283,927,735</b>
<b>Ending Balance</b>	16,090,633	16,090,633	15,762,335	14,047,468	-12,400,504
<b>Supplemental Transfer to Bond Retirement</b>	0	0	0	2,003,832	0
<b>Supplemental Transfer to Capital Improvement</b>	0	328,298	1,714,867	7,393,961	0
<b>Available Ending Balance</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>-12,400,504</b>

ATTACHMENT B - SCENARIO # 3

**2009 Tax Budget  
Financial Indicators**

	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Estimate</b>	<b>2009 Tax Budget</b>
<b>REVENUES</b>					
Operating Ratio	19.3%	19.3%	19.9%	20.8%	21.6%
Fare Subsidy (Net Cost) Per Passenger	\$3.08	\$3.18	\$3.23	\$3.41	\$3.59
Average Fare	\$0.69	\$0.71	\$0.76	\$0.86	\$0.95
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.9	0.9	0.7	0.2	-0.6
Overhead Cost vs. Total Cost	<b>12.4%</b>	<b>12.4%</b>	<b>12.1%</b>	<b>12.5%</b>	<b>12.6%</b>
Cost/Hour of Service	\$95.20	\$98.32	\$100.21	\$107.64	\$116.96
Growth per Year	5.4%	3.3%	1.9%	7.4%	8.7%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	<b>2.08</b>	<b>1.93</b>	<b>1.81</b>	1.19	0.25
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	<b>12.2%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>14.3%</b>
Capital Maintenance to Expansion	80.3%	<b>66.8%</b>	84.1%	77.2%	92.5%

**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

ATTACHMENT C - SCENARIO # 3

**RTA Development Fund Balance Analysis**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Tax Budget</b>
<b>Beginning Balance</b>	<b>34,291,132</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>
<b>Revenue</b>					
General Obligation Debt Proceeds	0	25,003,289	0	35,472,559	0
Transfer from RTA Capital Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investment Income	607,626	1,112,118	844,393	1,846,332	1,107,800
Federal Capital Grants	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State Capital Grants	3,177,747	6,011,798	8,532,391	12,979,892	2,981,000
Lease	0	0	25,000,000	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,000,000	1,000,000
<b>Total Revenue</b>	<b>67,673,741</b>	<b>109,477,091</b>	<b>116,507,392</b>	<b>138,724,822</b>	<b>65,237,300</b>
<b>Total Resources</b>	<b>101,964,873</b>	<b>118,843,701</b>	<b>135,040,554</b>	<b>161,310,484</b>	<b>101,064,839</b>
<b>Expenditures</b>					
Capital Outlay	92,227,928	99,198,421	109,944,506	124,500,000	74,525,000
Other Expenditures	335	0	2,000,000	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	982,945	1,107,800
<b>Total Expenditures</b>	<b>92,598,263</b>	<b>100,310,539</b>	<b>112,454,892</b>	<b>125,482,945</b>	<b>75,632,800</b>
<b>Ending Balance</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>	<b>25,432,039</b>

ATTACHMENT D - SCENARIO # 3  
**RTA Capital Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	4,018,775	3,451,793	2,899,226	1,471,716	495,734
<b>Revenue</b>					
Transfer from General Fund	6,626,560	7,140,207	6,825,687	7,393,961	7,894,299
Investment Income	100,298	166,058	96,409	62,331	50,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	6,726,858	7,306,265	6,922,096	7,456,292	7,944,299
<b>Total Resources</b>	10,745,633	10,758,058	9,821,322	8,928,008	8,440,033
<b>Expenditures</b>					
Asset Maintenance	1,211,997	1,233,421	1,394,482	1,573,213	1,550,000
Routine Capital	1,081,843	1,625,411	1,955,124	1,859,061	1,450,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Total Expenditures</b>	7,293,840	7,858,832	8,349,606	8,432,274	8,000,000
<b>Ending Balance</b>	3,451,793	2,899,226	1,471,716	495,734	440,033

## Bond Retirement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	1,248,254	1,328,166	1,582,347	1,524,989	1,511,992
<b>Revenue</b>					
Transfer from General Fund	14,073,000	14,700,000	15,456,127	17,030,039	16,943,155
Transfer from RTA Development Fund	370,000	860,314	510,386	982,945	1,107,800
Investment Income	176,606	298,954	271,752	117,924	150,000
Other Revenue	0	142,782	2,404	0	0
<b>Total Revenue</b>	<b>14,619,606</b>	<b>16,002,050</b>	<b>16,240,669</b>	<b>18,130,908</b>	<b>18,200,955</b>
<b>Total Resources</b>	<b>15,867,860</b>	<b>17,330,216</b>	<b>17,823,016</b>	<b>19,655,897</b>	<b>19,712,947</b>
<b>Expenditures</b>					
Debt Service					
Principal	7,687,196	8,801,619	8,503,267	10,221,808	10,355,037
Interest	6,819,538	6,946,250	7,794,760	7,922,097	7,841,529
Other Expenditures	32,960	0	0	0	0
<b>Total Expenditures</b>	<b>14,539,694</b>	<b>15,747,869</b>	<b>16,298,027</b>	<b>18,143,905</b>	<b>18,196,566</b>
<b>Ending Balance</b>	<b>1,328,166</b>	<b>1,582,347</b>	<b>1,524,989</b>	<b>1,511,992</b>	<b>1,516,381</b>

ATTACHMENT F - SCENARIO # 3  
**Insurance Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	5,998,905	6,051,880	5,167,010	5,264,655	5,097,180
<b>Revenue</b>					
Investment Income	141,210	197,782	316,340	196,153	220,000
Transfer from General Fund	0	750,000	1,200,000	2,900,000	2,300,000
Other Revenue	1,740,737	0	0	0	0
<b>Total Revenue</b>	1,881,947	947,782	1,516,340	3,096,153	2,520,000
<b>Total Resources</b>	7,880,852	6,999,662	6,683,350	8,360,808	7,617,180
<b>Expenditures</b>					
Claims and Premium Outlay	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Total Expenditures</b>	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Ending Balance</b>	6,051,880	5,167,010	5,264,655	5,097,180	5,088,423

## Supplemental Pension Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>831,425</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>
<b>Revenue</b>					
Investment Income	44,996	33,586	42,900	31,566	31,000
Transfer from General Fund	100,000	106,000	100,000	100,000	100,000
<b>Total Revenue</b>	<b>144,996</b>	<b>139,586</b>	<b>142,900</b>	<b>131,566</b>	<b>131,000</b>
<b>Total Resources</b>	<b>976,421</b>	<b>1,028,297</b>	<b>1,076,258</b>	<b>1,114,858</b>	<b>1,152,358</b>
<b>Expenditures</b>					
Benefit Payments	87,670	94,939	92,966	93,500	96,500
Other Expenditures	40	0	0	0	0
<b>Total Expenditures</b>	<b>87,710</b>	<b>94,939</b>	<b>92,966</b>	<b>93,500</b>	<b>96,500</b>
<b>Ending Balance</b>	<b>888,711</b>	<b>933,358</b>	<b>983,292</b>	<b>1,021,358</b>	<b>1,055,858</b>

## Law Enforcement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	292,653	217,680	204,509	210,384	223,490
<b>Revenue</b>					
Law Enforcement Revenue	400	53,389	99,046	76,391	35,000
Investment Income	8,087	9,424	11,784	5,215	6,000
<b>Total Revenue</b>	8,487	62,813	110,830	81,606	41,000
<b>Total Resources</b>	301,140	280,493	315,339	291,990	264,490
<b>Expenditures</b>					
Capital & Related Items	83,460	75,984	104,955	68,500	0
<b>Total Expenditures</b>	83,460	75,984	104,955	68,500	0
<b>Ending Balance</b>	217,680	204,509	210,384	223,490	264,490

ATTACHMENT I - SCENARIO # 3  
**All Funds Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	56,330,959	37,395,473	45,333,751	21,339,970	24,078,772
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	52,811,601
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Federal	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State	4,928,599	9,011,293	10,778,700	15,226,192	5,227,300
Investment Income	1,522,048	2,680,623	2,453,602	2,911,521	1,955,455
Other Revenue	40,839,721	36,300,526	40,097,355	41,563,778	39,260,000
Bond Proceeds	0	25,003,289	0	35,472,559	0
<b>Total Revenue</b>	<b>311,476,133</b>	<b>354,048,869</b>	<b>342,778,071</b>	<b>397,610,635</b>	<b>327,606,856</b>
<b>Total Resources</b>	<b>367,807,092</b>	<b>391,444,342</b>	<b>388,111,822</b>	<b>418,950,605</b>	<b>351,685,628</b>
<b>Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	183,021,661
Diesel	11,466,037	12,552,157	12,112,507	20,544,858	23,572,585
Other Expenditures	45,982,668	46,779,762	51,270,358	51,820,704	52,721,292
Capital Outlay	94,521,768	102,057,253	113,294,112	127,932,274	77,525,000
Debt Service	14,506,734	15,747,869	16,298,027	18,143,905	18,196,566
<b>Total Expenditures</b>	<b>330,411,619</b>	<b>346,110,591</b>	<b>366,771,852</b>	<b>394,871,833</b>	<b>355,037,104</b>
<b>Available Ending Balance</b>	<b>37,395,473</b>	<b>45,333,751</b>	<b>21,339,970</b>	<b>24,078,772</b>	<b>-3,351,476</b>

# Section 4

**Scenario #4: Assumes  
Scenario #3 plus an additional  
\$0.25 (\$0.50 total) fuel  
surcharge on current 2008 base  
fare, implemented in October  
2008.**

ATTACHMENT A - SCENARIO #4

# General Fund Balance Analysis

**Assumptions:**

Passenger Fare Annual Growth =	5.4%	3.3%	7.1%	10.5%	20.0%
Sales Tax Annual Growth =	2.2%	-0.2%	1.8%	0.2%	0.7%
Operating Expenses Growth =	1.5%	3.2%	3.2%	5.1%	4.6%
Capital Contribution =	20,699,560	21,840,207	22,281,814	24,424,000	24,837,454
	12.2%	13.0%	13.0%	14.2%	14.3%

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	<b>9,649,815</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	57,612,655
Advertising & Concessions	1,705,176	1,404,936	1,217,959	1,198,387	1,225,000
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Ohio Elderly Fare Assistance	1,750,852	2,999,495	2,246,309	2,246,300	2,246,300
Access to Jobs Grants	1,927,187	890,152	572,647	2,089,000	1,400,000
Investment Income	443,225	862,701	870,024	652,000	390,655
Other Revenue	1,067,306	2,672,865	1,193,213	1,200,000	1,200,000
Reimbursed Expenditures	31,398,915	30,636,402	34,201,180	36,000,000	34,400,000
<b>Total Revenue</b>	<b>246,590,058</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>271,678,610</b>
<b>Total Resources</b>	<b>256,239,873</b>	<b>264,760,436</b>	<b>271,192,379</b>	<b>277,443,701</b>	<b>276,328,285</b>
<b>Operating Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	183,021,661
Diesel Fuel	11,466,037	12,552,157	12,112,507	20,544,858	23,572,585
Other Expenditures	43,949,231	44,776,187	47,653,742	48,395,076	50,096,035
<b>Total Operating Expenditures</b>	<b>219,349,680</b>	<b>226,301,894</b>	<b>233,563,097</b>	<b>245,370,026</b>	<b>256,690,281</b>
<b>Transfer to the Insurance Fund</b>	0	750,000	1,200,000	2,900,000	2,300,000
<b>Transfer to the Pension Fund</b>	100,000	106,000	100,000	100,000	100,000
<b>Transfers to Capital</b>					
Bond Retirement Fund	14,073,000	14,700,000	15,456,127	15,026,207	16,943,155
Capital Improvement Fund	6,626,560	6,811,909	5,110,820	0	7,894,299
<b>Total Transfers to Capital</b>	<b>20,699,560</b>	<b>21,511,909</b>	<b>20,566,947</b>	<b>15,026,207</b>	<b>24,837,454</b>
<b>Total Expenditures</b>	<b>240,149,240</b>	<b>248,669,803</b>	<b>255,430,044</b>	<b>263,396,233</b>	<b>283,927,735</b>
<b>Ending Balance</b>	16,090,633	16,090,633	15,762,335	14,047,468	-7,599,450
<b>Supplemental Transfer to Bond Retirement</b>	0	0	0	2,003,832	0
<b>Supplemental Transfer to Capital Improvement</b>	0	328,298	1,714,867	7,393,961	0
<b>Available Ending Balance</b>	<b>16,090,633</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>4,649,675</b>	<b>-7,599,450</b>

ATTACHMENT B - SCENARIO #4  
**2009 Tax Budget**  
**Financial Indicators**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>REVENUES</b>					
Operating Ratio	19.3%	19.3%	19.9%	20.8%	23.5%
Fare Subsidy (Net Cost) Per Passenger	\$3.08	\$3.18	\$3.23	\$3.41	\$3.54
Average Fare	\$0.69	\$0.71	\$0.76	\$0.86	\$1.05
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.9	0.9	0.7	0.2	-0.4
Overhead Cost vs. Total Cost	<b>12.4%</b>	<b>12.4%</b>	<b>12.1%</b>	<b>12.5%</b>	<b>12.6%</b>
Cost/Hour of Service	\$95.20	\$98.32	\$100.21	\$107.64	\$116.96
Growth per Year	5.4%	3.3%	1.9%	7.4%	8.7%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	<b>2.08</b>	<b>1.93</b>	<b>1.81</b>	1.19	0.51
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	<b>12.2%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>14.2%</b>	<b>14.3%</b>
Capital Maintenance to Expansion	80.3%	<b>66.8%</b>	84.1%	77.2%	92.5%

<b>Definitions:</b>
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

## RTA Development Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	34,291,132	9,366,610	18,533,162	22,585,662	35,827,539
<b>Revenue</b>					
General Obligation Debt Proceeds	0	25,003,289	0	35,472,559	0
Transfer from RTA Capital Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investment Income	607,626	1,112,118	844,393	1,846,332	1,107,800
Federal Capital Grants	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State Capital Grants	3,177,747	6,011,798	8,532,391	12,979,892	2,981,000
Lease	0	0	25,000,000	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,000,000	1,000,000
<b>Total Revenue</b>	<b>67,673,741</b>	<b>109,477,091</b>	<b>116,507,392</b>	<b>138,724,822</b>	<b>65,237,300</b>
<b>Total Resources</b>	<b>101,964,873</b>	<b>118,843,701</b>	<b>135,040,554</b>	<b>161,310,484</b>	<b>101,064,839</b>
<b>Expenditures</b>					
Capital Outlay	92,227,928	99,198,421	109,944,506	124,500,000	74,525,000
Other Expenditures	335	0	2,000,000	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	982,945	1,107,800
<b>Total Expenditures</b>	<b>92,598,263</b>	<b>100,310,539</b>	<b>112,454,892</b>	<b>125,482,945</b>	<b>75,632,800</b>
<b>Ending Balance</b>	<b>9,366,610</b>	<b>18,533,162</b>	<b>22,585,662</b>	<b>35,827,539</b>	<b>25,432,039</b>

ATTACHMENT D - SCENARIO #4  
**RTA Capital Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	4,018,775	3,451,793	2,899,226	1,471,716	495,734
<b>Revenue</b>					
Transfer from General Fund	6,626,560	7,140,207	6,825,687	7,393,961	7,894,299
Investment Income	100,298	166,058	96,409	62,331	50,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	6,726,858	7,306,265	6,922,096	7,456,292	7,944,299
<b>Total Resources</b>	10,745,633	10,758,058	9,821,322	8,928,008	8,440,033
<b>Expenditures</b>					
Asset Maintenance	1,211,997	1,233,421	1,394,482	1,573,213	1,550,000
Routine Capital	1,081,843	1,625,411	1,955,124	1,859,061	1,450,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Total Expenditures</b>	7,293,840	7,858,832	8,349,606	8,432,274	8,000,000
<b>Ending Balance</b>	3,451,793	2,899,226	1,471,716	495,734	440,033

## Bond Retirement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	1,248,254	1,328,166	1,582,347	1,524,989	1,511,992
<b>Revenue</b>					
Transfer from General Fund	14,073,000	14,700,000	15,456,127	17,030,039	16,943,155
Transfer from RTA Development Fund	370,000	860,314	510,386	982,945	1,107,800
Investment Income	176,606	298,954	271,752	117,924	150,000
Other Revenue	0	142,782	2,404	0	0
<b>Total Revenue</b>	<b>14,619,606</b>	<b>16,002,050</b>	<b>16,240,669</b>	<b>18,130,908</b>	<b>18,200,955</b>
<b>Total Resources</b>	<b>15,867,860</b>	<b>17,330,216</b>	<b>17,823,016</b>	<b>19,655,897</b>	<b>19,712,947</b>
<b>Expenditures</b>					
Debt Service					
Principal	7,687,196	8,801,619	8,503,267	10,221,808	10,355,037
Interest	6,819,538	6,946,250	7,794,760	7,922,097	7,841,529
Other Expenditures	32,960	0	0	0	0
<b>Total Expenditures</b>	<b>14,539,694</b>	<b>15,747,869</b>	<b>16,298,027</b>	<b>18,143,905</b>	<b>18,196,566</b>
<b>Ending Balance</b>	<b>1,328,166</b>	<b>1,582,347</b>	<b>1,524,989</b>	<b>1,511,992</b>	<b>1,516,381</b>

ATTACHMENT F - SCENARIO #4  
**Insurance Fund Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	5,998,905	6,051,880	5,167,010	5,264,655	5,097,180
<b>Revenue</b>					
Investment Income	141,210	197,782	316,340	196,153	220,000
Transfer from General Fund	0	750,000	1,200,000	2,900,000	2,300,000
Other Revenue	1,740,737	0	0	0	0
<b>Total Revenue</b>	1,881,947	947,782	1,516,340	3,096,153	2,520,000
<b>Total Resources</b>	7,880,852	6,999,662	6,683,350	8,360,808	7,617,180
<b>Expenditures</b>					
Claims and Premium Outlay	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Total Expenditures</b>	1,828,972	1,832,652	1,418,695	3,263,628	2,528,757
<b>Ending Balance</b>	6,051,880	5,167,010	5,264,655	5,097,180	5,088,423

## Supplemental Pension Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	831,425	888,711	933,358	983,292	1,021,358
<b>Revenue</b>					
Investment Income	44,996	33,586	42,900	31,566	31,000
Transfer from General Fund	100,000	106,000	100,000	100,000	100,000
<b>Total Revenue</b>	144,996	139,586	142,900	131,566	131,000
<b>Total Resources</b>	976,421	1,028,297	1,076,258	1,114,858	1,152,358
<b>Expenditures</b>					
Benefit Payments	87,670	94,939	92,966	93,500	96,500
Other Expenditures	40	0	0	0	0
<b>Total Expenditures</b>	87,710	94,939	92,966	93,500	96,500
<b>Ending Balance</b>	888,711	933,358	983,292	1,021,358	1,055,858

## Law Enforcement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	292,653	217,680	204,509	210,384	223,490
<b>Revenue</b>					
Law Enforcement Revenue	400	53,389	99,046	76,391	35,000
Investment Income	8,087	9,424	11,784	5,215	6,000
<b>Total Revenue</b>	8,487	62,813	110,830	81,606	41,000
<b>Total Resources</b>	301,140	280,493	315,339	291,990	264,490
<b>Expenditures</b>					
Capital & Related Items	83,460	75,984	104,955	68,500	0
<b>Total Expenditures</b>	83,460	75,984	104,955	68,500	0
<b>Ending Balance</b>	217,680	204,509	210,384	223,490	264,490

ATTACHMENT I - SCENARIO #4  
**All Funds Balance Analysis**

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Tax Budget
<b>Beginning Balance</b>	56,330,959	37,395,473	45,333,751	21,339,970	24,078,772
<b>Revenue</b>					
Passenger Fares	39,300,036	40,587,880	43,467,204	48,010,546	57,612,655
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000
Federal	55,888,368	71,849,886	74,319,702	82,426,039	55,148,500
State	4,928,599	9,011,293	10,778,700	15,226,192	5,227,300
Investment Income	1,522,048	2,680,623	2,453,602	2,911,521	1,955,455
Other Revenue	40,839,721	36,300,526	40,097,355	41,563,778	39,260,000
Bond Proceeds	0	25,003,289	0	35,472,559	0
<b>Total Revenue</b>	<b>311,476,133</b>	<b>354,048,869</b>	<b>342,778,071</b>	<b>397,610,635</b>	<b>332,407,910</b>
<b>Total Resources</b>	<b>367,807,092</b>	<b>391,444,342</b>	<b>388,111,822</b>	<b>418,950,605</b>	<b>356,486,682</b>
<b>Expenditures</b>					
Personnel Services	163,934,412	168,973,550	173,796,848	176,430,092	183,021,661
Diesel	11,466,037	12,552,157	12,112,507	20,544,858	23,572,585
Other Expenditures	45,982,668	46,779,762	51,270,358	51,820,704	52,721,292
Capital Outlay	94,521,768	102,057,253	113,294,112	127,932,274	77,525,000
Debt Service	14,506,734	15,747,869	16,298,027	18,143,905	18,196,566
<b>Total Expenditures</b>	<b>330,411,619</b>	<b>346,110,591</b>	<b>366,771,852</b>	<b>394,871,833</b>	<b>355,037,104</b>
<b>Available Ending Balance</b>	<b>37,395,473</b>	<b>45,333,751</b>	<b>21,339,970</b>	<b>24,078,772</b>	<b>1,449,578</b>