

To: ITP Board

From: Alan Hartley

Date: May 10, 2011

Re: Fiscal Year 2012 – Budget Formulation Guidelines

In February 2001, the ITP Board began a process of reviewing and approving guidelines to be followed during the formulation of the annual budget. This initial step in the budget process has led to productive discussion and expedited budget approval.

The following are the Fiscal Year 2012 budget formulation guidelines for Board consideration:

- In addition to current services, service improvements not requiring the acquisition of buses (30,908 additional hours annualized) will be budgeted to begin on January 9, 2012. Service improvements requiring the acquisition of buses (29,655 additional hours annualized) will be budgeted to begin on August 27, 2012.
 - Projected cash balance shall not fall below 5% of budgeted annual expenses or exceed 25% of budgeted annual expenses.
 - Contribution to the administrative employee defined benefit pension plan shall be the high-range contribution. This contribution reflects a ten (10) year payment on the unfunded actuarial liability.
 - Due to the cost of diesel fuel, up to \$1.1 million in Section 5307 preventive maintenance funds may be utilized to balance the budget.
 - The goal shall be that all contracts for service with the ITP be self-supporting. No locally derived ITP funds shall be used to subsidize these services, unless specifically approved by the Board.
 - State Operating Assistance will be budgeted at 30% of eligible expenses (currently 31.4%).
 - No fare increase is contemplated.
 - Unrestricted net assets shall not be used to balance the budget.

- Taxable value is projected to decrease an additional 0.5%. In FY 2011, taxable values were projected to decrease 1.75%. The actual decrease was 1.05%.