

RESOLUTION NO. 2003 – 108

A RESOLUTION ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2004 AND SUBMITTING THE SAME TO THE COUNTY AUDITOR

WHEREAS, a tax budget for the Greater Cleveland Regional Transit Authority for the fiscal year beginning January 1, 2004, for the purpose of said Authority during such year and of revenues to be received for such fiscal year, including all taxes, user fees, and other types of revenues, also estimates of all expenditures or outlays in or for the purposes of such fiscal year to be paid or met from said revenue, and otherwise conforming with the requirements of law, has been prepared; and

WHEREAS, said budget has been made conveniently available for public inspection for at least ten (10) days by having at least two (2) copies thereof on file in the Office of Management and Budget of this Authority; and

WHEREAS, the Board of Trustees on this day has held a public hearing on said budget, of which public notice was given by publication in the Plain Dealer on July 1, 2003.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1: That the budget of the Greater Cleveland Regional Transit Authority, for the fiscal year beginning January 1, 2004, heretofore prepared and submitted to this Board of Trustees, copies of which have been and are on file in the Office of Management and Budget with any revisions to said tentative budget which are incorporated therein and which are hereby approved, is hereby adopted as the official Tax Budget of said Authority for the fiscal year beginning January 1, 2004.

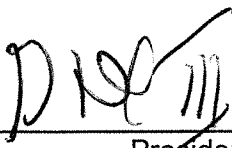
Section 2: That the Director of the Office of Management and Budget is hereby authorized and directed to have certified a copy of said budget and a copy of this resolution and to transmit the same to the Auditor of Cuyahoga County, Ohio.

Section 3: That this resolution shall become effective immediately upon its adoption.

Attachments: 2004 Tax Budget Assumptions

Adopted: July 15, 2003

Attest:   
CEO, General Manager/Secretary-Treasurer

  
\_\_\_\_\_  
President

## Greater Cleveland Regional Transit Authority

# 2004 TAX BUDGET ASSUMPTIONS

### GENERAL FUND ASSUMPTIONS

#### Inflation

**Assumption:** 2.0-2.5%

**Rationale:**

According to economic analyses including sources such as the Federal Reserve Bank's Beige Book and the Bureau of Labor Statistics, inflation recently showed gains around 2.3% for the first five months of 2003. Over a 12 month period inflation has averaged about 2.1%. The University of Michigan's projected household inflation data suggests an increase of just 2.5% for the year, the lowest one-year outlook in the 25 years that this indicator has been measured. The five to ten year inflation rate is expected to be a steady 3.0%. The consensus view from the Blue Chip panel of economic forecasters shows CPI inflation falling under 2.0% late in 2003 and staying under 2.5% through the end of 2004.

#### Interest Rates

**Assumption:** 1.0-2.0%

**Rationale:**

At the end of June of 2003, the Federal Reserve cut the Federal Funds rate to 1.0% trying to bring the economic downturn to a halt. This latest cut represents the 13<sup>th</sup> cut in the rate since May of 2000 when the Federal Funds rate was 6.5% in order to assist the sagging economy. The Fed's statement reads, "Recent signs point to a firming in spending, markedly improved financial conditions and labor and product markets that are stabilizing. The economy, nonetheless, has yet to exhibit sustainable growth." Economists see this move as a signal that although the risk of deflation is minor, interests rates will remain low.

The market yield on a 2-year Treasury note has decreased to 1.31%. The Federal Reserve, as indicated above, is keeping

interest rates low in an effort to stimulate the economy. This trend is expected to continue for the rest of 2003 and well into 2004 until the time that the economy experiences stable growth. During the first half of 2003, the Authority earned an average yield of 1.92%. Average yields during the remainder of 2003 are expected to decrease somewhat from the first half of the year, but remain constant from mid-year on, with a possibility of a slight increase in 2004.

The specific rate used in calculating revenue projections depends on the fund being examined and the terms of the matching investment instruments. For example, the General Fund and the RTA Development funds have the shortest average maturity due to the need for these funds to meet current obligations for the Authority's operating and capital needs. Therefore, the investments in these funds will be toward the lower end of the range.

### **Beginning Balance**

The beginning balance for each of the five years shown is intended to represent unrestricted cash and investments.

### **Available Ending Balance**

The 2004 available ending balance is projected to be \$4.7 million. Again, as in recent years, 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. Slower or even negative revenue performance relative to expenditure growth, particularly sales tax, is primarily responsible for non-compliance with this policy indicator.

## **REVENUES**

### **Passenger Fares**

***Assumption:*** ***\$40.4 million***

***Rationale:***

Actual Passenger Fare revenue through May 2003 is down 12.6% compared to the prior year and 8.3% from budget. The difference is due to a decrease in ridership and a timing difference of receivables. Total system ridership is down 3.2% compared to the prior year through May 2003. Ridership projections for 2003 have not changed and total revenue is expected to reach \$39.6 million for the year. Ridership in 2004 is still expected to increase slightly and thus increase revenues by nearly 2.0% to \$40.4 million.

### **Advertising Revenue**

***Assumption:*** ***\$1.6 million***

***Rationale:***

The GCRTA receives two guaranteed payments per year under the terms of its current advertising contract. This contract runs through mid-2004 and gives the Authority the option to exercise an additional two years with similar terms. GCRTA will receive additional payments if the advertising firm exceeds the minimum space.

Additional payments are not anticipated and so the budget and estimate for advertising are based on the guaranteed payments and a small amount of revenue from concessions, the Logo Shop and vending sales. Revenues for 2003 are below those of 2002 due to the timing of payments in the prior year, however revenues are meeting budgeted amounts. The same assumptions will prevail in 2004.

### **Sales Tax**

***Assumption:*** ***\$165.2 million***

***Rationale:***

The economy is still trying to recover and reach a period of stable growth in 2003. Despite a struggling retail economy, the Sales and Use Tax collected through June 2003 has increased over the prior year by 0.95% or more than \$700,000. According to the latest Federal Reserve Bank Beige Book, published on April 23, 2003, the economy of the Fourth District appears to be improving slowly and conditions are expected to improve somewhat over the

next six months. Despite the war with Iraq, the Fourth District expects retail sales for 2003 to be near 2002 levels.

The State of Ohio Office of Budget and Management (OBM) continues to indicate a mixed economy with the revised picture being better, but the story remains the same. Consumer confidence rebounded for the third straight month in May after being at its lowest level in February. Home and vehicle sales remain very positive, but other durable goods purchases are near ten-year lows. The Non-Auto Sales and Use Tax has shown small increases every month this year except February. The winter storm is blamed for much of the February decline. Auto Sales and Use Tax increased above estimates as automakers continue incentive and promotional programs to sell automobiles.

The State OBM expects a very modest growth in Sales and Use Tax of just over 1.0% in the second half of 2003. Over the next 12 months (State Fiscal Year 2004) the OBM expects to see an increase of roughly 1.1% to 1.5% and an increase of 4.0% in FY 2005. GCRTA receipts for 2003 are 0.68% above budget through June 2003. It is expected that budgeted revenues of \$161.2 million will be reached by the end of the year. The 2004 GCRTA estimate anticipates an increase of 2.5% over 2003 Sales and Use Tax revenues to \$165.2 million.

**State Operating Assistance**

***Assumption: Elderly and Handicapped \$58,000***

***Rationale:***

The year to date total received for Elderly and Handicapped assistance totals just over \$285,000. An additional \$285,000 is expected by year-end 2003. The funding for this assistance has been nearly eliminated in the 2004 State Fiscal Year and GCRTA expects very little funding in this category.

**Access to Jobs**

***Assumption: \$2.3 million***

***Rationale:***

The Access to Jobs program will continue in 2004 to correspond with Welfare to Work initiatives. Most of the funding for this program in 2004 will be received in the form of grants from FTA, ODOT, TANF and through strong partnerships with the County and NOACA. To date in 2003, GCRTA has received nearly \$650,000 and anticipates receiving a total of \$2.28 million by the end of the year. Funding for 2004 is anticipated to reach a similar level.

### **Investment Income**

***Assumption:*** **\$281,000**

***Rationale:***

An average balance of \$16.5 million in the General Fund should earn about \$281,000 or 1.7% during 2003. For all funds, approximately \$1.03 million should be earned.

### **Other Revenue**

***Assumption:*** **\$1.0 million**

***Rationale:***

The 2004 Tax Budget assumes no unusual claims or receivables in the other revenue category and therefore mirrors the 2003 estimate. This revenue category normally consists of various claim reimbursements, rental income, salvage sales and identification card proceeds. Through May 2003, we have received just over \$300,000, however, revenues from this category are still expected to reach \$1.0 million by year-end.

### **Reimbursed Expenditures**

***Assumption:*** **\$30.7 million**

***Rationale:***

This category is composed of grant labor and materials reimbursements, capitalized operating assistance reimbursements and diesel fuel tax refunds. In 2003, GCRTA expects to be reimbursed for expenditures in the amount of \$30.6 million. The

majority of these dollars are expected to be received in the 3<sup>rd</sup> and 4<sup>th</sup> quarters in the form of capitalized operating assistance. Reimbursable labor and fuel tax reimbursements occur somewhat evenly throughout the year.

In 2003, fuel tax reimbursements are budgeted at \$1.1 million and are expected to be the same for 2004. Labor cost reimbursements associated with capital projects are also expected to be at the same level as in 2003, at \$3.6 million. Capitalized Operating Assistance in 2003 is expected to meet its budgeted level of \$25.0 million and is also expected to be at the same level in 2004.

## EXPENDITURES

### Personnel Services

***Assumption:*** ***\$169.5 million***

***Rationale:***

The 2004 estimate for salaries and fringe benefits is shown at a higher level compared to the projection in the adopted 2003 Operating Budget for 2004. It has also been adjusted to reflect first quarter and subsequent projections for 2003. The basis for the 2004 assumption is a continuation of current service levels and includes the annualization of the new Community Circulator. This equates to a 2.5% increase over 2003 estimated expenditures.

It annualizes all current negotiated bargaining unit wage increases and reflects expected increases in health care costs and changes in other fringe benefits. In addition, it assumes payout levels for the TEAM incentive program.

### Other Expenditures

***Assumption:*** ***\$56.3 million***

***Rationale:***

In total, this category of operating costs will increase 3.4% in 2004, which includes some inflationary increases, but no new programming. This estimate is also higher as compared to the 2003 budgeted level projected in the 2003 approved Operating Budget. This amount represents a continuation of existing service

levels and the associated increases in the cost of delivering that service.

**Transfers**

**Assumption:**            **Bond Retirement.....\$11.5 million**  
                                  **Capital Improvements.....\$7.6 million**

**Rationale:**

Figures shown for the bond retirement "set-aside" are simply debt service less both the investment income earned in the Bond Retirement Fund and the transfer from the Capital Fund. The interest and principal payments on outstanding bonds are taken from debt amortization schedules. No debt issue is planned for 2004 as \$30 million was issued in late 2001 and will continue to be drawn down through the end of 2004.

The transfer to the capital Improvement Funds covers local Asset Maintenance and Routine Capital purchases, as well as required local matches for some grant-funded projects. The transfer planned to the Capital Improvement Funds in 2004 represents 4.6% of sales tax and 40% of the overall transfer to capital. The \$11.5 million for debt payments represents a 7.0% contribution level from sales tax and 60% of the overall transfer to capital. The total contribution, at 11.6% meets the Board policy of a minimum of 10% and a maximum of 15% of sales tax revenue.

**FINANCIAL INDICATORS**

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

**REVENUES**

**Operating Ratio:** The policy requires a 25.0% ratio. The tax budget yields a 19.0% ratio, which is below the policy objective. This indicator continues to be a warning that self-generated revenues are growing at a significantly slower rate than expenditures.

**Fare Subsidy (Net Cost) Per Passenger:** This indicator, at \$3.27 will not meet the policy ceiling of three times the



average fare (\$0.73), again an indication that self-generated revenues are not growing at the same rate as expenditures.

## EXPENDITURES

**Operating Reserve:** At \$4.7 million or 0.2 month, this budget does not meet the policy requirement of a one-month operating reserve (indicator=1.0) which is an indication that overall revenues are not sufficient to cover expenditure growth. This level represents a decline from the projected reserve of 0.5 month for 2003 and is again an indication that revenues are not growing at the same rate as expenditures.

**Overhead Cost vs. Total Cost:** This indicator, at 12.3%, is well below the policy maximum of 15%, indicating that overhead costs are being kept low.

**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 a 2.7% growth in the cost per hour that is close to the expected 2004 inflation rate, thus demonstrating fiscal restraint related to the cost of service delivery.

## DEBT STRUCTURES

**Debt Service Coverage:** At 1.35, this indicator misses the policy minimum of 1.50. This is a result of the increase in 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% and a maximum of 15% of sales tax receipts be applied to capital programs. The 2004 contribution to capital funds is planned at \$19.2 million. This represents an 11.6% contribution level, which meets the policy level.

**Capital Maintenance to Expansion:** At 50.6%, this ratio is projected to be within policy guidelines of 33% to 67%, indicating a sufficient balance between the two capital expenditure types.

## BOND RETIREMENT FUND

The General and Capital Funds will be the sources of fund transfers necessary to make scheduled interest and principal payments on the \$120.3 million in current debt which will remain outstanding at the end of 2003. The last series of existing long-term debt will expire in 2021.

## INSURANCE FUND

The Insurance Fund was restructured in 1999 to reflect a combination of self and purchased insurance coverage. Activity expected in 2004 includes investment income of \$187,000 as well as claim and premium outlays totaling to \$1.16 million. A transfer from the RTA General Fund of \$1.0 million in 2004 is necessary to maintain an ending balance of \$7.5 million. The maintenance of a \$7.5 million balance offers the Authority flexibility relating to the purchase of insurance coverage in what continues to be a very difficult insurance market.

## SUPPLEMENTAL PENSION FUND

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Since the plan is fully funded, the only activity is investment income and benefit payments. Investment rates are estimated at \$21,000 in 2003 with benefit payments at \$125,000.

## 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 that are capital in nature. 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 2004 at this time. The only activity that is expected in this fund in 2004 is investment earnings of \$5,400 and Law Enforcement revenue of \$10,000.

## CAPITAL IMPROVEMENT FUNDS

The majority of Capital Improvement projects are funded through grants. Funds needed to meet the local share requirements of Federal and other grants as well as funds needed for locally-funded capital projects are provided through the retention of investment earnings and contributions from sales tax proceeds as well as debt sales.

The 2003 and 2004 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 revenue includes current, as well as, expected grant awards. In 2004, maintenance projects include track, bridge and station rehabilitations, major equipment expenditures include the purchase of buses and the overhaul of the Light Rail vehicles and the expansion projects include continued progress on the Euclid Corridor Transportation Project.

# 2004 Tax Budget General Fund Balance Analysis

	2000 Actual	2001 Actual	2002 Actual	2003 Estimate	2004 Tax Budget
<b>Beginning Balance</b>	11,051,834	11,294,115	10,470,875	11,140,829	9,094,917
<b>Revenue</b>					
Passenger Fares	41,588,902	40,061,742	39,080,387	39,589,000	40,380,000
Advertising & Concessions	2,466,421	1,624,188	1,750,448	1,400,000	1,580,000
Sales & Use Tax	160,748,146	158,097,740	158,455,958	161,213,000	165,243,325
Ohio Elderly Fare Assistance	291,303	896,796	584,368	570,000	58,000
Access to Jobs Grants	529,593	2,119,746	2,107,909	2,282,000	2,282,000
Investment Income	1,063,120	711,620	261,244	245,000	281,000
Other Revenue	834,720	901,004	961,925	1,000,000	1,000,000
Reimbursed Expenditures	15,931,228	21,923,404	20,611,238	30,580,000	30,730,000
Waivers (Compendium)	0	0	0	0	0
Transfers from Other Funds	0	0	0	0	0
<b>Total Revenue</b>	223,453,433	226,336,240	223,813,477	236,879,000	241,554,325
<b>Total Resources</b>	234,505,267	237,630,355	234,284,352	248,019,829	250,649,242
<b>Operating Expenditures</b>					
Personnel Services	156,422,620	158,124,141	156,798,361	165,462,092	169,549,887
Other Expenditures	50,313,717	49,771,339	49,949,566	54,418,177	56,266,197
<b>Total Operating Expenditures</b>	206,736,337	207,895,480	206,747,927	219,880,269	225,816,084
Transfer to the Insurance Fund	400,000	3,350,000	550,000	1,150,000	1,000,000
Transfers to Capital					
Bond Retirement Fund	7,950,000	9,550,000	11,160,000	11,237,126	11,529,617
Capital Improvement Funds	8,124,815	5,540,752	4,685,596	4,611,605	3,208,624
<b>Total Transfers to Capital</b>	16,074,815	15,090,752	15,845,596	15,848,731	14,738,241
<b>Total Expenditures</b>	223,211,152	226,336,232	223,143,523	236,879,000	241,554,325
<b>Ending Balance</b>	11,294,115	11,294,123	11,140,829	11,140,829	9,094,917
Additional Transfer to Bond Retirement	0	0	0	0	0
Additional Transfer to Capital Improvement	0	823,248	0	2,045,912	4,429,985
<b>Available Ending Balance</b>	11,294,115	10,470,875	11,140,829	9,094,917	4,664,933

# 2004 Tax Budget

## Financial Indicators

	2000 Actual	2001 Actual	2002 Actual	2003 Estimate	2004 Tax Budget
<b>REVENUES</b>					
Operating Ratio	22.0%	20.6%	20.2%	19.1%	19.0%
Fare Subsidy (Net Cost) Per Passenger	\$2.77	\$2.85	\$3.11	\$3.24	\$3.27
Average Fare	\$0.70	\$0.69	\$0.74	\$0.73	\$0.73
<b>EXPENDITURES</b>					
Operating Reserve (Months)	0.7	0.6	0.7	0.5	0.2
Overhead Cost vs. Total Cost	12.4%	11.5%	12.5%	12.2%	12.3%
Cost/Hour of Service	\$78.27	\$81.75	\$85.43	\$88.91	\$91.35
Growth per Year	0.5%	4.5%	4.5%	4.1%	2.7%
<b>DEBT STRUCTURES</b>					
Debt Service Coverage	2.15	2.15	1.87	1.69	1.35
<b>CAPITAL OUTLAY</b>					
Sales Tax Contribution to Capital	10.0%	10.1%	10.0%	11.1%	11.6%
Capital Maintenance to Expansion	79.2%	84.2%	72.5%	79.0%	50.6%

**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

## Bond Retirement Fund Balance Analysis

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	758,930	115,451	974,344	1,115,069	988,506
<b>Revenue</b>					
Transfer from General Fund	7,950,000	9,550,000	11,160,000	11,237,126	11,529,617
Transfer from RTA Development Fund	79,494	500,000	847,000	500,000	286,000
Investment Income	280,791	106,327	85,488	141,000	179,000
<b>Total Revenue</b>	8,310,285	10,156,327	12,092,488	11,878,126	11,994,617
<b>Total Resources</b>	9,069,215	10,271,778	13,066,832	12,993,195	12,983,123
<b>Expenditures</b>					
Debt Service					
Principal	3,835,000	4,198,101	5,543,597	5,930,718	6,173,574
Interest	5,118,764	5,099,333	6,388,726	6,058,345	5,809,739
Other	0	0	19,439	15,626	14,576
<b>Total Expenditures</b>	8,953,764	9,297,434	11,951,763	12,004,689	11,997,889
<b>Ending Balance</b>	115,451	974,344	1,115,069	988,506	988,506

## Insurance Fund Balance Analysis

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	5,471,928	5,080,421	4,862,150	7,601,769	7,543,769
<b>Revenue</b>					
Investment Income	315,825	150,479	161,394	152,000	187,000
Transfer from General Fund	400,000	3,350,000	550,000	1,150,000	1,000,000
Transfer from RTA Development Fund	0	0	4,100,000	0	0
Other Income	1,418	0	0	0	0
<b>Total Revenue</b>	717,243	3,500,479	4,811,394	1,302,000	1,187,000
<b>Total Resources</b>	6,189,171	8,580,900	9,673,544	8,903,769	8,730,769
<b>Expenditures</b>					
Claims and Premium Outlay	1,108,750	3,718,750	2,071,775	1,360,000	1,160,000
Transfer to General Fund	0	0	0	0	0
<b>Total Expenditures</b>	1,108,750	3,718,750	2,071,775	1,360,000	1,160,000
<b>Ending Balance</b>	5,080,421	4,862,150	7,601,769	7,543,769	7,570,769
<b>Year-End Encumbrance</b>	0	0	0	0	0
<b>Available Ending Balance</b>	5,080,421			7,543,769	7,570,769

## Supplemental Pension Fund Balance Analysis

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	1,107,662	1,040,217	960,261	857,161	747,161
<b>Revenue</b>					
Investment Income	70,058	63,052	9,668	20,000	21,000
<b>Total Revenue</b>	70,058	63,052	9,668	20,000	21,000
<b>Total Resources</b>	1,177,720	1,103,269	969,929	877,161	768,161
<b>Expenditures</b>					
Benefit Payments	137,503	133,770	112,768	130,000	125,000
Other Expenditures	0	9,238	0	0	0
<b>Total Expenditures</b>	137,503	143,008	112,768	130,000	125,000
<b>Ending Balance</b>	1,040,217	960,261	857,161	747,161	643,161



## Law Enforcement Fund Balance Analysis

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	116,332	140,376	216,533	185,760	199,660
<b>Revenue</b>					
Law Enforcement Revenue	17,078	6,481	9,052	10,000	10,000
Investment Income	6,966	120,747	3,597	3,900	5,400
<b>Total Revenue</b>	24,044	127,228	12,649	13,900	15,400
<b>Total Resources</b>	140,376	267,604	229,182	199,660	215,060
<b>Expenditures</b>					
Capital	0	51,071	43,422	0	0
<b>Total Expenditures</b>	0	51,071	43,422	0	0
<b>Ending Balance</b>	140,376	216,533	185,760	199,660	215,060

## RTA Capital Fund Balance Analysis

	2000 Actual	2001 Actual	2002 Actual	2003 Estimate	2004 Tax Budget
<b>Beginning Balance</b>	7,394,526	8,123,797	6,446,295	2,936,331	1,784,848
<b>Revenue</b>					
Transfer from General Fund	8,124,815	6,364,000	4,685,596	6,657,517	7,638,609
Investment Income	178,856	409,802	159,973	91,000	75,000
Other Income	0	7,366	110,074	0	0
<b>Total Revenue</b>	<b>8,303,671</b>	<b>6,781,168</b>	<b>4,955,643</b>	<b>6,748,517</b>	<b>7,713,609</b>
<b>Total Resources</b>	<b>15,698,197</b>	<b>14,904,965</b>	<b>11,401,937</b>	<b>9,684,848</b>	<b>9,498,457</b>
<b>Expenditures</b>					
Routine Capital	3,299,985	2,014,466	2,282,406	2,250,000	2,200,000
Asset Maintenance	1,274,415	1,217,292	1,083,200	1,250,000	1,250,000
Other Expenditures	0	26,912	0	0	0
Transfer to RTA Development Fund	3,000,000	5,200,000	5,100,000	4,400,000	5,000,000
<b>Total Expenditures</b>	<b>7,574,400</b>	<b>8,458,670</b>	<b>8,465,606</b>	<b>7,900,000</b>	<b>8,450,000</b>
<b>Ending Balance</b>	<b>8,123,797</b>	<b>6,446,295</b>	<b>2,936,331</b>	<b>1,784,848</b>	<b>1,048,457</b>
<b>Year-End Encumbrances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Available Ending Balance</b>	<b>8,123,797</b>	<b>6,446,295</b>	<b>2,936,331</b>	<b>1,784,848</b>	<b>1,048,457</b>

## RTA Development Fund Balance Analysis

	2000	2001	2002	2003	2004
	Actual	Actual	Actual	Estimate	Tax Budget
<b>Beginning Balance</b>	13,958,867	10,112,468	35,310,401	30,273,875	12,476,130
<b>Revenue</b>					
General Obligation Debt Proceeds	0	30,076,381	0	0	0
Revenue Bond Proceeds	0	0	0	0	0
State Infrastructure Bank Loan	4,439,709	2,460,292	0	0	6,000,000
Transfer from RTA Capital Fund	3,000,000	5,200,000	5,100,000	4,400,000	5,000,000
Investment Income	979,336	387,604	807,565	500,000	286,000
Federal Capital Grants	31,256,602	42,523,635	63,753,899	72,948,199	72,287,676
State Capital Grants	8,944,439	9,890,942	5,988,002	8,518,304	13,589,394
Other	3,844,031	1,051,501	15,017,467	8,048,600	8,500,000
<b>Total Revenue</b>	52,464,117	91,590,355	90,666,933	94,415,103	105,663,069
<b>Total Resources</b>	66,422,984	101,702,823	125,977,334	124,688,978	118,139,199
<b>Expenditures</b>					
Capital Outlay	56,226,738	65,881,137	90,756,459	111,712,848	114,620,261
Other	4,284	11,285	0	0	0
Transfer to Bond Retirement Fund	79,494	500,000	847,000	500,000	286,000
Transfer to Insurance Fund	0	0	4,100,000	0	0
<b>Total Expenditures</b>	56,310,516	66,392,422	95,703,459	112,212,848	114,906,261
<b>Ending Balance</b>	10,112,468	35,310,401	30,273,875	12,476,130	3,232,939



Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

P-20

TITLE/DESCRIPTION:  A RESOLUTION ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2004 AND SUBMITTING THE SAME TO THE COUNTY AUDITOR	Resolution No.: 2003 - 108
	Date: July 10, 2003
	Initiator: OMB
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 PURPOSE/SCOPE: This action will allow the Authority to adopt the Tax Budget of the GCRTA for the fiscal year beginning January 1, 2004 and submit the same to the County Auditor.
- 2.0 DESCRIPTION/JUSTIFICATION: This action is taken as a matter of recommended policy for reasons cited below in part 8.0.
- 3.0 PROCUREMENT BACKGROUND: Does not apply.
- 4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: Does not apply.
- 5.0 POLICY IMPACT: Although the GCRTA may not be legally required to prepare a Tax Budget, it is done as a measure of sound fiscal policy. To not adopt the Tax Budget would demonstrate a lower level of financial responsibility.
- 6.0 ECONOMIC IMPACT: This establishes the estimates of revenue for the year and defines in very broad terms the limits of expenditures anticipated.
- 7.0 ALTERNATIVES: Do not adopt and file the 2004 Tax Budget.
- 8.0 RECOMMENDATION: It is recommended that the 2004 Tax Budget be adopted and filed for several reasons. The report demonstrates timely budgeting and appropriation procedures. It is an element of financial stability that may bolster the Authority's credit rating. It also fosters communication and is a good preliminary budget exercise.
- 9.0 ATTACHMENTS: 2004 Budget Assumptions and Fund Statements.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

General Manager/Secretary-Treasurer