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**GREATER CLEVELAND  
REGIONAL TRANSIT  
AUTHORITY**

**TAX BUDGET**

**July 6, 2010**





# Greater Cleveland Regional Transit Authority

## 2011 TAX BUDGET Executive Summary

In recent years three factors have dominated the outcomes of GCRTA's budget levels. The revenue generated by Sales & Use Tax, RTA operating costs, which include the cost of diesel fuel, and the amount of funding provided by the State of Ohio for public transit. In the 2011 Tax Budget, only the cost of diesel fuel is at an acceptable level. Thus, some of our challenge for 2011 has been mitigated, but a \$7.5 million problem remains; an end of year projected deficit of \$2.8 million and the need for a \$4.7 million reserve.

Between 1992 and 2000, Cleveland's economy was strong. Sales Tax Revenue was increasing by about 5.5% annually. The Authority was receiving funding levels sufficient to sustain its public transportation service. The events surrounding September 11<sup>th</sup>, 2001 negatively impacted the entire U.S. economy and Sales & Use Tax revenue in Cuyahoga County. In 2002 the revenue from this source dropped for the first time in RTA's history. Between 2003 and 2007, the Sales and Use tax grew by only 1% annually. This decline established a new reality for Sales Tax expectations and forced reductions in service levels. The local economy continued to worsen and by August 2008, the U.S. was officially in recession.

As a result, the Sales & Use Tax collections immediately began to drop with the start of 2009. GCRTA revised its 2009 Sales Tax Revenue projection from \$173 million to \$160 million. Unemployment continued to rise, nearing 11%, and Sales and Use Tax revenue dropped to \$154.6 million, a decline of nearly 11%. This was by far the worst decline in the 25-year history of Sales Tax. Since many economists projected a mild recovery beginning in 2010. GCRTA projected a modest increase in Sales Tax for 2010 of 1.2% to \$156.4 million. Through May, collections had only increased by .4%. The June collection rose sharply and put RTA 2% ahead of last year and 0.73% ahead of projection. No consistent trend has emerged: during the first six months of the year as there were four increases and two declines. For 2011, RTA projects slow recovery and growth of only 1.2% to \$158.3 million. Both RTA and economists project it will take a minimum of six years to ten years to recover from this recession, establishing a new and even lower budget base. Thus, we can expect Sales tax collections will be well below the \$173.6 million collected in 2008 well into the future.

Personnel costs account for 75% of RTA's operating expenses. At this time, the labor agreements with RTA's two labor unions have expired and contract negotiation continue. While RTA's goal is to reduce labor costs through the negotiating process, no success has been achieved to date. All expense projections for future expenses are based upon today's costs, plus a 7% increase in Health Care and an additional one-time PERS payment.

Following personnel costs, diesel fuel has become the second largest expense for the Authority. From 2004-2008 GCRTA fuel costs skyrocketed from \$4 million to nearly \$20 million as the cost of oil jumped from \$40 per barrel to \$140 per barrel. In 2009, the Authority had a firm fixed price fuel contract that stabilized the budget and resulted in a \$2 million decline in the cost of diesel fuel, and the Energy Price Risk Management Program was

authorized. In 2009, contracts were purchased and the results are now apparent. Diesel fuel costs will drop from \$17.4 million in 2009 to \$9.4 million in 2010. Fuel for 2011 should hold at \$11.3 million. The decision to hedge fuel has thus far been a good one and has stabilized one of GCRTA's most volatile expenses. Fuel for 2012 is 61% hedged

The third problem area is State funding. Between 2002 and 2010, the State of Ohio cut funding for public transportation by 75%, or from \$43.5 million to \$10.5 million. At this time, 99.3% of ODOT's budget is allocated to highways, while only 0.7% is allocated to public transportation. In recent months, ODOT has been working closely with the Metropolitan Planning Organizations throughout the state to attempt to identify existing funding that can be allocated to public transit.

As a consequence of these financial realities, GCRTA has been forced to reduce public transportation service levels by 21% since 2001. Service reductions were made in 2007, 2008, 2009 and 2010. Fares were raised in 2006, 2008 and 2009.

The 2009 Tax Budget projected a \$20 million deficit, largely due to the cost of diesel fuel, and was addressed by a service reductions and a fare increase. Although temporary assistance by the Governor mitigated the extent of some of these actions for 12 months, in the end they were fully implemented.

The 2010 Tax Budget showed a \$16.3 million deficit, largely due to the drop in Sales Tax, and was addressed by the maintenance of the \$2.25 base level and a 12% service cut in April 2010. Those actions were implemented.

GCRTA was able to obtain approximately \$10 million in short-term (one time) funds to offset some of the challenges caused by these shortfalls. Further reductions in cost are being implemented including the closing of Harvard garage. The consolidation from three bus facilities to two facilities will save over \$4 million annually. Wages and healthcare costs must be controlled.

Our goal is to maintain service at current levels. RTA does not want to have to further reduce public transportation services in 2011. With a projected end of year balance for 2011 of (\$2,855,573) RTA still has work to do. We are at least at an improved start point. The problem to be solved for 2011 is around \$7.5 million instead of the \$20 million it was for the 2009 and 2010 Tax Budgets.

## **General Fund Assumptions**

### **Inflation**

***Assumption:***

***0.0-0.5%***

***Rationale:***

According to economic analyses including sources such as the Federal Reserve Bank (Fed) and the Bureau of Labor Statistics, 2010 inflation measures were virtually "flat". According to the Federal Reserve Bank of Cleveland, the **Median Consumer Price Index** was at 0.0% (-0.2% annualized rate) in May. Over the last 12 months, the median CPI rose 0.6%. Since the period of deflation in July of 2009, The Federal Reserve Bank contends that the threat of

deflation has fallen by a notable margin, with a modest recovery, price and inflation stabilization currently occurring.

**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 through 2010. 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.

**Beginning and Available Ending Balance**

The 2010 projected ending balance is \$2.3 million and the 2011 available ending balance is projected to be (\$2,855,573). 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:** **\$50.4 million**

**Rationale:**

Actual Passenger Fare revenue received through the first quarter of 2010 was \$11.0 million. This amount is \$0.7 million, or -6.39%, less the same period in 2009, and \$0.28 million or 2.48% less than the 2010 budget. The slight decrease in Passenger Fare revenue is due to a continued drop in Ridership because of 11% unemployment and decrease in population. 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.

Month	2009 Fares	2010 Fares	%Change
JAN	\$3.81	\$3.43	-9.82%
FEB	\$3.77	\$3.67	-2.78%
MAR	\$4.18	\$3.90	-6.52%
APR	\$3.62		
MAY	\$3.54		
JUN	\$3.63		
JUL	\$3.84		
AUG	\$7.01		
SEP	\$4.32		
OCT	\$4.77		
NOV	\$3.45		
DEC	\$3.82		

The year-to-date decrease in core passenger fare is 8.99% lower than the same period of last year. We expect Ridership to stabilize with the economy. The 2011 Tax budget assumes a modest 2% increase (\$50,371,583) over the 2010 first quarter projection (\$49,383,905) due to the anticipated slight increase in ridership.

**Advertising Revenue**

**Assumptions**

<i>Advertising Contract</i>	<b>\$800K</b>
<i>HealthLine (net)</i>	<b>\$100K</b>
<u><i>Other</i></u>	<u><b>\$100K</b></u>
<b><i>Total</i></b>	<b>\$1.1M</b>

***Rationale:***

Advertising revenue is composed of three subcategories. The first subcategory is the current advertising contract. Due to fleet reductions, it is expected to decline from \$825,000 to \$800,000 per year. The second subcategory is the HealthLine naming rights contract that will net the Authority \$100,000 in 2011. The other subcategory includes various concession and vending arrangements and is expected to generate \$100,000 in the upcoming year.

**Sales Tax**

***Assumption:*** **\$158.3 million**

***Rationale:***

The Authority received \$43.0 million in Sales and Use Tax revenue through the first quarter of 2010. This amount was \$0.3 million, or 0.77%, more than the same period in 2009, and below budget by \$0.2 million or 0.57%. The large decline in retail sales is due to the recession in Cuyahoga County.

The beginning of 2010 has been encouraging with at least no continuing downturn and some small recovery. As a result of this and available economic data, the 2011 Sales Tax budget shows slight growth over the 2010 projection of 1.2% to \$158.3 million. This is \$1,877,295 more than the 2010 first quarter projection and \$3.7 million or 2.4% higher than 2009 actual Sales Tax receipts.

**State Operating Assistance**

***Assumption:*** ***Elderly and Disabled*** **\$924,000**

***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 expected to receive an average amount of \$2.1 million in 2009 and 2010. The actual payment for 2009 was received in November in the significantly reduced amount of \$688,000. The funding for 2010 will not be received until late fall and is projected to be \$840,000. The 2011 estimated amount is 1% higher than the 2010 projected and budget amount.

## Access to Jobs Revenue

**Assumption:** *Federal Funds* **\$1.2 million**

### **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. In late 2009 the Federal Government Authorized ARRA funds for this project in the amount of \$1,863,358, these funds will be expenses through 2009 and 2010. In 2011, GCRTA anticipates an annual allotment of \$1,350,000 from Federal funds.

## Investment Income

**Assumption:** **\$214,000**

### **Rationale:**

The 2011 General Fund balance is projected to be (\$2,855,573), and the 2011 interest rate on investments is projected to range from 0% to 0.25%. As a result of the modest recovery expected in 2011, revenue from this source is projected at \$214,000. Through March 2010, GCRTA received \$6,846. The 2010 estimate for investment income is \$204,146, slightly higher than the 2009 actual of \$198,200.

## Operating Assistance for Trolley Operations

**Assumption:** **\$784,784**

### **Rationale:**

In 2009, GCRTA was advised by NOACA that we would receive \$784,784 in operating funding for our Trolley service from CMAQ funds for years 2009, 2010, and 2011. As of First Quarter 2010, GCRTA has received \$784,784 for 2009 and anticipates receiving the 2010 allotment by the end of 2010.

## Other Revenue

**Assumption:** **\$1.2 million**

### **Rationale:**

This revenue category consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. Through March 2010, GCRTA has received \$188,982 and anticipates receiving \$1.2 million by the end of the year. The 2011 Tax Budget assumes this revenue source to remain flat at \$1.2 million.

## Reimbursed Expenditures

### *Assumptions:*

**\$29.5 million**

Capitalized Operating Assistance	\$24.8M
Fuel Tax Reimbursement	\$1.0M
ARRA Force Account Labor	\$0.5M
<u>Force Account Labor &amp; Material</u>	<u>\$3.2M</u>
<b>Total</b>	<b>\$29.5M</b>

### *Rationale:*

This category is composed of grant labor and materials reimbursements, capitalized operating assistance reimbursements and diesel fuel tax refunds. In 2010, GCRTA expects to be reimbursed for expenditures in the amount of \$37.4 million. For 2011, \$24.8 million is expected from Capitalized Operating Assistance. Fuel tax reimbursements are projected to be close to \$1.0 million and reimbursements for labor costs associated with capital projects are expected to be \$3.2 million. In 2009, \$1.9 million in ARRA funds was authorized by the Federal Government to use for force account labor for 2009 and 2010. We assume this will drop to an estimated \$.5 million in reimbursements for 2011.

## EXPENDITURES

### Personnel Services

#### *Assumption:*

**\$166.8 million**

#### *Rationale:*

The 2011 estimate for salaries and fringe benefits shows no wage increases for non-bargaining or bargaining employees. Reduction includes a decrease in Health Care benefits and Wages due to the April 2010 service realignment and the annualized savings amount of the August 2010 closing of the Harvard Garage.

### Diesel Fuel

#### *Assumptions:*

**\$11.3 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 2010, GCRTA has hedged 86.6% of our 2010 fuel requirement and has realized a considerable savings over our budgeted fuel cost. Because of this proactive measure, diesel fuel costs are estimated to be \$11.3 million in 2011, a 23% increase over 2010, but a 35% decrease over 2009 and a 42% decrease over 2008.

**Other Expenditures**

**Assumption:**

**\$44.7 million**

**Rationale:**

This category of operating costs is expected to decrease by 6.1% in 2011, over 2010 projections. The other major drivers in this category are utilities costs, services, materials and supplies and leases and rentals. This does not include transfers to other funds, which are shown below.

**Transfers**

**Assumption:**

**Bond Retirement.....\$18.7 million**  
**Capital Improvements.....\$10.7 million**  
**Insurance Fund.....\$3.2 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 \$18.7 million transfer to the Bond Retirement Fund for debt payments represents an 11.8% contribution level from projected Sales Tax revenue and 63.5% of the overall transfer to capital. The planned \$10.7 million transfer to the RTA Capital Fund in 2011 represents 6.7% of sales tax revenue and the remaining 36.4% of the overall transfer to capital. The total contribution to capital, at 18.6%, 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 2011 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 23.6% ratio, which is below the policy objective, but this represents an improvement over the last several years primarily as a result of fare increases, service cuts, 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 \$3.59 will not meet the policy ceiling of three times the average fare of \$1.07 (\$3.21), again an indication that self-generated revenues are not growing at the same rate as expenditures.

### **EXPENDITURES**

**Operating Reserve:** At -\$1.4 million or a -0.1 month balance, 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 2010 (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 14.1%, is below the policy maximum of 15.0%, indicating that overhead costs are being kept low. This percentage, however is creeping up over 2007 (12.1%), and the 2010 projection (13.9%).

**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". This indicator is \$128.93 per hour of service that is -0.1% lower than the 2010 projection. This is mainly due to the controlling of diesel fuel costs and the closing of the Harvard Garage.

### **DEBT STRUCTURES**

**Debt Service Coverage:** At 0.97, 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 2011 contribution to capital funds is planned at \$29.4 million to meet both debt service needs and to locally fund projects. This amount represents an 18.6% 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 2011. This is expected as in these difficult economic times RTA's effort is focused on maintaining current assets.

### **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 2010 and 2011 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 2011, the Authority's capital maintenance projects include track, bridge, and station rehabilitations. Major equipment expenditures include the overhaul of the Heavy Rail Vehicle fleet.

### **BOND RETIREMENT FUND**

The General and Capital Funds will be the sources of fund transfers necessary to make scheduled interest and principal payments in 2011 of \$18.7 million on the \$166.2 million in current outstanding debt remaining at the end of 2009. 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 2011 includes premium outlays and claims totaling \$2.9 million. Maintaining the \$5.0 million balance is again recommended by the GCRTA Risk Management Department for 2011. 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 2011 includes investment income and scheduled benefit payments. Investment income in 2011 is estimated at \$31,000 and benefit payments at \$84,000. 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 2011 at this time. The only activity that is expected in this fund in 2011 is investment earnings of \$10,000 and Law Enforcement revenue of \$600.

### **ALL FUNDS**

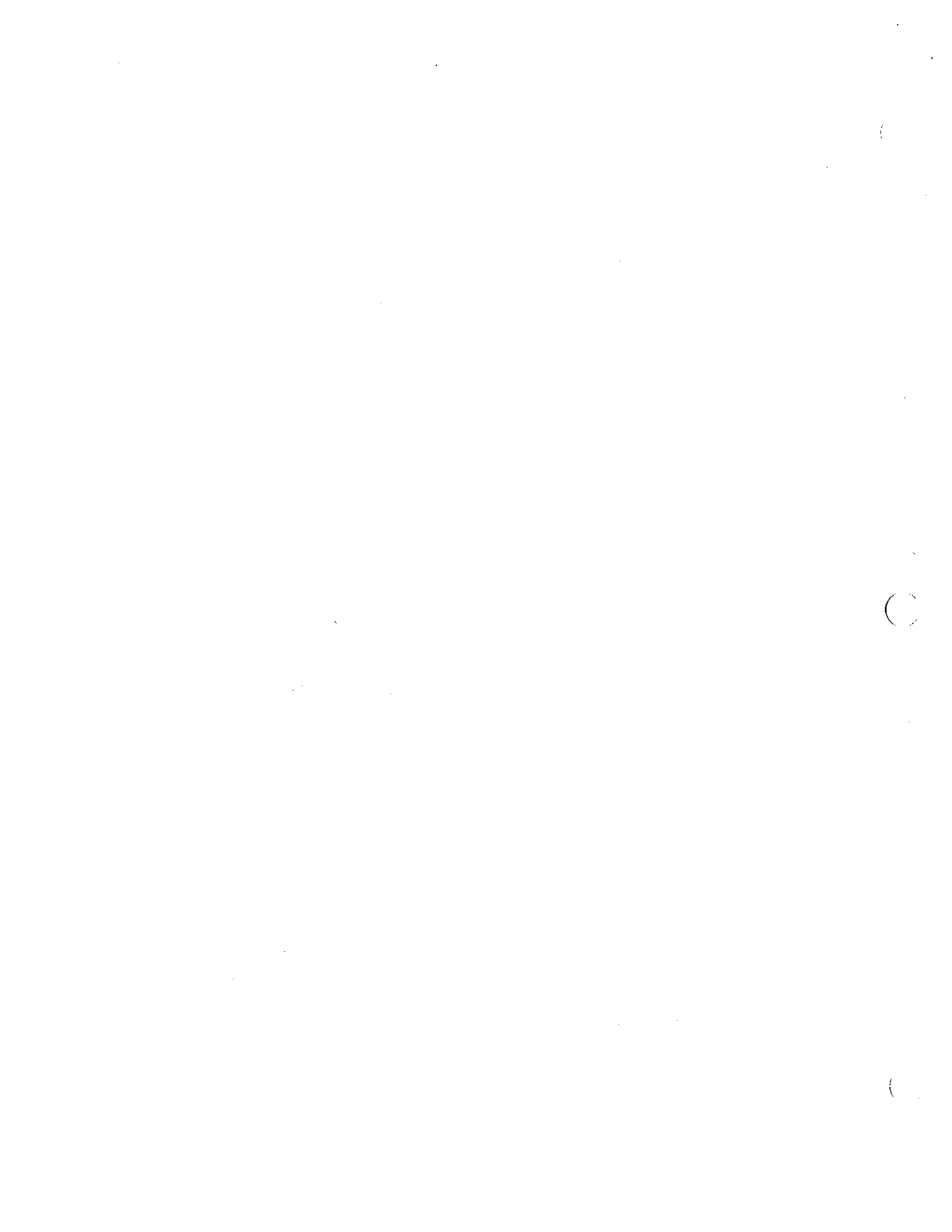
As a result of projected financial activities in the first half of 2010, the All Funds Balance is expected to decrease by \$1.0 million for 2011, when compared to 2010. This is due a loss of Sales Tax revenue and the lack of identifying sustainable revenue sources as well as increases in the Operating, Capital and Debt Service categories that offset anticipated growth in the Authority's total revenue base. In 2010, the All Funds Balance is expected to increase by about \$1.3 million over 2009.

## General Fund Balance Analysis

## Assumptions:

Passenger Fare Annual Growth =	7.1%	10.8%	3.3%	-0.7%	2.0%
Sales Tax Annual Growth =	1.8%	1.1%	-10.9%	1.2%	1.2%
Operating Expenses Growth =	3.2%	2.7%	-0.6%	-6.0%	0.0%
Capital Contribution =	22,281,814	24,819,832	27,877,062	28,472,308	29,447,250
	13.0%	14.3%	18.0%	18.2%	18.6%

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	<b>15,762,335</b>	<b>14,047,468</b>	<b>8,401,085</b>	<b>2,880,104</b>	<b>2,276,689</b>
<b>Revenue</b>					
Passenger Fares	43,467,204	48,173,971	49,757,083	49,383,905	50,371,583
Advertising & Concessions	1,217,959	1,591,538	1,197,713	1,109,375	1,100,000
Sales & Use Tax	171,661,508	173,568,817	154,586,220	156,441,255	158,318,550
Operating Assistance - ARRA Federal Grants	0	0	0	3,196,015	0
Short Term Notes	0	0	8,000,000	0	0
CMAQ Reimbursement for the Healthline	0	0	1,930,603	6,200,000	4,800,000
Operating Assistance Paratransit	0	0	0	3,456,000	3,456,000
Ohio Elderly Fare Assistance	2,246,309	0	2,756,762	840,000	924,000
State Funding Fuel Initiative	0	0	7,875,683	1,165,200	0
Op Assistance for Trolley Operations	0	0	0	1,569,568	784,784
Access to Jobs Program	572,647	976,432	2,697,111	1,863,358	1,200,000
Investment Income	870,024	825,633	198,200	204,146	214,353
Other Revenue	1,193,213	1,391,890	2,053,241	1,200,000	1,200,000
Weekly Shopper Service	0	0	0	30,000	30,000
Reimbursed Expenditures	34,201,180	35,597,279	33,461,105	37,400,000	29,461,100
<b>Total Revenue</b>	<b>255,430,044</b>	<b>262,125,560</b>	<b>264,513,721</b>	<b>264,058,822</b>	<b>251,860,370</b>
<b>Total Resources</b>	<b>271,192,379</b>	<b>276,173,028</b>	<b>272,914,806</b>	<b>266,938,926</b>	<b>254,137,059</b>
<b>Operating Expenditures</b>					
Personnel Services	173,796,848	173,016,961	176,631,322	167,506,650	168,230,216
Diesel Fuel	12,112,507	19,272,336	17,357,364	9,190,000	11,330,790
Other Expenditures	47,653,742	47,662,814	44,548,954	47,623,278	44,699,376
<b>Total Operating Expenditures</b>	<b>233,563,097</b>	<b>239,952,111</b>	<b>238,537,640</b>	<b>224,319,929</b>	<b>224,260,382</b>
<b>Short Term Notes Payment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,070,000</b>	<b>0</b>
<b>Transfer to the Insurance Fund</b>	<b>1,200,000</b>	<b>2,900,000</b>	<b>3,520,000</b>	<b>3,700,000</b>	<b>3,185,000</b>
<b>Transfer to the Pension Fund</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Transfers to Capital</b>					
Bond Retirement Fund	15,456,127	14,753,950	17,327,062	17,428,139	18,727,476
Capital Improvement Fund	6,825,687	10,065,882	10,550,000	11,044,169	10,719,774
<b>Total Transfers to Capital</b>	<b>22,281,814</b>	<b>24,819,832</b>	<b>27,877,062</b>	<b>28,472,308</b>	<b>29,447,250</b>
<b>Total Expenditures</b>	<b>257,144,911</b>	<b>267,771,943</b>	<b>270,034,702</b>	<b>264,662,237</b>	<b>256,992,633</b>
<b>Available Ending Balance</b>	<b>14,047,468</b>	<b>8,401,085</b>	<b>2,880,104</b>	<b>2,276,689</b>	<b>2,855,573</b>



## 2011 Proposed Tax Budget Financial Indicators

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Tax Budget
<b>REVENUES</b>					
Operating Ratio	19.9%	21.5%	21.8%	23.1%	23.4%
Fare Subsidy (Net Cost) Per Passenger	\$3.23	\$3.23	\$3.70	\$3.61	\$3.61
Average Fare	\$0.76	\$0.83	\$1.00	\$1.05	\$1.07
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.7	0.4	0.1	0.1	-0.2
Overhead Cost vs. Total Cost	12.1%	12.2%	12.6%	13.9%	14.1%
Cost/Hour of Service	\$100.21	\$105.47	\$115.04	\$129.03	\$129.76
Growth per Year	1.9%	5.3%	9.1%	12.2%	0.6%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	1.81	1.32	1.14	1.51	0.81
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	13.0%	14.3%	18.0%	18.2%	18.6%
Capital Maintenance to Expansion	84.1%	89.3%	95.6%	99.4%	97.5%

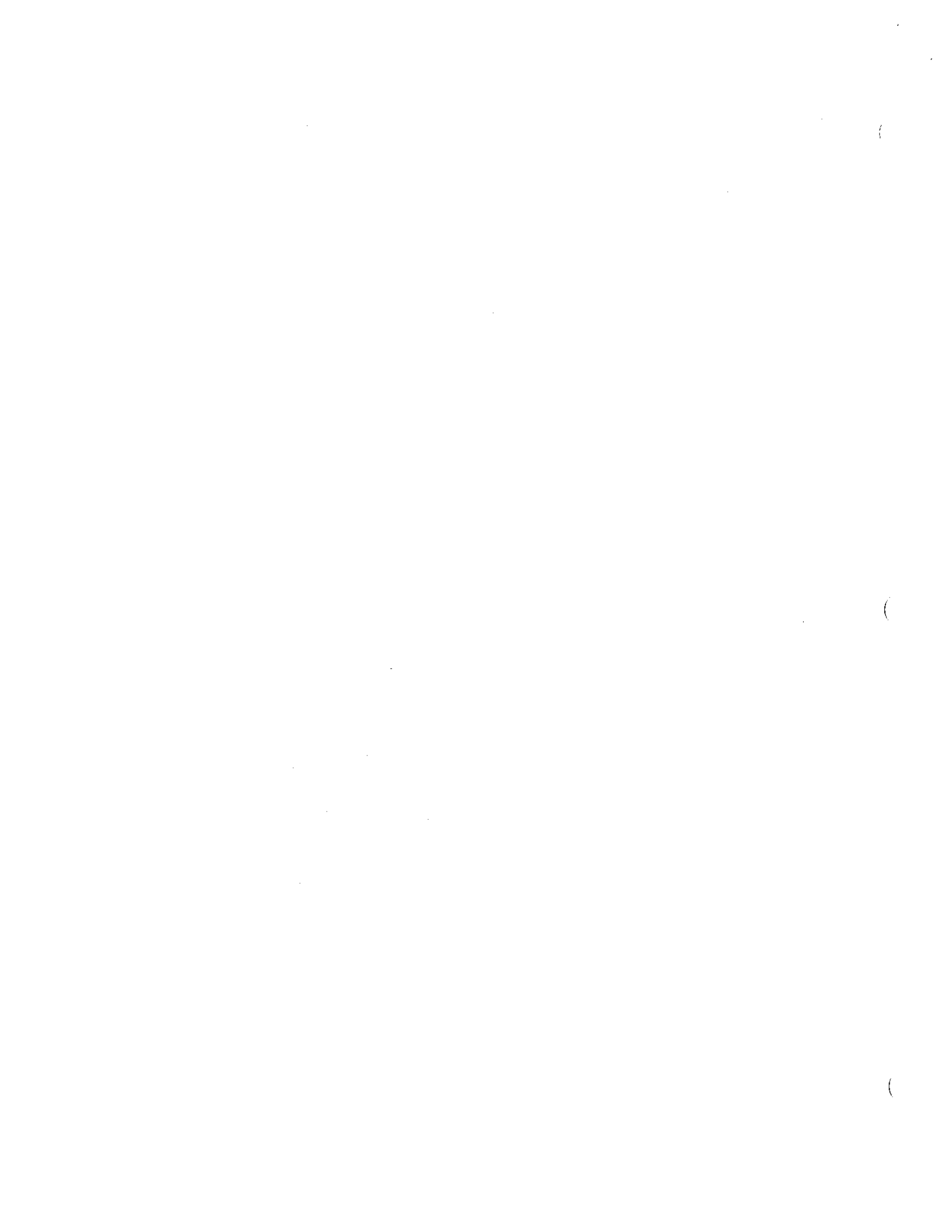
**Definitions:**

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



ATTACHMENT C  
**RTA Development Fund Balance Analysis**

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	18,784,966	22,837,466	33,485,254	30,508,300	32,601,465
<b>Revenue</b>					
General Obligation Debt Proceeds	0	35,472,559	0	0	20,000,000
Transfer from RTA Capital Fund	5,000,000	7,600,882	8,346,054	8,475,400	8,175,400
Investment Income	844,393	1,672,096	271,990	325,000	325,000
Federal Capital Grants	74,319,702	86,109,609	65,807,459	52,201,530	45,901,244
ARRA Federal Capital Grants	0	0	7,840,623	30,823,088	7,084,988
State Capital Grants	8,532,391	9,370,685	9,162,154	968,147	968,147
Capital Lease	25,000,000	0	0	0	0
Other Revenue	2,810,906	1,837,731	0	1,000,000	1,000,000
<b>Total Revenue</b>	116,507,392	142,063,562	91,428,280	93,793,165	83,454,779
<b>Total Resources</b>	135,292,358	164,901,028	124,913,534	124,301,465	116,056,244
<b>Expenditures</b>					
Capital Outlay	109,944,506	128,830,215	93,705,234	91,075,000	80,536,988
Other Expenditures	2,000,000	472,559	0	0	0
Transfer to Bond Retirement Fund	510,386	2,113,000	700,000	625,000	700,000
<b>Total Expenditures</b>	112,454,892	131,415,774	94,405,234	91,700,000	81,236,988
<b>Ending Balance</b>	22,837,466	33,485,254	30,508,300	32,601,465	34,819,256



ATTACHMENT D  
**RTA Capital Fund Balance Analysis**

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	2,899,226	1,374,346	270,264	197,782	367,301
<b>Revenue</b>					
Transfer from General Fund	6,825,687	10,065,882	10,550,000	11,044,169	10,719,774
Investment Income	96,409	65,557	370	750	1,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>6,922,096</b>	<b>10,131,439</b>	<b>10,550,370</b>	<b>11,044,919</b>	<b>10,720,774</b>
<b>Total Resources</b>	<b>9,821,322</b>	<b>11,505,785</b>	<b>10,820,634</b>	<b>11,242,701</b>	<b>11,088,076</b>
<b>Expenditures</b>					
Asset Maintenance	1,394,482	1,630,502	1,197,531	1,350,000	1,450,000
Routine Capital	2,052,494	2,004,137	1,079,267	1,050,000	1,100,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	7,600,882	8,346,054	8,475,400	8,175,400
<b>Total Expenditures</b>	<b>8,446,976</b>	<b>11,235,521</b>	<b>10,622,852</b>	<b>10,875,400</b>	<b>10,725,400</b>
<b>Ending Balance</b>	<b>1,374,346</b>	<b>270,264</b>	<b>197,782</b>	<b>367,301</b>	<b>362,676</b>



ATTACHMENT E  
**Bond Retirement Fund Balance Analysis**

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Tax Budget
<b>Beginning Balance</b>	1,764,973	1,727,210	1,733,884	2,084,582	1,825,000
<b>Revenue</b>					
Transfer from General Fund	15,456,127	14,753,950	17,327,062	17,428,139	18,727,476
Transfer from RTA Development Fund	510,386	2,113,000	700,000	625,000	700,000
Investment Income	271,752	316,200	36,270	75,000	125,000
Other Revenue	2,404	326,277	0	0	0
<b>Total Revenue</b>	16,240,669	17,509,427	18,063,332	18,128,139	19,552,476
<b>Total Resources</b>	18,005,642	19,236,637	19,797,216	20,212,721	21,377,476
<b>Expenditures</b>					
Debt Service					
Principal	9,358,533	10,216,526	10,012,244	11,108,564	11,919,867
Interest	6,919,899	7,286,227	7,700,390	7,269,157	7,631,318
Other Expenditures	0	0	0	10,000	20,000
<b>Total Expenditures</b>	16,278,432	17,502,753	17,712,634	18,387,721	19,571,185
<b>Ending Balance</b>	1,727,210	1,733,884	2,084,582	1,825,000	1,806,291



ATTACHMENT F  
**Insurance Fund Balance Analysis**

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	5,167,010	5,264,655	5,432,199	4,634,855	4,584,855
<b>Revenue</b>					
Investment Income	316,340	167,544	75,515	150,000	135,240
Transfer from General Fund	1,200,000	2,900,000	3,520,000	3,700,000	3,185,000
Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>1,516,340</b>	<b>3,067,544</b>	<b>3,595,515</b>	<b>3,850,000</b>	<b>3,320,240</b>
<b>Total Resources</b>	<b>6,683,350</b>	<b>8,332,199</b>	<b>9,027,714</b>	<b>8,484,855</b>	<b>7,905,095</b>
<b>Expenditures</b>					
Claims and Premium Outlay	1,418,695	2,900,000	4,392,859	3,900,000	2,900,000
Other Expenditures	0	0	0	0	0
<b>Total Expenditures</b>	<b>1,418,695</b>	<b>2,900,000</b>	<b>4,392,859</b>	<b>3,900,000</b>	<b>2,900,000</b>
<b>Ending Balance</b>	<b>5,264,655</b>	<b>5,432,199</b>	<b>4,634,855</b>	<b>4,584,855</b>	<b>5,005,095</b>



ATTACHMENT G  
**Supplemental Pension Fund Balance Analysis**

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	933,358	983,292	1,036,017	1,083,092	1,132,185
<b>Revenue</b>					
Investment Income	42,900	34,609	28,441	31,000	31,000
Transfer from General Fund	100,000	100,000	100,000	100,000	100,000
<b>Total Revenue</b>	142,900	134,609	128,441	131,000	131,000
<b>Total Resources</b>	1,076,258	1,117,901	1,164,458	1,214,092	1,263,185
<b>Expenditures</b>					
Benefit Payments	92,966	81,884	81,366	81,907	84,000
Other Expenditures	0	0	0	0	0
<b>Total Expenditures</b>	92,966	81,884	81,366	81,907	84,000
<b>Ending Balance</b>	983,292	1,036,017	1,083,092	1,132,185	1,179,185



ATTACHMENT H

Law Enforcement Fund Balance Analysis

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Tax Budget
<b>Beginning Balance</b>	204,509	204,126	172,193	152,517	61,186
<b>Revenue</b>					
Law Enforcement Revenue	99,046	14,400	11,280	15,000	11,000
Investment Income	11,784	4,505	425	600	600
Other Revenue	0	61,991	28,937	0	0
<b>Total Revenue</b>	<b>110,830</b>	<b>80,896</b>	<b>40,642</b>	<b>15,600</b>	<b>11,600</b>
<b>Total Resources</b>	<b>315,339</b>	<b>285,022</b>	<b>212,835</b>	<b>168,117</b>	<b>72,786</b>
<b>Expenditures</b>					
Capital & Related Items	111,213	112,829	60,318	106,931	0
<b>Total Expenditures</b>	<b>111,213</b>	<b>112,829</b>	<b>60,318</b>	<b>106,931</b>	<b>0</b>
<b>Ending Balance</b>	<b>204,126</b>	<b>172,193</b>	<b>152,517</b>	<b>61,186</b>	<b>72,786</b>



ATTACHMENT I  
All Funds Balance Analysis

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	45,516,377	46,438,563	50,530,896	41,541,232	42,848,681
<b>Revenue</b>					
Passenger Fares	43,467,204	48,173,971	49,757,083	49,383,905	50,371,583
Sales & Use Tax	171,661,508	173,568,817	154,586,220	156,441,255	158,318,550
Federal	74,319,702	86,109,609	73,648,082	87,790,201	53,771,016
State	10,778,700	9,370,685	19,794,599	6,429,347	5,348,147
Investment Income	2,453,602	3,086,144	611,211	786,496	832,193
Other Revenue	40,097,355	41,797,538	49,379,990	48,817,733	38,802,100
General Obligation Debt Proceeds	0	35,472,559	0	0	20,000,000
Capital Lease	25,000,000	0	0	0	0
<b>Total Revenue</b>	367,778,071	397,579,323	347,777,185	349,648,937	327,443,589
<b>Total Resources</b>	413,294,448	444,017,886	398,308,081	391,190,169	370,292,270
<b>Expenditures</b>					
Personnel Services	173,796,848	173,016,961	176,631,322	167,506,650	168,230,216
Diesel Fuel	12,112,507	19,272,336	17,357,364	9,190,000	11,330,790
Other Expenditures	51,276,616	51,230,086	49,083,497	59,792,116	47,703,376
Capital Outlay	113,391,482	132,464,854	95,982,032	93,475,000	83,086,988
Debt Service	16,278,432	17,502,753	17,712,634	18,377,721	19,551,185
<b>Total Expenditures</b>	366,855,885	393,486,990	356,766,849	348,341,488	329,902,555
<b>Available Ending Balance</b>	46,438,563	50,530,896	41,541,232	42,848,681	40,389,715

