2011 Fund Budgets

Fund Budgets

The Authority segregates its financial activity into a number of funds. These funds account for all receipts and expenditures for a specific purpose. The Fund Budgets chapter describes the fund structure used by the Authority, the sources of revenue, and the status of these funds in 2011 and beyond.

Fund Budgets

All Funds

Introduction

The Authority maintains its books of accounts on the accrual basis of accounting, using a single enterprise fund to report the results of its operations. However, separate funds are maintained on the books of the Authority in order to best account for its various revenues that are designated for specific purposes.

Since the Authority is an independent, special purpose political subdivision of the State of Ohio, annual budgets for each fund are prepared on the cash basis of accounting. On the cash basis, revenues are budgeted when they are expected to be received as opposed to when they will be earned and expenditures are budgeted when they are estimated to be paid, encumbered, or obligated as opposed to when the liabilities will be incurred. The Authority uses the following funds to account for its operations:

All Funds
- General Fund
- Bond Retirement Fund
- Insurance Fund
- Supplemental Pension Fund
- Law Enforcement Fund
- Capital Improvement Funds
  - RTA Capital Fund
  - RTA Development Fund

A fund balance is the difference between total resources (beginning cash and investment balance plus total revenues) and total expenditures. In the following presentation, fund balances for the General Fund and RTA Capital Fund represent the unencumbered, unreserved balance (referred to as the available ending balance). These fund balances are shown net of reserves for encumbrances. All other funds are reflected in cash balances.

The ending year balance of a fund provides a measure of a fund or entity's financial health and is useful in spotting negative trends. The following analysis focuses on the Authority's major funds and addresses future trends within those balances. The analysis also presents details on the components of revenue and trends in expenditures.

Fund Budgets

All Funds

All Funds Balance Analysis

Figure FB-1 presents the combined fund balances of all the Authority's funds. The ending balance shows cyclical patterns, primarily increasing as a result of debt issuances, and decreasing as those funds are consumed. Overall, the All Funds balance is stable, though the amount of debt issued and the sudden large drop of sales tax revenue are of concern. Service has been realigned and will continue to be realigned and capital expenditures have been reduced in upcoming years as counter measures.

Total Resources for 2008 increased by nearly $34.2 million, primarily because of Federal grant funds associated with the Euclid Corridor Transportation Project (ECTP), a $35 million debt issuance, and adjustments to the Authority's passenger fare structure. Correspondingly, expenditures increased in 2008 by over $30.5 million, as the ECTP was finalized and capital projects from past years were completed.

In 2009, the All Funds balance decreased to $41.5 million as a result of increasing efforts to reduce expenses due to decreased revenue. This is reflected in the revenue and expenditure figures and subsequent ending balance. Sales tax revenue, the largest funding source for both the General Fund and the All Funds, decreased by 11.0%, due to on-going economic recession in this area. This is by far the most dramatic decline in Sales Tax in the history of the Authority; the previous worse decline in a year was 1.6%.

A recovery in the revenue is expected; specifically Sales Tax receipts are projected to increase about $7 million in 2010, which is due to managed health care being added to the tax base in late 2009.

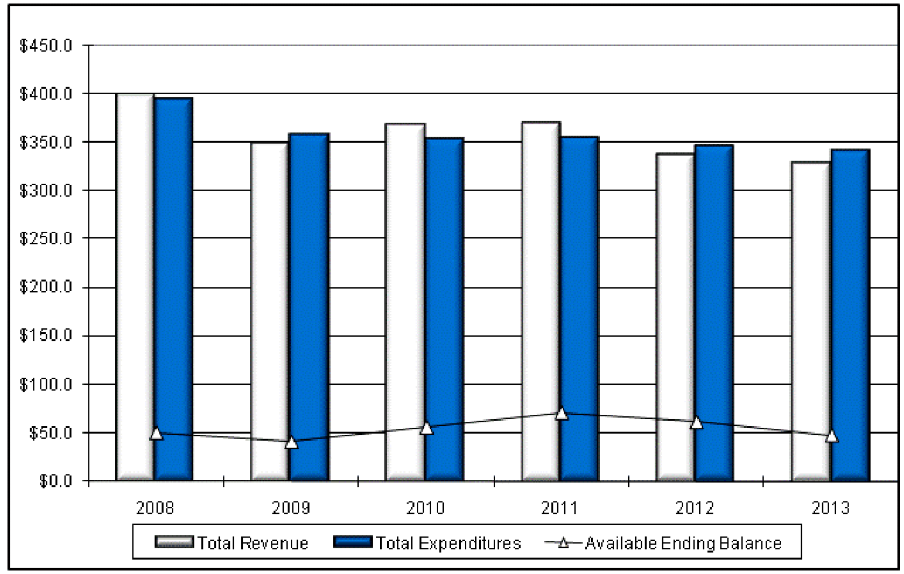


Figure FB-1: All Funds Balance Analysis

A 12% service reduction was instituted in April 2010 and Harvard Garage was closed in September 2010 to align operating expenses with the new level of revenue. Sales Tax receipts are projected to only increase 1.2% for 2011. Expenses will continue to be tightly monitored.

This trend identifies the challenge that lies ahead: to balance operating requirements versus the local commitment required to support capital improvements. As such, it questions the Authority's ability to maintain current service levels without additional revenue or additional service reductions.

Fund Budgets

All Funds

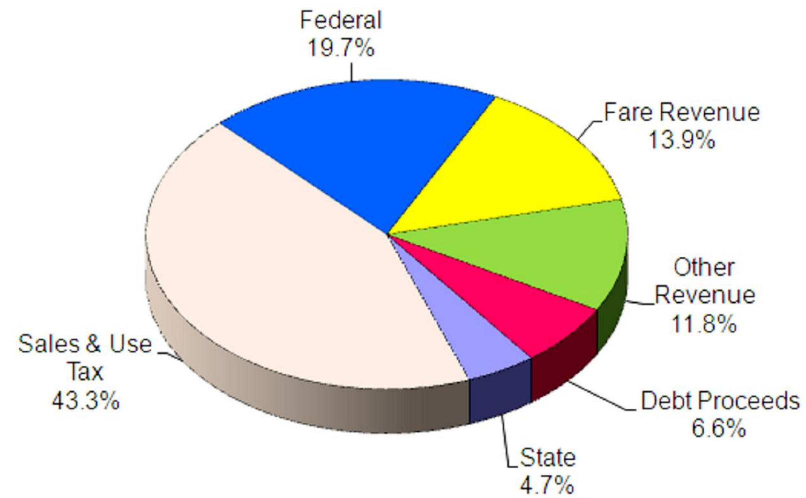
All Funds Revenue

In 2008, Sales & Use Tax and Passenger Fare Revenue represented just over 55.7%, or $221.8 million, of total Authority revenue. Federal capital assistance, combined with State and Local capital grant assistance, all intergovernmental sources of revenue accounted for 24.0%, or a total of $95.5 million.

In 2009, revenues dropped primarily due to the sharp drop in Sales Tax revenue. Sales & Use Tax combined with Passenger Fare Revenue, totaled 58.8% or $204.4 million of total revenue. Intergovernmental revenue totaled 27.4% or $95.3 million of total revenue.

2010 Sales & Use Tax revenue has been above projection since June and will be better than the original budget estimate or the revisions that have followed. This is due to the addition of managed health care to the tax base. Overall, Sales and Use Tax and Passenger Fare Revenues should equal 57.3% or $210 million of total revenues. Federal and State Capital Assistance should total 30.1% or $110.4 million of total revenue.

2011 Sales & Use Tax is estimated to increase by 1.2% and Passenger Fare Revenue is expected to increase by 1.4%, compared to 2010. Intergovernmental sources (Federal and State assistance) are projected to be 25% of total revenue. General Obligation Debt Proceeds will be $25 million and expected to last three years. The capital program will require additional debt sales to support planned capital activities. Other revenue is budgeted at 10.5% or $38.7 million of total revenue.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Fare Revenue	$48.2	$49.8	$48.4	$49.1
Sales & Use Tax	$173.6	$154.6	$161.6	$163.5
Federal	$86.1	$73.6	$97.1	$74.3
State	$9.4	$21.7	$13.3	$17.7
Other Revenue	$44.8	$48.1	$46.4	$38.7
Debt Proceeds	$35.5	$0.0	$0.0	$25.0
Capital Lease	$0.0	$0.0	$0.0	$0.0
Total Revenue	**$397.6**	**$347.8**	**$366.8**	**$368.3**

Figure FB-2: All Funds Revenue by Source (in millions)

All Funds

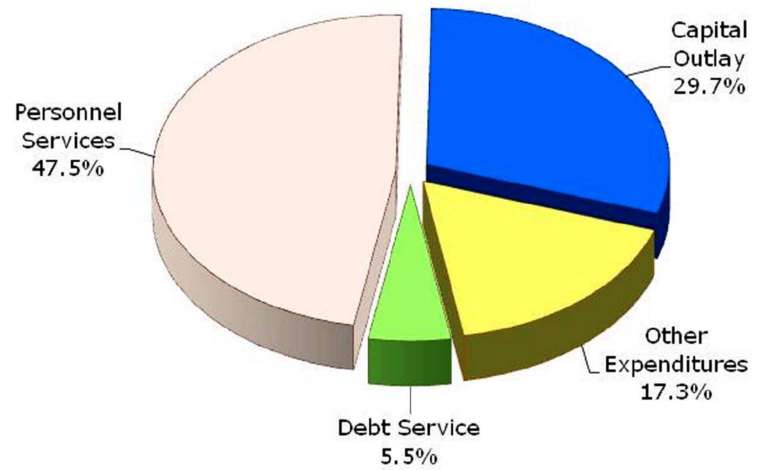
All Funds Expenditures

Total expenditures increased in 2008 by $26.6 million, or 7.2%. Capital Outlays increased by $19.1 million, or 16.8%, mainly as a result of the completion of construction on the HealthLine Project. In addition, Diesel Fuel expenditures increased by $3.3 million while Personnel Services expenditures increased by $0.8 million.

In 2009, total expenditures decreased by $36.7 million, or 9.3%. Outlays for capital projects decreased by $36.5 million as the capital program begins its return to more historical levels following the completion of the HealthLine.

In addition, the 2010 Personnel Services and Other expenditures should decrease by over $11.1 million and $3.8 million, respectively, due to a 12% service reduction in April and the closing of Harvard Garage in September, as well as a significant decrease in Diesel Fuel costs due to the fuel-hedging program. Capital Outlay increased slightly due to one-time Federal funding sources. Debt Service increased slightly at $0.7 million, or 4%, with existing debt payments.

The 2011 Budget for Personnel Services includes no increases in personnel costs for current collective bargaining agreements. Increases are included for health care and the restoration of salaries for Non-Bargaining employees. Other expenditures costs will decrease slightly due to decreases in contracted service costs. Additionally, due to growing capital needs, Debt Service will increase in 2010 by $0.9 million. This includes existing debt payments and a planned General Obligation debt sale of approximately $25.0 million. Capital Outlays represent the second largest category at $105.1 million, or 29.7% of the total.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Personnel Services	$173.0	$176.6	$165.5	$168.2
Other Expenditures	$70.5	$66.5	$62.7	$61.0
Capital Outlay	$132.5	$96.0	$105.6	$105.1
Debt Service	$17.5	$17.7	$18.4	$19.3
Total Expenditures	**$393.5**	**$356.8**	**$352.2**	**$353.6**

Figure FB-3: All Funds Expenditures by Type (in millions)

Fund Budgets

All Funds

All Funds Balance Analysis

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**45,516,377**	**46,438,563**	**50,530,896**	**41,541,232**	**56,059,094**	**70,854,158**	**61,415,012**
Revenue							
Passenger Fares	43,467,204	48,173,971	49,757,083	48,401,904	49,127,933	50,110,492	51,112,702
Sales & Use Tax	171,661,508	173,568,817	154,586,220	161,586,577	163,525,616	166,796,128	170,132,051
Federal	74,319,702	86,109,609	73,648,082	97,125,910	74,279,088	70,699,040	63,981,780
State	10,778,700	9,370,685	21,725,202	13,300,881	17,740,795	12,215,795	7,426,795
Investment Income	2,453,602	3,086,144	611,211	490,804	648,443	781,841	857,063
Other Revenue	40,097,355	41,797,538	47,449,387	45,853,250	38,067,546	35,826,466	34,296,466
General Obligation Debt Proceeds	0	35,472,559	0	0	25,000,000	0	0
Capital Lease	25,000,000	0	0	0	0	0	0
Total Revenue	**367,778,071**	**397,579,323**	**347,777,185**	**366,759,326**	**368,389,421**	**336,429,761**	**327,806,857**
Total Resources	**413,294,448**	**444,017,886**	**398,308,081**	**408,300,557**	**424,448,515**	**407,283,919**	**389,221,869**
Expenditures							
Personnel Services	173,796,848	173,016,961	176,631,322	165,498,948	168,180,247	169,021,148	170,711,360
Diesel Fuel	12,112,507	19,272,336	17,357,364	8,260,480	10,972,500	11,191,950	11,415,789
Other Expenditures	51,276,616	51,230,086	49,083,497	54,461,795	50,034,332	50,299,191	50,442,864
Capital Outlay	113,391,482	132,464,854	95,982,032	105,642,519	105,117,783	93,949,040	87,059,040
Debt Service	16,278,432	17,502,753	17,712,634	18,377,721	19,289,495	21,407,578	21,426,778
Total Expenditures	**366,855,885**	**393,486,990**	**356,766,849**	**352,241,463**	**353,594,357**	**345,868,907**	**341,055,830**
Available Ending Balance	**46,438,563**	**50,530,896**	**41,541,232**	**56,059,094**	**70,854,158**	**61,415,012**	**48,166,039**

Fund Budgets

All Funds

2011 Proposed Budget
Financial Indicators

	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
REVENUES						
Operating Ratio	21.5%	21.8%	23.4%	22.5%	22.8%	23.0%
Fare Subsidy (Net Cost) Per Passenger	$3.23	$3.70	$3.66	$3.81	$3.74	$3.70
Average Fare	$0.83	$1.00	$1.09	$1.08	$1.08	$1.08
EXPENDITURES						
Operating Reserve (Months)	0.4	0.1	0.5	0.5	0.3	0.0
Overhead Cost vs. Total Cost	**12.2%**	**12.6%**	**14.1%**	16.0%	16.0%	15.9%
Cost/Hour of Service	$105.47	$115.04	$125.78	$131.48	$131.05	$131.05
Growth per Year	5.3%	9.1%	9.3%	4.5%	**-0.3%**	**0.0%**
DEBT STRUCTURES						
Debt Service Coverage	1.32	1.14	1.43	1.49	1.22	0.97
CAPITAL OUTLAY						
Sales Tax Contribution to Capital	**14.3%**	18.0%	21.7%	19.1%	19.3%	18.8%
Capital Maintenance to Expansion	89.3%	95.6%	99.0%	96.9%	83.4%	88.5%

Fund Budgets

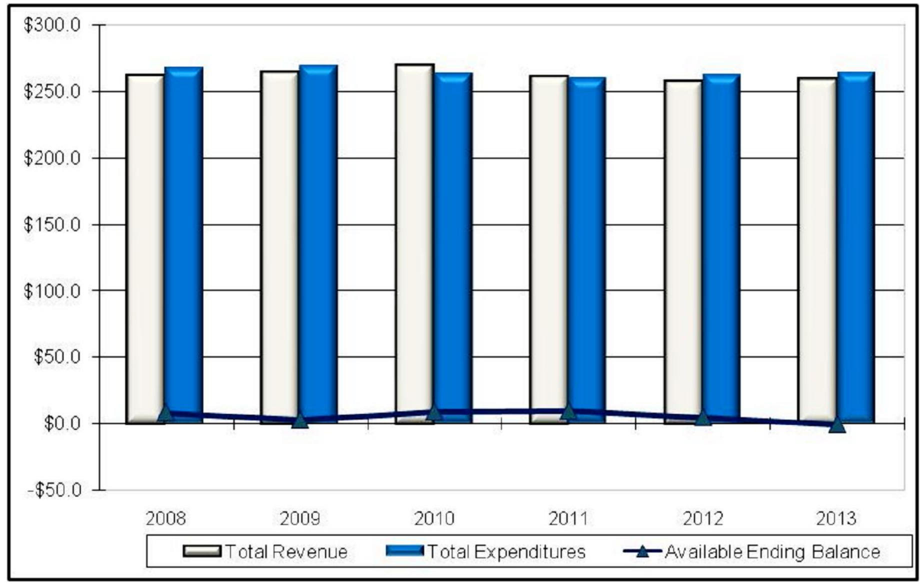
General Fund

General Fund Balance Analysis

The General Fund is the general operating fund of the Authority and accounts for all revenue and expenditures except for activities related to capital improvements, debt service, catastrophic/extraordinary losses, and supplemental pension benefits. Figure FB-4 highlights the financial stress that was being experienced during the recession and our planning to counter-act those effects. The combination of stagnant sales tax growth, increasing personnel costs, and volatile fuel/utility costs had created a discouraging outlook through 2008.

From 2006 to 2008, the revenue and expense mismatch grew steadily. The Authority had to dip into prior year fund balances to cover current year expenses. In 2006, total expenditures were $400,000 more than that year's revenue. In 2007, the mismatch increased to $1.3 million and further increased in 2008 to $6.6 million with a resulting drawdown of the fund balance to $8.4 million. In 2009, the General Fund balance dropped sharply to $2.9 million due to the recession. In 2010, hard decisions had to be made. In April we implemented a 12% service reduction and closed Harvard Garage on weekends. In September, Harvard Garage was closed altogether.

As highlighted in the **Citizens Summary**, meeting the one-month reserve policy has been a challenge over the last decade. This goal was last met between 1994 and 1996. Since then the reserve policy has not been met, fluctuating between a low of a 0.1 months reserve in 2009, to a high of a 0.9 months reserve in 2005 and 2006.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$14.1	$8.4	$2.9	$8.9
Total Revenue	**$262.1**	**$264.5**	**$270.0**	**$261.3**
Total Resources	$276.2	$272.9	$272.9	$270.2
Operating Expenses	$240.0	$238.5	$217.6	$225.9
Fund Transfers	$27.8	$31.5	$46.4	$34.6
Total Expenditures	**$267.8**	**$270.0**	**$264.0**	**$260.5**
Available Ending Balance	**$8.4**	**$2.9**	**$8.9**	**$9.7**

Figure FB-4: General Fund Balance Analysis (in millions)

General Fund

General Fund Balance Analysis, cont.

The 2008 and 2009 reserves of 0.4 and 0.1 months, respectively, did not meet the goal. The projected 2010 and budgeted 2011 reserves of 0.5 months each, will not meet the goal, but both represent improvements over recent years. The ending balance has been declining over the past few years, but the drawdown in 2008 and 2009 utilized the ending balance for its intended purpose, to support service levels. Sales tax revenue, the largest revenue source for the Authority, experienced unprecedented decline in 2009 and in 2010 recovered about 40% of the loss. This was due to the addition of managed health care to the tax base.

The projected reserve for 2011 is 0.5 months. The Authority will again control costs and aggressively execute the budget. In addition to this normal level of activity, the Authority has implemented TransitStat, a data-driven performance management initiative, to review operations, seek improvements, and further reduce costs. These actions have increased accountability and helped increase efficiency and effectiveness. Our goal for 2011 is to maintain, if not increase, the 2010 estimated year-end balance at the end of 2011.

Maintaining or improving the reserve level of the General Fund this year will be extremely important for 2012 and 2013. Historically low sales tax revenue must be offset with low operating costs to overcome a projected negative fund balance for 2013. Hard decisions have been made. The 2010 end of year balance will be markedly improved. No service reduction was required in 2011. RTA must work to make 2012 and 2013 have positive balances and continue on the path to sustainability.

General Fund Revenue

Revenue is received from a number of sources to support activity in the General Fund. A discussion of the major sources of General Fund revenue follows.

Sales and Use Tax

The Authority◊s major source of revenue is a one percent Sales and Use Tax on sales of tangible personal property and on other transactions subject to the State Sales and Use Tax within the boundaries of Cuyahoga County. The one percent tax is of unlimited duration and was approved by the voters of Cuyahoga County in July 1975. The tax is levied and collected at the same time and on the same transactions as the permanent five percent Sales and Use Tax levied by the State, plus the one-half percent temporary state sales tax, one-quarter percent levied for the Medical Mart, and the one percent tax levied by Cuyahoga County. The tax is administered and enforced by State taxing authorities and is distributed on a monthly basis, approximately two months following the collection of the tax by the State (three months after the tax is paid by consumers). In late 2009, managed health care was added to the tax base.

Beginning in 1989, Board policy required that a minimum of ten percent of annual Sales and Use Tax revenues be dedicated to capital improvements. The presentation of Sales Tax revenue (as reported in Figure FB-5) indicates total receipts, not the approximately 90% that is actually used to fund operations.

Fund Budgets

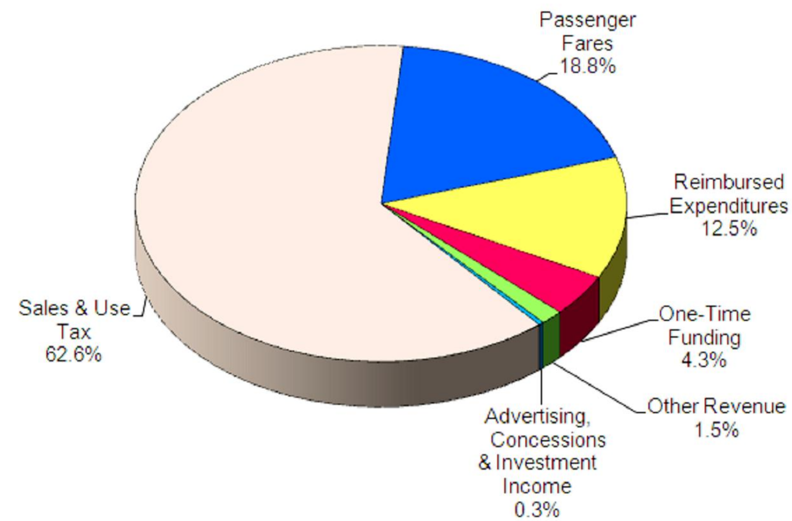
General Fund

Sales and Use Tax, cont.

Sales tax receipts dedicated to capital improvements are reported as a fund transfer from the General Fund to the RTA Capital Fund. However, in the Authority's accounting records, sales tax receipts dedicated to capital improvements are treated as direct revenue to the RTA Capital Fund, not as a transfer. In 1995, the direct contribution was further defined to include the transfer to the Bond Retirement Fund.

In the past, even in slower economic growth periods, the sales tax has performed relatively well. Sales tax receipts in 1994 showed an 11.2% increase, decreasing to 7.6% in 1995 and to 3.2% in 1996. A more stable growth pattern was seen between 1997 and 2000 as the growth rate ranged between 4.8% and 6.3% during these years. Since 2001 though, the picture has been much different with minimal growth rates and some years of negative growth. The last solid increase of 5.3% occurred in 2004 and again in 2010 with projected growth of 4.5%. In both of those years the tax base was expanded and that change accounted for most of the growth. There was minimal growth in 2005 at 2.2%, a negative 0.2% growth in 2006, a 1.8% growth in 2007, and a 0.4% decline in 2008, and a staggering 11% decline in 2009.

The increases projected for 2011 reflects a 1.2% increase from 2010. The increase from managed health care receipts will become part of the base for 2011 as has happened in the past when a new base item was added.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Passenger Fares	$48.2	$49.8	$48.4	$49.1
Sales & Use Tax	$173.6	$154.6	$161.6	$163.5
Reimbursed Expenditures	$35.6	$33.5	$38.5	$32.6
Advertising, Concessions & Investment Income	$1.6	$1.4	$1.0	$0.9
One-time Funding	$0.0	$17.8	$16.1	$11.3
Other Revenue	$2.6	$7.4	$4.4	$3.9
Total Revenue	**$261.6**	**$264.5**	**$270.0**	**$261.3**

Figure FB-5: General Fund Revenue by Source (in millions)

Fund Budgets

General Fund

Passenger Fares

Passenger Fares are the second largest source of revenue to the General Fund, comprising 18.8% of the total in 2011. Passenger fares consist of cash farebox revenue from Authority trains and buses, charges for elderly, handicapped, and special services, and sales of passes and tickets.

From 2003 to 2008, the Authority registered annual ridership increases each year, bringing the accomplishment to six consecutive years of ridership growth. However, during the period between 2003 and 2005, passenger fare revenue lagged behind ridership due to modifications in the fare policies and changes in customer travel patterns. Therefore, in 2006 the Board of Trustees approved a two-phase fare increase effective in July 2006 and January 2008. This action helped boost fare revenue from 2006 to 2008. Fuel prices increased dramatically in 2008 and a fuel surcharge of 25 cents was added in October and another 25 cents was deferred until 2009. In addition a service reduction was implemented. In 2009, the national recession affected North East Ohio with 11% unemployment and Passenger Fare revenue dropped 8.6% from budgeted levels. RTA adjusted service levels in 2010 and implemented a 12% service reduction in April and minor service changes throughout the remainder of the year.

In 2011, passenger fares of $49.1 million represent an increase of $0.7 million, or 1.4%, over the 2010 level. This change is entirely attributable to increased ridership due to the restoration of some service, an expected decline in unemployment and rising fuel prices.

Investment Income

The Authority pursues an aggressive cash management and investment program in order to achieve maximum financial return on all available funds. Idle cash balances are invested at the best interest rates available within the constraints imposed by State law and RTA financial policies. Current policy permits the Investment Officer to invest idle cash in certificates of deposit or repurchase agreements with depositories designated by the Board of Trustees, in U.S. Government securities, in securities of agencies, which are guaranteed by the U.S. Government, and in the State investment pool (Star Ohio).

Investment income steadily increased from 2005 to 2008. This was the result of large ending balances and increasing investment rates. The 2009 actual and 2010 projection show a significant reduction of 76.0% and 56.3%, respectively, as a result of lower balances and Federal Reserve actions lowering short-term rates. Investment income for 2011 is estimated at $112,493, an increase of 30%. In the two out-years, a 30% increase is estimated for each year. However, interest earned on General Fund investments vary depending upon the timing of revenue receipts, expenditures, and the transfers made to other funds (shifting interest earnings from the General Fund to other funds).

General Fund

Advertising & Concessions

Another source of income is the Authority's contract to place advertisements upon buses and trains. The current contract guarantees $575,000 annually, a decrease due to recent service and bus fleet reductions. In addition, the Authority will receive $175,000 (net) from the HealthLine naming rights deal. In combination with a small amount of concessions revenue, $750,000 is expected in 2011. The entire category is projected to remain steady in 2012 and 2013.

Federal & State Operating Assistance

Federal Operating Assistance

Federal operating grants are no longer received from the Federal Transit Administration (FTA) for general operating assistance. This source of revenue, at one time very significant, was eliminated in 1999 and will not be restored in the foreseeable future.

Prior to 1999, Federal operating grant dollars had been drawn down based on cash flow requirements in the General Fund. The amount and timing of revenue received from this source in any year fluctuated, based on the Authority's ability to drawdown these funds and the amount of the grant.

This source of revenue declined over the last several years of its existence, reaching a low of $773,000 in 1998, which represented less than 1% of all General Fund revenues. This amount had been significantly reduced from the 1997 level of $4.2 million and was nearly a 90% reduction from 1995.

This was a result of Congressional action that was to substantially reduce operating assistance to transit agencies eventually leading to the total elimination, which transpired in 1998 for the 1999 budget year.

Although direct Federal Operating Assistance has basically been eliminated, some flexibility has been given to the Authority to use capital grant awards to reimburse the Operating Budget for preventive maintenance expenditures within the Operating Budget. Since FY 2006 a total of $141.2 million of capital funds have been used for this purpose. Though utilizing the flexibility provided has helped to support the Authority's level of service, as revenue challenges have arisen and been met over the years, it represents an ongoing disinvestment in the Authority's capital infrastructure in favor of maintaining service levels.

General Fund

Federal & State Op. Assistance, cont.

State operating funds are received from the Ohio Department of Transportation (ODOT) for elderly and handicapped assistance. These funds are awarded annually and correspond to the state fiscal year (July 1 through June 30). In 1999, nearly $5 million of State Operating Assistance was completely eliminated with an equivalent amount given as a capital grant. The same was true in 2000 ï 2004, though flexibility was given to allow the capitalization of operating expenses, but beginning in 2005, its use for capitalized operating assistance was limited.

In 2007, $2.2 million was awarded and received from the state for elderly and handicapped fare assistance. The 2008 award for elderly and handicapped fare assistance was reduced and delayed until 2009 when the combined amount received for the two years was $2.76 million. In 2009, a one-time state award of $7.2 million of revenue was received to cover the cost of other operating expenses including transfers for small capital equipment and asset maintenance projects, contractual paratransit services, and CNG purchases for the bus fleet.

In 2010, the amount received for elderly and handicapped fare assistance was further reduced to an estimated $619,000 with future years estimated at a similar amount. A one-time award of $5.09 million was received late in FY 2010 for reimbursement of preventive maintenance activities and for providing ADA Paratransit services during the 2011 Budget Year. The effect of the long-term elimination of State Operating Assistance remains evident, as budget strains are projected to exist for the foreseeable future. State aid could offer potential support for public transportation services, but the State faces many financial challenges of its own.

Other Revenue

Reimbursed Expenditures, Transfers and Other Revenue

The remaining revenue sources to the General Fund contribute $3.9 million in 2011, representing 1.5% of total revenue. These remaining funding sources include Access to Jobs grants, grant reimbursements for RTA labor, materials and administration costs associated with capital projects, fuel tax refunds on diesel and gasoline purchases from the State of Ohio, and reimbursements for outlays associated with capitalized operating expenses.

Capitalized Operating Assistance (COA), the largest of the remaining revenue sources, is found in the category of Reimbursed Expenditures. Between 2003 and 2006, this source has reimbursed close to $25 million per year in General Fund expenses. The amount was increased to $27.7 million in 2007, due to a recategorization of bus and rail spare parts from a capital purchase to an inventory item in the General Fund. In 2008, 2009, and 2010, the Authority received $35.6 million, $33.5 million, and $38.5 million, respectively for reimbursed expenditures.

In 2011, the Authority is expecting to receive $32.6 million in reimbursed expenditures. In addition, the Authority will continue to focus on reimbursements to the General Fund for capital project labor expenditures. This source has increased from $700,000 in 1991 to $2.8 million in 1992 and has remained near $4.7 million over the last several years. In 2011, reimbursed labor is projected to generate $4.0 million.

General Fund

Other Revenue, cont.

The largest remaining capital project with reimbursable labor will be the Heavy Rail Vehicle (HRV) Overhaul. The reimbursed labor projection for 2011 remains near stable as the level of capital activities returns to normal.

The 2011 Budget projects $2.03 million from the Federal Government related to the Access to Jobs Program. These funds will be used to reimburse expenses related to reverse commuter trips and the RTA vanpool services and are in part 100% ARRA funded. The amount is projected to hold at $2.03 million in 2012 and 2013.

Other sources of revenue include fuel tax reimbursements of approximately $1.0 million, contractor and hospitalization reimbursements, rent, salvage sales, and claims receipts, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years due to one-time receipts settlements and miscellaneous reimbursements.

General Fund Expenditures

As discussed in the Citizens Summary, 2010 operating expenditures are expected to be $21 million less than 2009 and $8.4 million under budget due to a 12% service reduction executed in April 2010 and the closing of Harvard Garage in September 2010. Another part of that savings is a significant reduction in personnel costs due to our selective hiring freeze and lower than budgeted health care costs. Fuel costs were also dramatically reduced due to the fuel-hedging program and electricity costs have been reduced with the reconciliation and continuous monitoring of all accounts. Claims will be under budget.

As a result of the service realignment and other efficiencies, a net decrease of 245 positions are included in the 2011 budget. The 2011 Budget funds 2,232 positions compared to 2,477 in 2010. The Department Budgets chapter provides the details of these General Fund expenditures and staffing levels by department.

Personnel estimates for 2011 include the projected increases in health care costs and the restoration of the 3% wage reduction for salaried non-bargaining personnel. The other operating expenditures reflect an increase to diesel fuel and modest inflation/growth factors for other categories, though adjustments are made based on projected costs and known contracts. Expenditure estimates for 2012 and 2013 include only minimal increases.

General Fund

General Fund Expenditures, cont.

Any new program(s) or expansion of existing programs are assumed as ñtrade-offsò thus representing no net increase in cost, demonstrating a commitment to financial control. The operating budget for 2011 is slightly less than the budgeted amount for 2010.

Transfers to other funds within the Authority continue to place additional financial pressures on the General Fund. The transfer for bond retirement has grown from $15.5 million in 2008 to a projected $19.2 million in 2011 to cover increases in debt service payments and a debt issuance of $25 million this year. This transfer will continue to grow in the future, increasing to $21.3 million in 2012 and $21.4 million in 2013 reflecting actual debt payments.

Transfers to support the capital program significantly increased in 2010 to meet the demands for local funding by the Authorityõs capital program. Though work has been done to bring the Authorityõs capital program in line with existing grant awards, the need for local match funds has increased. When combined with transfers for debt service payments, the total capital contribution exceeds the maximum 15% level prescribed by the Authorityõs financial policies. In 2011, the capital contribution will require 19.1% of sales tax collections. In 2012 and 2013 the need will be 19.3% and 18.8% respectively. To maintain the proper balance in the Insurance and Pension Funds, transfers of $3.25 million and $100,000, respectively, are needed in 2011. In 2012 and 2013, the Insurance Fund transfer will be $3.1 million and $3.25 million. The Pension Fund is projected to need transfers of $100,000 in both years.

AREAS OF EXPENDITURE GROWTH
2011 BUDGET

2010 Projected Operating Expenditures		**$217,569,825**	
Compensation Issues		**$2,681,300**	**1.2%**
Fringe Benefits	$1,882,067		
Service Increase (Labor)	$665,500		
Hourly & Salary Labor Increase	$818,532		
Unemployment Compensation	($684,799)		
Fuel / Utilities		**$3,456,878**	**1.6%**
Diesel Fuel	$2,577,520		
Other Fuel / Utilities Adjustments (net)	$744,858		
Service Increase (Fuel)	$134,500		
Service Opportunities		**$1,931,348**	**0.9%**
ADA Purchased Transportation	$592,797		
Services	$535,741		
Materials and Supplies	$602,810		
Service Increase (Parts)	$200,000		
Administrative/Proceedural Changes		**$235,228**	**0.1%**
Workers' Compensation	$153,316		
Property Tax	($3,126)		
Other (Net)	$85,038		
Expenditure Growth		**$8,304,754**	**3.8%**
2011 Budgeted Operating Expenditures		**$225,874,579**	

Figure FB-6: Areas of Expenditure Growth ï 2011 Budget

General Fund Balance Analysis

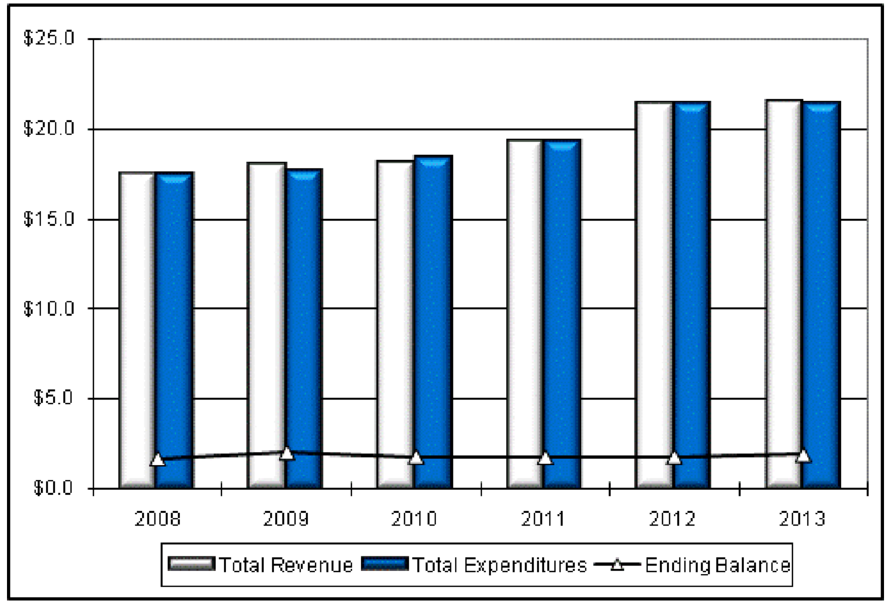
	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**14,047,468**	**8,401,085**	**2,880,104**	**8,871,812**	**9,650,747**	**4,865,879**
Revenue						
Passenger Fares	48,173,971	49,757,083	48,401,904	49,127,933	50,110,492	51,112,702
Advertising & Concessions	1,591,538	1,197,713	892,570	750,000	750,000	750,000
Sales & Use Tax	173,568,817	154,586,220	161,586,577	163,525,616	166,796,128	170,132,051
Operating Assistance - ARRA Federal Grants	0	0	3,196,015	0	0	0
Short Term Notes	0	8,000,000	0	0	0	0
CMAQ Reimbursement for the Healthline	0	1,930,603	5,389,397	7,205,000	1,680,000	0
Operating Assistance - Paratransit Operations	0	0	4,320,000	3,109,000	3,109,000	3,109,000
Ohio Elderly Fare Assistance	0	2,756,762	619,000	650,000	650,000	650,000
State Funding Fuel Initiative	0	7,875,683	1,165,200	0	0	0
Operating Assistance - Trolley Operations	0	0	1,961,960	980,980	0	0
Access to Jobs Program	976,432	2,697,111	2,329,175	2,034,466	2,034,466	2,034,466
Investment Income	825,633	198,200	86,533	112,493	146,241	190,113
Other Revenue	1,391,890	2,053,241	1,492,334	1,200,000	1,000,000	1,000,000
Reimbursed Expenditures	35,597,279	33,461,105	38,500,000	32,561,100	31,500,000	30,000,000
Weekly Shopper Service	0	0	30,000	30,000	30,000	30,000
Total Revenue	**262,125,560**	**264,513,721**	**269,970,665**	**261,286,588**	**257,806,327**	**259,008,332**
Total Resources	**276,173,028**	**272,914,806**	**272,850,769**	**270,158,400**	**267,457,074**	**263,874,211**
Operating Expenditures						
Personnel Services	173,016,961	176,631,322	165,498,948	168,180,247	169,021,148	170,711,360
Diesel Fuel	19,272,336	17,357,364	8,260,480	10,972,500	11,191,950	11,415,789
Other Expenditures	47,662,814	44,548,954	43,810,397	46,721,832	46,955,441	47,002,397
Total Operating Expenditures	239,952,111	238,537,640	217,569,825	225,874,579	227,168,539	229,129,545
Short Term Notes Payment	0	0	8,048,493	0	0	0
Transfer to the Insurance Fund	2,900,000	3,520,000	3,203,000	3,250,000	3,100,000	3,250,000
Transfer to the Pension Fund	100,000	100,000	100,000	100,000	100,000	100,000
Transfers to Capital						
Bond Retirement Fund	14,753,950	17,327,062	17,353,787	19,181,632	21,302,402	21,375,801
Capital Improvement Fund	10,065,882	10,550,000	17,703,853	12,101,441	10,920,255	10,584,255
Total Transfers to Capital	24,819,832	27,877,062	35,057,640	31,283,073	32,222,656	31,960,056
Total Expenditures	**267,771,943**	**270,034,702**	**263,978,958**	**260,507,652**	**262,591,196**	**264,439,601**
Available Ending Balance	**8,401,085**	**2,880,104**	**8,871,812**	**9,650,747**	**4,865,879**	**-565,390**

Bond Retirement Fund

The Bond Retirement Fund accounts for resources set aside for the payment of principal and interest on debt obligations. At the end of 2010, the Authority has six General Obligation (G.O.) Bond Issues outstanding, totaling $152.8 million and one State Infrastructure Bank (SIB) loan, totaling $2.46 million. The policy of the Authority is to set aside resources transferred from the General Fund on a monthly basis to meet the current year's annual principal and semiannual interest payments. Under this system, the Bond Retirement Fund balance drops below one thousand dollars each December 1st.

In Figure FB-7, each year's ending balance generally represents one-twelfth of the subsequent year's debt service requirement, which is set-aside on the last day of each year. Thus, the ending balance in this fund remains relatively low at all times. Including $25.0 million of additional debt planned in 2011, the Authority will retire $11.8 million in principal and pay nearly $7.47 million in interest on its current long-term debt and SIB loan.

Long-term debt for the Authority includes both debt and refunding debt sales from 1998 through 2008. These include a $35.0 million issuance and $27.4 million refunding issuance in 2008, a 2006 debt sale of $38.5 million, $67.2 million of debt issued in 2004, $17.5 million of refunding debt issued from 2002, a $20.9 million debt issued in 2001, a refunding debt issue of $29 million and a debt issue of $33 million both done in 1998. Also reflected in this fund is a 1998 SIB loan with an original amount of $6.9 million. Required transfers from the General Fund to make these payments are reduced by interest earned in the Bond Retirement Fund. For the 2011 Budget, a transfer of $19.2 million will be required from the General Fund to cover the current overall debt service of the Authority and the planned debt issuance of $25.0 million by mid-2011.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$1.7	$1.7	$2.1	$1.8
Revenue	$0.6	$0.0	$0.1	$0.1
Fund Transfers	$16.9	$18.0	$18.1	$19.2
Total Revenue	**$17.5**	**$18.0**	**$18.2**	**$19.3**
Total Resources	**$19.2**	**$19.8**	**$20.2**	**$21.1**
Total Expenditures	**$17.5**	**$17.7**	**$18.4**	**$19.3**
Ending Balance	**$1.7**	**$2.1**	**$1.8**	**$1.8**

Figure FB-7: Bond Retirement Fund Balance Analysis (in millions)

Bond Retirement Fund Balance Analysis

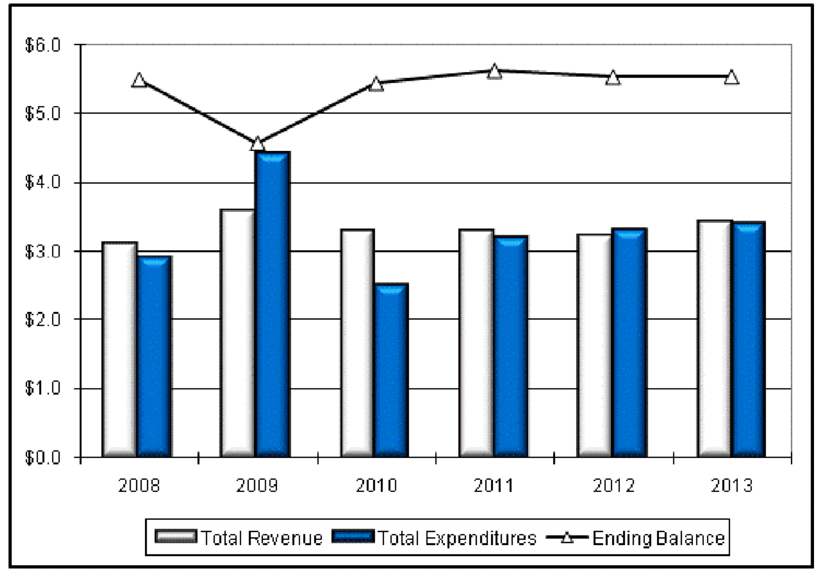
	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**1,764,973**	**1,727,210**	**1,733,884**	**2,084,582**	**1,812,196**	**1,774,333**	**1,789,156**
Revenue							
Transfer from General Fund	15,456,127	14,753,950	17,327,062	17,353,787	19,181,632	21,302,402	21,375,801
Transfer from RTA Development Fund	510,386	2,113,000	700,000	700,000	0	0	0
Investment Income	271,752	316,200	36,270	47,086	75,000	125,000	125,000
Other Revenue	2,404	326,277	0	4,462	0	0	0
Total Revenue	**16,240,669**	**17,509,427**	**18,063,332**	**18,105,335**	**19,256,632**	**21,427,402**	**21,500,801**
Total Resources	**18,005,642**	**19,236,637**	**19,797,216**	**20,189,917**	**21,068,828**	**23,201,734**	**23,289,957**
Expenditures							
Debt Service							
Principal	9,358,533	10,216,526	10,012,244	11,108,564	11,816,510	14,050,515	14,603,260
Interest	6,919,899	7,286,227	7,700,390	7,269,157	7,472,985	7,357,063	6,823,518
Other Expenditures	0	0	0	0	5,000	5,000	5,000
Total Expenditures	**16,278,432**	**17,502,753**	**17,712,634**	**18,377,721**	**19,294,495**	**21,412,578**	**21,431,778**
Ending Balance	**1,727,210**	**1,733,884**	**2,084,582**	**1,812,196**	**1,774,333**	**1,789,156**	**1,858,179**

Insurance Fund

The Insurance Fund is used to account for resources, which have been reserved to protect the Authority against future catastrophic or extraordinary losses, as the Authority is currently self-insured in all areas except personal property and equipment. A portion of the self-insurance fund was liquidated and replaced with purchased insurance coverage in 1999. According to the Authority's financial policies, the Risk Manager on an annual basis determines the minimum balance required in the Insurance Fund. The minimum balance in the Insurance Fund decreased from $7.5 to $5.0 million in 2005 and has remained until 2009. In 2009, it was necessary to allow the balance to fall to $4.6 million for cash flow purposes. The fund balance was increased again to $5.0 million in 2010 and will remain at that level from 2011 through 2013.

In the late-nineties, expenditures for the settlement of unusual or extraordinary claims as well as for insurance premiums stressed this fund. Transfers to the General Fund totaling $6.2 million were made in 1998-1999 to clear the excess amount in the fund above the required $5.0 million, representing a change in the structure of this fund. Unfortunately, unexpected claims costs and a decision to increase the fund balance back to $7.5 million resulted in the necessity to infuse $6.2 million back into the Insurance Fund from the General Fund between 2000 through 2003 to maintain the required minimum balance.

In 2010, a transfer from the General Fund of $3.2 million was needed to increase the balance back to $5.0 million. The 2011 budget will require a transfer of $3.25 million to maintain this balance. In 2012 and 2013, transfers of $3.1 million and $3.25 million will be needed to maintain the required minimum balance.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$5.3	$5.4	$4.6	$5.4
Investment Income	$0.2	$0.1	$0.1	$0.1
Transfers	$2.9	$3.5	$3.2	$3.2
Total Revenue	**$3.1**	**$3.6**	**$3.3**	**$3.3**
Total Resources	**$8.4**	**$9.0**	**$7.9**	**$8.8**
Claims & Premium Outlay	$2.9	$4.4	$2.5	$3.2
Total Expenditures	**$2.9**	**$4.4**	**$2.5**	**$3.2**
Ending Balance	**$5.5**	**$4.6**	**$5.4**	**$5.6**

Figure FB-8: Insurance Fund Balance Analysis (in millions)

Insurance Fund Balance Analysis

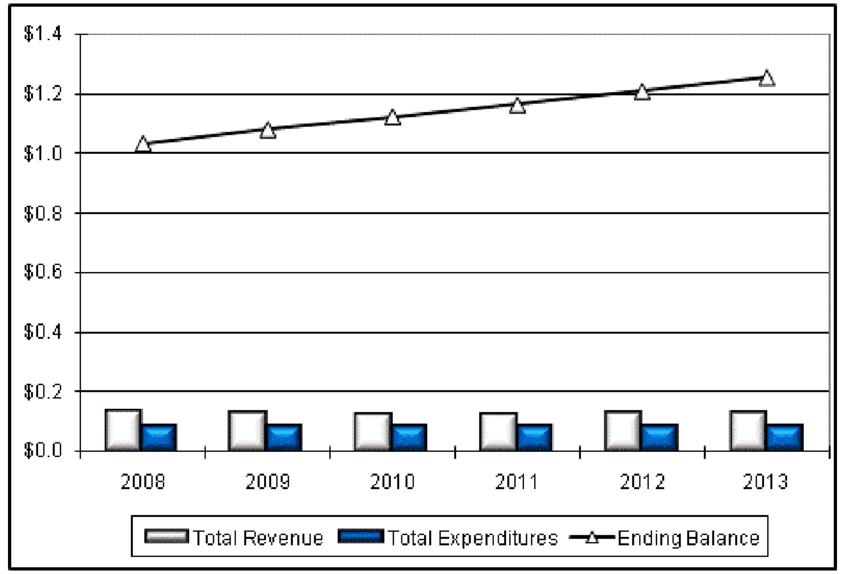
	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**5,167,010**	**5,264,655**	**5,432,199**	**4,634,855**	**5,450,958**	**5,560,958**	**5,508,708**
Revenue							
Investment Income	316,340	167,544	75,515	72,778	85,000	105,000	110,000
Transfer from General Fund	1,200,000	2,900,000	3,520,000	3,203,000	3,250,000	3,100,000	3,250,000
Total Revenue	**1,516,340**	**3,067,544**	**3,595,515**	**3,275,778**	**3,335,000**	**3,205,000**	**3,360,000**
Total Resources	**6,683,350**	**8,332,199**	**9,027,714**	**7,910,633**	**8,785,958**	**8,765,958**	**8,868,708**
Expenditures							
Claims and Premium Outlay	1,418,695	2,900,000	4,392,859	2,459,675	3,225,000	3,257,250	3,354,968
Total Expenditures	**1,418,695**	**2,900,000**	**4,392,859**	**2,459,675**	**3,225,000**	**3,257,250**	**3,354,968**
Ending Balance	**5,264,655**	**5,432,199**	**4,634,855**	**5,450,958**	**5,560,958**	**5,508,708**	**5,513,740**

Supplemental Pension Fund

The Supplemental Pension Fund (Pension/Deferred Compensation Trust and Agency Fund) was established to account for assets held by the Authority in a trustee capacity for payments of benefits relating primarily to certain retired employees of the Authority and its predecessor transit systems. Since 1986, the Pension Fund also has been used to account for funds on deposit with the Ohio Public Employees Deferred Compensation Board. The Authority has no control over these funds, but is required to account for them in a trust and agency fund according to governmental accounting standards.

An actuarial evaluation is performed every two years to assess the adequacy of the fund balance. This Budget increases and maintains the fund balance at levels recommended in the last actuarial evaluation. Transfers of $100,000 will be made from the General Fund to support this effort in 2011, 2012, and 2013, but these amounts may change with the results of the next actuarial study.

Benefit payments from this fund between 2005 and 2009 have ranged from a low of nearly $88,000 in 2005 to a high of just under $95,000 in the following year. In 2011, payments will be approximately $82,500, decreasing to $81,500 in 2012 and $80,500 in 2013. The ending balance in the fund is projected to be stable at nearly $1.0 million over the next three years.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$1.0	$1.0	$1.1	$1.1
Total Revenue	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Total Resources	**$1.1**	**$1.2**	**$1.2**	**$1.2**
Total Expenditures	**$0.1**	**$0.1**	**$0.1**	**$0.1**
Ending Balance	**$1.0**	**$1.1**	**$1.1**	**$1.2**

Figure FB-9: Supplemental Pension Fund Balance Analysis (in millions)

Supplemental Pension Fund Balance Analysis

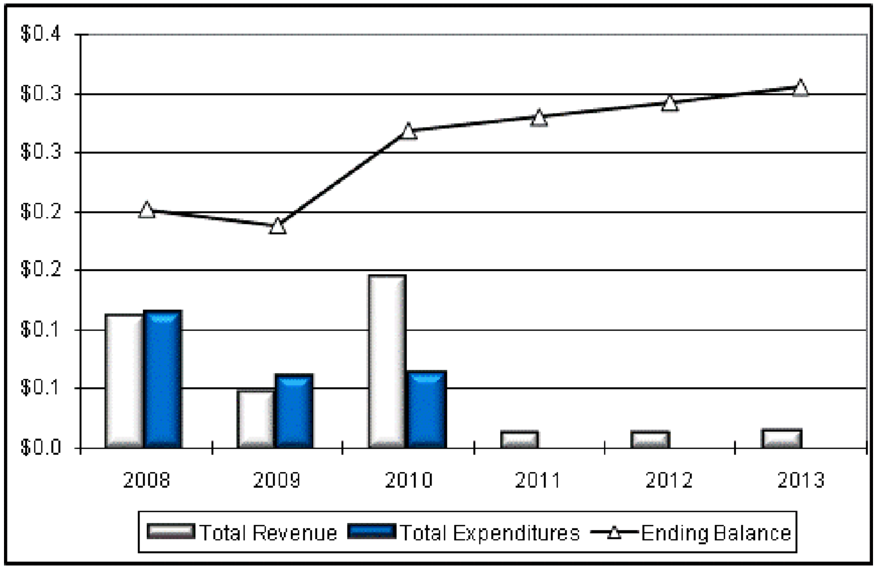
	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**933,358**	**983,292**	**1,036,017**	**1,083,091**	**1,124,897**	**1,165,397**	**1,209,397**
Revenue							
Investment Income	42,900	34,609	28,441	22,505	23,000	25,500	26,500
Transfer from General Fund	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenue	**142,900**	**134,609**	**128,441**	**122,505**	**123,000**	**125,500**	**126,500**
Total Resources	**1,076,258**	**1,117,901**	**1,164,458**	**1,205,596**	**1,247,897**	**1,290,897**	**1,335,897**
Expenditures							
Benefit Payments	92,966	81,884	81,366	80,699	82,500	81,500	80,500
Other Expenditures	0	0	0	0	0	0	0
Total Expenditures	**92,966**	**81,884**	**81,366**	**80,699**	**82,500**	**81,500**	**80,500**
Ending Balance	**983,292**	**1,036,017**	**1,083,091**	**1,124,897**	**1,165,397**	**1,209,397**	**1,255,397**

Fund Budgets

Law Enforcement Fund

In 1988, RTA became involved with the multi-jurisdictional Caribbean/Gang Task Force. RTAõs involvement was prompted by the increasing 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, the GCRTA derives revenue from seized and confiscated monies 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. The Authority primarily uses these proceeds for unbudgeted capital items. Furthermore, certain guidelines have been instituted by the State Attorney Generalõs Office for the reporting of and disbursement of funds. Expenditures within this fund have varied over the years, ranging from over $112,829 in 2008 to $60,318 in 2009, and $62,531 in 2010, depending upon the levels of revenue obtained through the Task Force. These expenditures funded security items, protective equipment, and technical training equipment. At present, no expenditures are assumed in 2011, 2012 or in 2013.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$0.2	$0.2	$0.2	$0.3
Total Revenue	**$0.1**	**$0.0**	**$0.1**	**$0.0**
Total Resources	$0.3	$0.2	$0.3	$0.3
Total Expenditures	**$0.1**	**$0.1**	**$0.1**	**$0.0**
Ending Balance	**$0.2**	**$0.2**	**$0.3**	**$0.3**

Figure FB-10: Law Enforcement Fund Balance Analysis (in millions)

Law Enforcement Fund Balance Analysis

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**204,509**	**204,126**	**172,193**	**152,517**	**232,924**	**244,374**	**256,974**
Revenue							
Law Enforcement Revenue	99,046	14,400	11,280	15,000	11,000	12,000	12,000
Investment Income	11,784	4,505	425	197	450	600	950
Other Revenue	0	61,991	28,937	127,741	0	0	
Total Revenue	**110,830**	**80,896**	**40,642**	**142,938**	**11,450**	**12,600**	**12,950**
Total Resources	**315,339**	**285,022**	**212,835**	**295,455**	**244,374**	**256,974**	**269,924**
Expenditures							
Capital & Related Items	111,213	112,829	60,318	62,531	0	0	0
Total Expenditures	**111,213**	**112,829**	**60,318**	**62,531**	**0**	**0**	**0**
Ending Balance	**204,126**	**172,193**	**152,517**	**232,924**	**244,374**	**256,974**	**269,924**

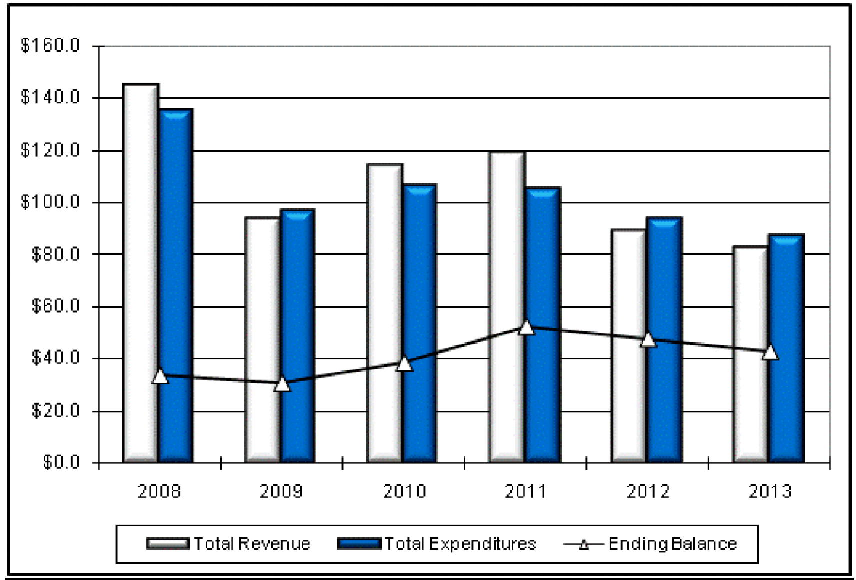
Fund Budgets

Capital Improvement Fund

Capital Improvement Fund Balance Analysis

The Authority's Capital Improvement Fund is used to account for the acquisition, construction, replacement, repair, and renovation of major capital facilities and equipment. The Capital Improvement Plan is composed of both grant-funded projects as well as 100% locally funded items.

These projects are included in one of two funds: the RTA Development Fund which includes the majority of the larger projects, including rehabilitations, expansions and large equipment purchases, and the RTA Capital Fund, a smaller fund for more routine expenditures that support daily operational activities. Generally, projects in the RTA Development Fund are greater than $150,000, have a useful life of greater than five years, and are predominantly, although not exclusively, supported through grants. Projects from the Authority's Long Range Plan are included in this area. Grant projects include those where grant funding already has been approved or will be submitted for approval in future years. The projects included in the RTA Capital Fund are generally less than $150,000, have a useful life of less than 5 years, and are routine in nature. Unlike the RTA Development Fund, where the majority of projects are funded with grants, the RTA Capital Fund is financed entirely through local dollars in the form of sales tax revenue contributions.



	2008 Actual	2009 Actual	2010 Estimate	2011 Budget
Beginning Balance	$24.2	$33.8	$30.7	$38.6
Total Revenue	**$144.6**	**$93.6**	**$114.2**	**$119.0**
Total Resources	$168.8	$127.4	$144.9	$157.6
Total Expenditures	**$135.1**	**$96.7**	**$106.3**	**$105.1**
Ending Balance	**$33.8**	**$30.7**	**$38.6**	**$52.5**

Figure FB-11: Capital Improvement Fund Balance Analysis (in millions)

Capital Improvement Fund

Capital Improvement Fund Balance Analysis, cont.

Detailed discussions of the fund balances in these funds are presented in the Capital Improvement Plan. Figure FB-11 provides a consolidated look at all Capital Improvement Funds. The fund balance alternates years of increases and decreases as planned activities are balanced with cash infusions. Overall, the balance has been generally decreasing since 1990 with periodic increases a direct result of cash infusion from debt sales or from other irregular one-time revenue, such as a $15.0 million "Sale to Lease" transaction in 2002 or a $25.0 million Capital Lease transaction in 2007.

The available balance in this fund had increased in 2007 due to a $25.0 million capital lease for revenue collection equipment and again in 2008 due to the infusion of funds from a $35.0 million debt issuance. The balance declined in 2009, primarily due to the lateness of receipt of the Federal Capital Grants, and then increased in 2010 due to the timing of the grant awards that delayed project activities until FY 2011. The balance in 2011 is expected to increase due to the next planned debt issuance of the Authority, then decrease again in 2012 and 2013.

The high level of capital activity by the Authority, begun in the 1990s, continued until recently with such projects as the re-construction of the Triskett Garage, the HealthLine along Euclid Avenue, a mid-life overhaul of the Authority's Light and Heavy Rail Fleets, as well as the reconstruction of multiple Rail Stations, and maintenance of the Authority's infrastructure. Funds set aside for these projects were drawn against, as part of a planned drawdown of the fund balance. Beginning in 2008, the capital budget process stressed the need to balance the ambitious capital program with available grant funding and to minimize, where possible, the use of local funds. This resulted in the development of a CIP with projects closely scheduled with expected Federal Fiscal Year (FFY) grant funds and anticipated revenue streams, with few new projects being added, and some projects deferred into future years.

The Authority's infrastructure needs continue to exceed the amount of available grant funding and will likely require continued high levels of local financial support. In 2011, the Capital Budget request totals $95.05 million for preventive maintenance and operating expense reimbursements, equipment, services, and construction projects to improve, replace or upgrade the Authority's facilities and infrastructure.

Proceeds from debt sales, as well as from sales tax contributions, will be used to fulfill the Local Match requirement on grant funded projects as well as for 100% locally funded projects. The 2011 Contribution to Capital from the General Fund is budgeted at $12.1 million and is expected to slightly decrease in 2012 to $10.9 million and to $10.6 million in 2013. Efforts continue relative to securing additional federal and state resources, tapping into the increased funding flexibility provided under the newly adopted Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and becoming more creative with the use of debt and other financing.

Capital Improvement Fund

Capital Improvement Fund Revenue

The Authority receives various capital grants from the Federal Transit Administration (FTA). Funds are requested from FTA, as needed, to meet obligations, via wire transfer. The timing of the receipt of federal capital revenue is directly related to costs invoiced by contractors/vendors, since these funds must be disbursed within three days after receipt. FTA grants normally cover approximately 80% of project costs, the remaining cost being absorbed by the Authority's local match revenue, which consist of interest income, transfers from other funds and sales of bonds and notes. In some cases FTA grants, including funding from the American Recovery & Reinvestment Act of 2009 (ARRA) and from the Transportation Investment Generating Economic Recovery (TIGER) program are awarded with a 100% Federal share. State capital assistance is seen in the form of State capital grants from the Ohio Department of Transportation (ODOT) and loans from the State Infrastructure Bank (SIB).

The RTA Capital Fund was established in 1988, and receives sales and use tax proceeds as part of the minimum 10% contribution to capital requirement as described under General Fund Revenue. Interest earned on the investment of those sales tax proceeds is the only other income credited to the RTA Capital Fund.

Transfers from General Fund revenue to the RTA Capital Fund have grown in recent years as demands from the on-going capital program increased the need for local funds. As the growth rate in revenue from the Sales & Use Tax stagnated and decreased, transfers have risen $6.8 million in 2007, to $10.1 million in 2008, to $10.6 million in 2009, and to an estimated $17.7 million in 2010.

For the 2011 Budget Year, the Transfer from the General Fund will decrease to a planned $12.1 million, to meet the needs of the capital program, but remains at a high level. This amount, when combined with an expected $19.2 million transfer to the Bond Retirement Fund will produce a total contribution of Sales & Use Tax revenue to capital of 19.1%, exceeding the maximum goal of 15%.

In 2012 and 2013, contributions will again exceed the maximum goal at 19.3% and 18.8% respectively due to the cost of the Authority's long-range Capital Plan. The expected growth in the contribution to capital, as well as it remaining well above the maximum goal of 15.0, highlights the growing problem of meeting the operating needs of the Authority while maintaining the Authority's assets as well. Meeting both will significantly challenge the overall financial stability of the Authority, particularly in light of the current economic situation and the decrease in revenue from the Sales & Use Tax.

Capital Improvement Fund Balance Analysis

	2007 Actual	2008 Actual	2009 Actual	2010 Estimate	2011 Budget	2012 Budget	2013 Budget
Beginning Balance	**21,684,192**	**24,211,812**	**33,755,518**	**30,706,082**	**38,566,307**	**52,458,348**	**47,784,897**
Revenue							
Transfer from General Fund	6,825,687	10,065,882	10,550,000	17,703,853	12,101,441	10,920,255	10,584,255
Investment Income	940,802	1,737,653	272,360	261,705	352,500	379,500	404,500
Federal Capital Grants	74,319,702	86,109,609	65,807,459	65,106,807	66,994,100	70,699,040	63,981,780
ARRA Federal Capital Grants	0	0	7,840,623	28,823,088	7,284,988	0	0
State Capital Grants	8,532,391	9,370,685	9,162,154	1,807,284	6,776,795	6,776,795	6,776,795
General Obligation Debt Proceeds	0	35,472,559	0	0	25,000,000	0	0
Capital Lease	25,000,000	0	0	0	0	0	0
Other Revenue	2,810,906	1,837,731	0	500,008	500,000	500,000	500,000
Total Revenue	**118,429,488**	**144,594,119**	**93,632,596**	**114,202,744**	**119,009,823**	**89,275,589**	**82,247,330**
Total Resources	**140,113,680**	**168,805,931**	**127,388,114**	**144,908,826**	**157,576,130**	**141,733,937**	**130,032,227**
Expenditures							
Capital Outlay	113,391,482	132,464,854	95,982,032	105,642,519	105,117,783	93,949,040	87,059,040
Other Expenditures	2,000,000	472,559	0	0	0	0	0
Transfer to Bond Retirement Fund	510,386	2,113,000	700,000	700,000	0	0	0
Total Expenditures	**115,901,868**	**135,050,413**	**96,682,032**	**106,342,519**	**105,117,783**	**93,949,040**	**87,059,040**
Available Ending Balance	**24,211,812**	**33,755,518**	**30,706,082**	**38,566,307**	**52,458,348**	**47,784,897**	**42,973,188**

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