

FINANCIAL STATEMENTS

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY
AND SUBSIDIARIES**

MARCH 31, 2013 AND 2012

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
FINANCIAL STATEMENTS:	
Consolidating Statements of Net Position (Deficit) - March 31, 2013 and 2012	10
Consolidating Statements of Revenues, Expenses and Changes in Net Position (Deficit) - For the Years Ended March 31, 2013 and 2012	11
Consolidating Statements of Cash Flows - For the Years Ended March 31, 2013 and 2012	12-13
Notes to Consolidating Financial Statements	14-30
REQUIRED SUPPLEMENTARY INFORMATION:	
Supplemental Schedule of Other Postemployment Benefits Plan Schedule of Funding Progress - For the Year Ended March 31, 2013	31
Supplemental Schedule of Pension Plans Schedule of Funding Progress - For the Year Ended March 31, 2013	32



TESTONE
MARSHALL
DISCENZA
CPAS

HELPING OUR CLIENTS'
VISIONS ADD UP

To the Board of Directors
Central New York Regional Transportation
Authority and Subsidiaries
Syracuse, New York

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Central New York Regional Transportation Authority and Subsidiaries (the "Authority"), a component unit of the State of New York, as of and for the years ended March 31, 2013 and 2012, and the related notes to the consolidating financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these consolidating financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the respective financial position of Central New York Regional Transportation Authority and Subsidiaries as of March 31, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and Supplemental Schedule of Other Postemployment Benefits Plan Schedule of Funding Progress and Supplemental Schedule of Pension Plans Schedule of Funding Progress on pages 31 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of Central New York Regional Transportation Authority and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central New York Regional Transportation Authority and Subsidiaries' internal control over financial reporting and compliance.

June 21, 2013
Syracuse, New York

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

This management's discussion and analysis (MD&A) of the Central New York Regional Transportation Authority and Subsidiaries (the "Authority") is intended to provide an overview of the consolidating financial statements of the Authority for the fiscal years ended March 31, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with the Authority's consolidating financial statements which immediately follow this section.

Overview of the Consolidating Financial Statements

The consolidating financial statements of the Authority are prepared using the accrual basis of accounting, which requires that transactions are recorded when they occur, not when the related cash receipt or disbursement occurs. The basic financial statements consist of:

- Statements of Net Position (Deficit)
- Statements of Revenues, Expenses and Changes in Net Position (Deficit)
- Statements of Cash Flows

Statements of Net Position (Deficit) presents information on the assets and liabilities, with the differences reflected as net position (deficit).

Statements of Revenues, Expenses and Changes in Net Position (Deficit) report the operating revenues and expenses, and non-operating revenues and expenses for the fiscal year with the difference being net income or loss. Net income or loss combined with transfer of funds determines the change in net position (deficit) for the fiscal year. That change, combined with the previous year's net position total, reconciles to the net position (deficit) total at the end of this fiscal year.

Statements of Cash Flows report the sources and uses of cash from operating, non-capital financing, capital and related financing and investing activities. The net result of these activities, added to the beginning of the year cash and cash equivalents balance, reconciles to the total cash and cash equivalents balance at the end of the fiscal year.

The consolidating financial statements also include notes that further explain certain information in the financial statements and provide more detailed data.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Financial Analysis

Summary of Net Position (Deficit)

	March 31	
	2013	2012
Assets:		
Current assets	\$ 20,102,153	\$ 20,906,299
Designated assets	77,106	55,925
Capital Assets	<u>106,146,114</u>	<u>83,235,037</u>
Total assets	<u>\$126,325,373</u>	<u>\$104,197,261</u>
Liabilities:		
Current liabilities	\$ 8,714,191	\$ 8,246,935
Long-term liabilities	<u>78,561,554</u>	<u>63,271,248</u>
Total liabilities	<u>87,275,745</u>	<u>71,518,183</u>
Net Position (Deficit):		
Unrestricted	(67,011,157)	(50,422,809)
Net investment in capital assets	<u>106,060,785</u>	<u>83,101,887</u>
Total net position (deficit)	<u>39,049,628</u>	<u>32,679,078</u>
 Total liabilities and Net Position (Deficit)	 <u>\$126,325,373</u>	 <u>\$104,197,261</u>

March 31, 2013 vs. March 31, 2012

The changes in total net position (deficit) over time serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$39 million at March 31, 2013, a \$6.4 million increase from March 31, 2012 due primarily to a net effect of a \$23 million increase in capital assets and a \$15 million increase in long-term liabilities.

Current assets, comprised mainly of cash and cash equivalents, cash and cash equivalents – designated, accounts receivable, materials and supplies and prepaid expenses, decreased approximately \$804,000, or 4% due to the net effect of a decrease in cash which was used for a large bus purchase and multiple construction projects, partially offset by an increase in passenger receipts, mortgage tax receipts and operating assistance, net decrease in accounts receivable due to the execution of old NYS supplemental agreements, an increase in materials and supplies due to the purchase of replacement parts for the 68 new buses delivered in 2012 and prepaid expenses due to increased costs associated with Worker Compensation, the new buses and the new downtown transfer hub in Utica.

Capital assets increased \$22.9 million due to the purchase of approximately 68 Orion Buses, completion of the Syracuse downtown transfer hub and the Intermodal Transportation Center parking lot reconfiguration offset by the net accumulated depreciation.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Current liabilities increased \$467,256 or 6% due to accruals associated with various grant funded projects at the ITC, Call-A-Bus and Cayuga and offset by a lower CNG accrual and the timing of the last payroll falling on March 31, 2013 eliminating the need for a payroll tax accrual.

Long term liabilities increased \$15 million or 24% from 2012, primarily due to the liability for other postemployment benefits (OPEB) required to be accrued by *Governmental Accounting Standards Board Statement #45 (GASB 45)*. These postemployment benefits reflect the cost of current and future retiree health care.

Summary of Revenues, Expenses and Changes in Net Position (Deficit)

	<u>March 31</u>	
	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Passenger	\$ 15,552,021	\$ 14,766,133
Advertising, parking and other	1,170,046	1,401,758
Mortgage taxes	5,945,906	5,299,269
Operating and other assistance	<u>39,063,360</u>	<u>37,657,555</u>
Total operating revenues	<u>61,731,333</u>	<u>59,124,715</u>
Operating Expenses:		
Maintenance of equipment and facilities	11,501,379	12,175,001
Downtown transfer hubs	669,144	-
Fuel	3,721,237	3,973,505
Transportation	20,138,376	19,370,616
Marketing and public information	439,849	454,235
Human resources	271,253	311,936
Insurance and risk management	1,363,083	1,476,111
General administration	5,416,594	5,795,764
Employee benefits and payroll taxes	31,086,590	27,669,542
Depreciation expense	<u>11,223,111</u>	<u>9,915,722</u>
Total operating expenses	<u>85,830,616</u>	<u>81,142,432</u>
Operating loss	(24,099,283)	(22,017,717)
Non – Operating Revenues	<u>30,469,833</u>	<u>16,477,312</u>
Change in Net Position	6,370,550	(5,540,405)
Net Position – Beginning of Year	<u>32,679,078</u>	<u>38,219,483</u>
Net Position – End of Year	<u>\$ 39,049,628</u>	<u>\$ 32,679,078</u>

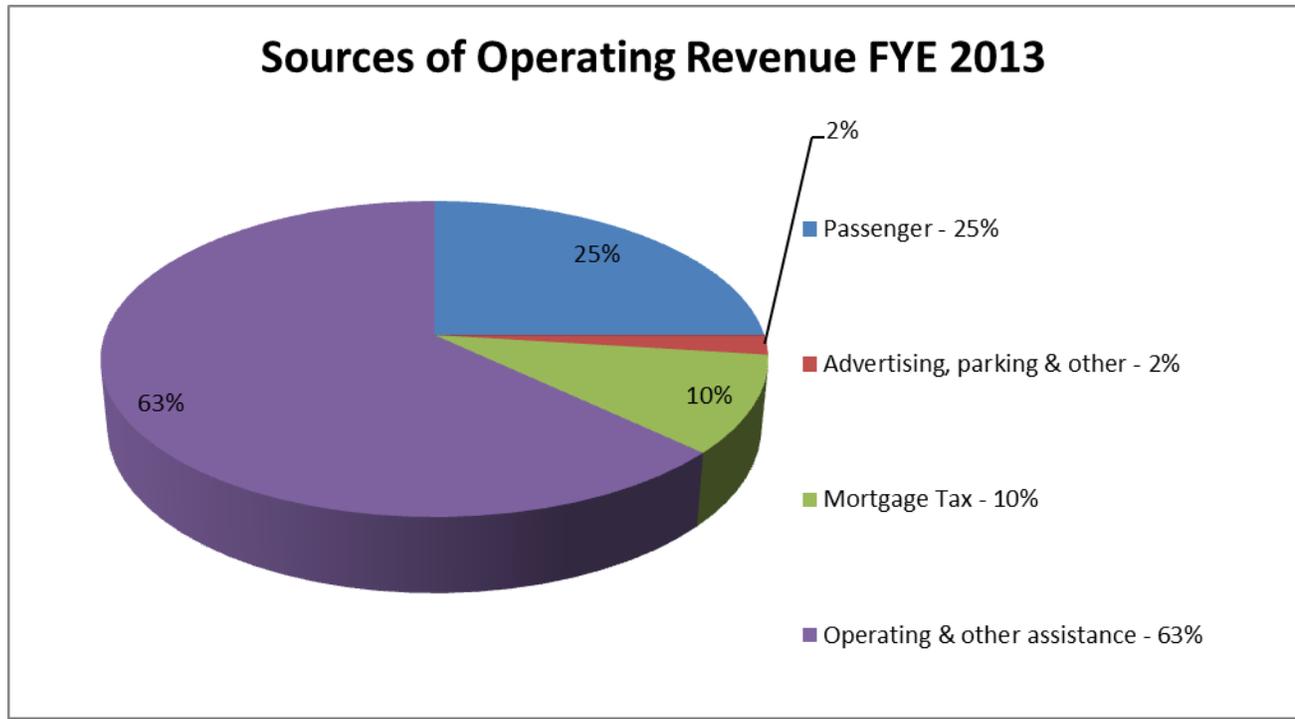
(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Summary of Revenues, Expenses and Changes in Net Position (Deficit) (Continued)

The Authority ended 2013 in a total net position of \$39 million; a \$6 million or 19.5% increase over 2012.

Significant items affecting the revenues, expenses and changes in net position (deficit) are as follows:

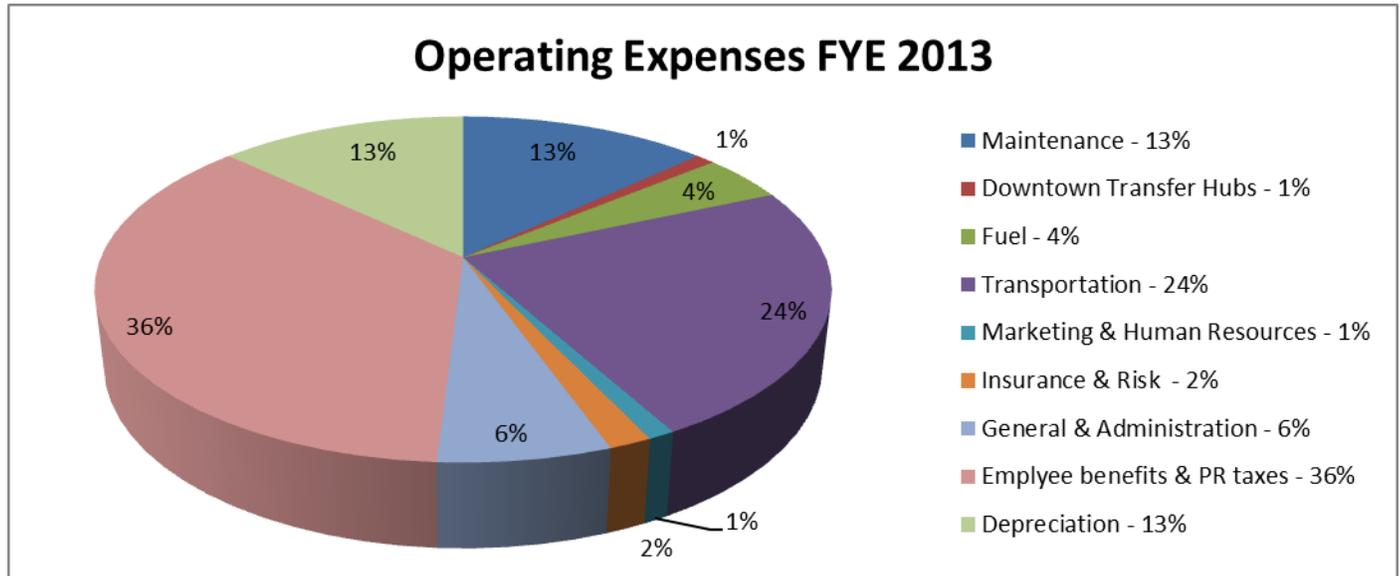


Operating revenues increased \$2.6 million or 4.4% from \$59.1 million in FYE 2012 to \$61.7 million in FYE 2013 due to increased renegotiated institutional transportation service agreements resulting in additional revenue of approximately \$300,000, realized revenue of \$700,000 from the Connective Corridor route that had previously been funded with a federal grant, restoration of \$1.8 million in STOA, increase of \$647,000 in mortgage recording tax and \$330,000 increased federal preventive maintenance offset, partially, by a decrease in the federal programs Jobs Access Reverse Commute, Temporary Assistance to Needy Families and New Freedoms.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Summary of Revenues, Expenses and Changes in Net Position (Deficit) (Continued)



Other postemployment benefits (OPEB) and depreciation expense constitute \$4 million of the \$4.7 increase in 2013.

Excluding (OPEB) and depreciation expense, 2013 operating expenses increased approximately \$600,000 due primarily to the increase in sub-contracted transportation to help manage the increasing demand for Centro Call-A-Bus complementary para-transit service to fixed route service, required by the Americans with Disabilities Act, the opening of the Syracuse Downtown Transfer Hub in September 2012 and the Utica Downtown Transfer Hub in February 2013 and other personnel related costs; however these increases were partially offset by significant savings in major operational areas of maintenance, fuel and risk management.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Capital Assets and Debt Administration

The following is a schedule of the Authority's capital assets:

	March 31	
	2013	2012
Not being depreciated:		
Land	\$ 5,049,119	\$ 4,889,800
Construction in progress	<u>842,244</u>	<u>15,269,022</u>
Subtotal	<u>5,891,363</u>	<u>20,158,822</u>
Other capital assets:		
Improvements	3,268,326	1,293,390
Buildings	67,470,878	50,238,890
Revenue vehicles	90,692,598	85,351,575
Other Equipment	17,675,557	16,969,822
Furniture and office equipment	<u>5,859,201</u>	<u>5,501,413</u>
Subtotal	<u>184,966,560</u>	<u>159,355,090</u>
Total capital assets	190,857,923	179,513,912
Less accumulated depreciation	<u>(84,711,809)</u>	<u>(96,278,875)</u>
Net capital assets	<u>\$106,146,114</u>	<u>\$ 83,235,037</u>

To help achieve its mission, the Authority is continually investing in its transit vehicles and other capital assets and has established two primary capital goals: (1) replacement of fleet and facilities at the end of their federally mandated minimum useful lives and (2) maintenance of all capital assets in a "state of good repair." Initiatives beyond these goals are undertaken on the basis of the public interest and the cost/benefit of the project.

Signature Projects FYE 2013

- Purchase of 68 Orion VII Buses – estimated \$26.6 million, completed October 2012.
- Syracuse Transfer Hub – estimated \$19 million, completed September 2012. The Transfer Hub replaces a "facility" that consisted essentially of large bus shelters and a small sales/information booth at the main downtown intersection in Syracuse. There were many pedestrian/vehicular conflicts at that location, and passengers often had to cross one or two major streets to get to a connecting bus to complete their trips. The new passenger transfer facility in a nearby location has resulted in improved vehicular traffic flow through downtown Syracuse for both buses and automobiles and has provided a safer, covered environment for waiting passengers.
- Syracuse Parking Lot Reconfiguration – estimated \$2 million, completed November 2012. This was a project at our Intermodal Center that redesigned the parking area and traffic flows for passengers of intercity rail, intercity bus, and regional/local mass transit. This project eased congestion in front of the building and both reconfigured and expand the paved parking area, which allows the opportunity for significantly increased parking revenues.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2013**

Debt Administration

The Authority previously accepted legal responsibility for \$85,329 of the former Utica Transit Authority (UTA) debt remaining at March 31, 2013, owed to Oneida County, as part of the UTA Asset Acquisition Agreement. UTA had entered into this obligation with Oneida County in order to fund the local share of buses and building improvements in 1994 and 1999. Unless paid off in advance, future payments will continue to be made by the Authority until the debt is totally paid off in 2014.

Outlook for the Authority's future:

Statewide transit operating assistance (STOA) is the largest single source of funding for the Authority's Centro bus operations, constituting 47% of operating revenues. Although STOA funding for the year ended March 31, 2013 was restored to 2008/2009 levels, the continuing reductions over the three year period from 2008/2009 through 2011/2012 had a significant negative impact on the Authority's operations requiring multiple service adjustments and two fare increases. The cumulative three year decline from 2008/09 through 2011/2012 was \$5.3 million. This response to the continued funding constraints, as well as various other cost cutting measures and efficiencies realized through attrition, have brought expenses into line with available revenue streams.

Other revenue sources such as mortgage recording tax (MRT) and passenger fares continue to fluctuate. MRT, which has decreased every year since 2008/2009, rebounded this year. This variable makes budget planning difficult. Fare box revenue, which was down (due to the move of the transfer hub closer to the center of our core ridership destinations eliminating the need for some riders to take two trips to reach final destination), was partially offset by increased renegotiated institutional transportation service agreements..

In order to fund major bus and facility projects, much of Authority's regular federal program funding emanates from the formula capital funds made available through federal surface transportation legislation. Due to the nature of the federal process, the amount of future federal funding available to the Authority is challenging to predict.

The GASB 45 OPEB liability does not require funding, and the Authority did not set aside such funding during the year. In the future, it is anticipated that the OPEB accrual entry will begin to decline as newly hired employees, both salaried and non-salaried, will no longer be entitled to post-retirement health care, a change in benefits practice which occurred during the fiscal year ended March 31, 2012.

(Concluded)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF NET POSITION (DEFICIT)
MARCH 31, 2013 AND 2012**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2013	2012	2013	2012	2013	2012	2013	2012
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 6,833,627	\$ 7,428,994	\$ 544,219	\$ 110,347	\$ 325	\$ 325	\$ 350	\$ 350
Cash and cash equivalents - designated	3,625,000	3,625,000	-	-	-	-	-	-
Accounts receivable:								
Trade and other (net of allowance of \$120,000 for 2013)	783,473	849,050	763,326	639,361	8,737	10,255	6,604	8,773
Operating assistance	-	526,938	51,700	-	187,650	-	158,800	-
Grants	62,213	2,477,942	1,228,629	605,658	293,960	-	341,641	-
Materials and supplies	-	-	2,941,916	2,677,735	-	-	-	-
Prepaid expenses and other current assets	17,731	34,786	598,125	502,473	28,331	24,280	24,675	21,464
Total current assets	11,322,044	14,942,710	6,127,915	4,535,574	519,003	34,860	532,070	30,587
CASH AND CASH EQUIVALENTS - DESIGNATED	77,106	55,925	-	-	-	-	-	-
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION	-	-	75,674,215	55,992,903	2,178,670	2,224,331	1,392,583	1,352,789
DUE FROM (TO) AFFILIATES - NET	(129,367)	(2,277,196)	1,307,629	2,948,764	(306,436)	179,594	(236,462)	196,499
TOTAL ASSETS	\$ 11,269,783	\$ 12,721,439	\$ 83,109,759	\$ 63,477,241	\$ 2,391,237	\$ 2,438,785	\$ 1,688,191	\$ 1,579,875
LIABILITIES AND NET POSITION (DEFICIT)								
CURRENT LIABILITIES:								
Accounts payable and accrued expenses	\$ 70,274	\$ 53,685	\$ 1,779,032	\$ 2,086,705	\$ 39,000	\$ 46,929	\$ 109,747	\$ 48,886
Accrued salaries	16,535	18,813	310,235	315,426	19,328	18,812	16,618	16,459
Accrued liabilities and benefits	40,783	60,611	1,561,128	1,496,647	79,029	78,002	100,815	93,314
Current portion of other postemployment benefits	33,615	34,862	1,824,366	1,892,077	125,291	129,942	113,068	117,264
Current portion of long-term debt	-	-	-	-	-	-	-	-
Total current liabilities	161,207	167,971	5,474,761	5,790,855	262,648	273,685	340,248	275,923
OTHER POSTEMPLOYMENT BENEFITS	1,003,048	834,870	47,016,310	37,888,843	3,053,541	2,426,697	2,601,342	2,035,653
ESTIMATED CLAIMS PAYABLE	-	-	2,436,924	2,432,595	32,936	28,436	92,729	92,729
LONG-TERM DEBT	-	-	-	-	-	-	-	-
DEFERRED COMPENSATION	77,106	55,925	-	-	-	-	-	-
Total liabilities	1,241,361	1,058,766	54,927,995	46,112,293	3,349,125	2,728,818	3,034,319	2,404,305
NET POSITION (DEFICIT):								
Unrestricted	10,028,422	11,662,673	(47,492,451)	(38,627,955)	(3,136,558)	(2,514,364)	(2,738,711)	(2,177,219)
Net investment in capital assets	-	-	75,674,215	55,992,903	2,178,670	2,224,331	1,392,583	1,352,789
Total net position (deficit)	10,028,422	11,662,673	28,181,764	17,364,948	(957,888)	(290,033)	(1,346,128)	(824,430)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	\$ 11,269,783	\$ 12,721,439	\$ 83,109,759	\$ 63,477,241	\$ 2,391,237	\$ 2,438,785	\$ 1,688,191	\$ 1,579,875

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF NET POSITION (DEFICIT)
MARCH 31, 2013 AND 2012**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
CURRENT ASSETS:								
Cash and cash equivalents	\$ -	\$ -	\$ 2,712	\$ 300	\$ 5,223	\$ -	\$ 7,386,456	\$ 7,540,316
Cash and cash equivalents - designated	-	-	-	-	-	-	3,625,000	3,625,000
Accounts receivable:								
Trade and other (net of allowance of \$120,000 for 2013)	12,092	4,892	42,335	9,555	1,441	2,305	1,618,008	1,524,191
Operating assistance	-	-	-	-	-	-	398,150	526,938
Grants	324,896	400,932	449,105	497,265	179,313	-	2,879,757	3,981,797
Materials and supplies	-	-	466,433	373,008	-	-	3,408,349	3,050,743
Prepaid expenses and other current assets	6,169	6,018	97,553	55,820	13,849	12,473	786,433	657,314
Total current assets	343,157	411,842	1,058,138	935,948	199,826	14,778	20,102,153	20,906,299
CASH AND CASH EQUIVALENTS - DESIGNATED	-	-	-	-	-	-	77,106	55,925
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION								
	868,861	1,574,045	10,618,227	7,982,398	15,413,558	14,108,571	106,146,114	83,235,037
DUE FROM (TO) AFFILIATES - NET	57,191	(127,580)	688,776	374,912	(1,381,331)	(1,294,993)	-	-
TOTAL ASSETS	\$ 1,269,209	\$ 1,858,307	\$ 12,365,141	\$ 9,293,258	\$ 14,232,053	\$ 12,828,356	\$ 126,325,373	\$ 104,197,261
CURRENT LIABILITIES:								
Accounts payable and accrued expenses	\$ 265,329	\$ 154,453	\$ 455,662	\$ 75,634	\$ 270,524	\$ 26,776	\$ 2,989,568	\$ 2,493,068
Accrued salaries	-	-	79,870	63,047	-	-	442,586	432,557
Accrued liabilities and benefits	44,268	41,289	343,966	326,630	7,784	7,688	2,177,773	2,104,181
Current portion of other postemployment benefits	406,433	421,518	547,004	567,306	6,112	6,339	3,055,889	3,169,308
Current portion of long-term debt	-	-	48,375	47,821	-	-	48,375	47,821
Total current liabilities	716,030	617,260	1,474,877	1,080,438	284,420	40,803	8,714,191	8,246,935
OTHER POSTEMPLOYMENT BENEFITS	8,076,879	6,043,457	13,187,412	10,450,701	150,101	119,524	75,088,633	59,799,745
ESTIMATED CLAIMS PAYABLE	34,832	34,832	761,440	741,657	-	-	3,358,861	3,330,249
LONG-TERM DEBT	-	-	36,954	85,329	-	-	36,954	85,329
DEFERRED COMPENSATION	-	-	-	-	-	-	77,106	55,925
Total liabilities	8,827,741	6,695,549	15,460,683	12,358,125	434,521	160,327	87,275,745	71,518,183
NET POSITION (DEFICIT):								
Unrestricted	(8,427,393)	(6,411,287)	(13,628,440)	(10,914,115)	(1,616,026)	(1,440,542)	(67,011,157)	(50,422,809)
Net investment in capital assets	868,861	1,574,045	10,532,898	7,849,248	15,413,558	14,108,571	106,060,785	83,101,887
Total net position (deficit)	(7,558,532)	(4,837,242)	(3,095,542)	(3,064,867)	13,797,532	12,668,029	39,049,628	32,679,078
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	\$ 1,269,209	\$ 1,858,307	\$ 12,365,141	\$ 9,293,258	\$ 14,232,053	\$ 12,828,356	\$ 126,325,373	\$ 104,197,261

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
MARCH 31, 2013 AND 2012**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2013	2012	2013	2012	2013	2012	2013	2012
OPERATING REVENUES:								
Passenger	\$ -	\$ -	\$ 12,836,754	\$ 12,044,511	\$ 526,814	\$ 523,555	\$ 434,916	\$ 480,313
Advertising, parking and other	318,149	307,193	240,690	553,539	316	146	104	200
Mortgage taxes	5,945,906	5,299,269	-	-	-	-	-	-
Operating and other assistance	-	-	23,013,104	21,123,701	2,202,850	2,260,673	2,158,743	2,290,396
Total operating revenues	<u>6,264,055</u>	<u>5,606,462</u>	<u>36,090,548</u>	<u>33,721,751</u>	<u>2,729,980</u>	<u>2,784,374</u>	<u>2,593,763</u>	<u>2,770,909</u>
OPERATING EXPENSES:								
Maintenance of equipment and facilities	-	-	8,068,347	8,361,300	543,885	519,133	461,772	559,663
Downtown transfer hubs	-	-	397,610	-	-	-	-	-
Fuel	-	-	1,558,445	1,896,628	396,448	372,970	453,072	456,441
Transportation	-	-	10,998,769	10,510,446	1,040,699	1,047,869	962,869	934,541
Marketing and public information	-	-	411,463	431,295	6,984	5,253	11,082	6,154
Human resources	-	-	264,963	301,964	1,994	-	2,869	-
Insurance and risk management	32,334	32,772	1,030,478	1,198,267	40,442	43,645	33,169	15,565
General and administrative	682,364	860,609	1,483,071	1,811,690	602,401	568,345	551,389	496,707
Employee benefits and payroll taxes	431,357	357,676	20,937,159	18,447,622	1,215,971	1,116,018	1,093,834	1,068,227
Depreciation expense	-	-	8,165,789	6,678,077	366,092	352,768	301,847	305,197
Total operating expenses	<u>1,146,055</u>	<u>1,251,057</u>	<u>53,316,094</u>	<u>49,637,289</u>	<u>4,214,916</u>	<u>4,026,001</u>	<u>3,871,903</u>	<u>3,842,495</u>
OPERATING INCOME (LOSS)	<u>5,118,000</u>	<u>4,355,405</u>	<u>(17,225,546)</u>	<u>(15,915,538)</u>	<u>(1,484,936)</u>	<u>(1,241,627)</u>	<u>(1,278,140)</u>	<u>(1,071,586)</u>
NON-OPERATING REVENUES:								
Grants received for capital additions	-	-	24,488,574	11,250,053	320,431	446,701	341,641	149,555
Gain on disposal of capital assets	-	-	195,314	2,327	-	-	-	-
Total non-operating revenues	-	-	<u>24,683,888</u>	<u>11,252,380</u>	<u>320,431</u>	<u>446,701</u>	<u>341,641</u>	<u>149,555</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>5,118,000</u>	<u>4,355,405</u>	<u>7,458,342</u>	<u>(4,663,158)</u>	<u>(1,164,505)</u>	<u>(794,926)</u>	<u>(936,499)</u>	<u>(922,031)</u>
TRANSFER OF FUNDS:								
Transfer of funds - operating	(2,840,498)	(4,027,822)	-	1,816,834	496,650	379,221	414,801	306,471
Transfer of funds - capital	(3,911,753)	(1,361,204)	3,358,474	1,075,336	-	1,964	-	-
Total transfers	<u>(6,752,251)</u>	<u>(5,389,026)</u>	<u>3,358,474</u>	<u>2,892,170</u>	<u>496,650</u>	<u>381,185</u>	<u>414,801</u>	<u>306,471</u>
CHANGES IN NET POSITION	(1,634,251)	(1,033,621)	10,816,816	(1,770,988)	(667,855)	(413,741)	(521,698)	(615,560)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>11,662,673</u>	<u>12,696,294</u>	<u>17,364,948</u>	<u>19,135,936</u>	<u>(290,033)</u>	<u>123,708</u>	<u>(824,430)</u>	<u>(208,870)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 10,028,422</u>	<u>\$ 11,662,673</u>	<u>\$ 28,181,764</u>	<u>\$ 17,364,948</u>	<u>\$ (957,888)</u>	<u>\$ (290,033)</u>	<u>\$ (1,346,128)</u>	<u>\$ (824,430)</u>

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
MARCH 31, 2013 AND 2012**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
OPERATING REVENUES:								
Passenger	\$ 583,156	\$ 397,722	\$ 1,170,381	\$ 1,320,032	\$ -	\$ -	\$ 15,552,021	\$ 14,766,133
Advertising, parking and other	-	-	39,609	40,344	571,178	500,336	1,170,046	1,401,758
Mortgage taxes	-	-	-	-	-	-	5,945,906	5,299,269
Operating and other assistance	4,363,341	4,830,673	7,325,322	7,152,112	-	-	39,063,360	37,657,555
Total operating revenues	4,946,497	5,228,395	8,535,312	8,512,488	571,178	500,336	61,731,333	59,124,715
OPERATING EXPENSES:								
Maintenance of equipment and facilities	330,377	294,879	1,631,750	2,091,079	465,248	348,947	11,501,379	12,175,001
Downtown transfer hubs	-	-	271,534	-	-	-	669,144	-
Fuel	301,900	258,000	1,010,806	989,466	566	-	3,721,237	3,973,505
Transportation	4,013,369	3,784,311	3,121,873	3,093,449	797	-	20,138,376	19,370,616
Marketing and public information	-	-	10,320	11,533	-	-	439,849	454,235
Human resources	-	-	1,427	9,972	-	-	271,253	311,936
Insurance and risk management	40,442	41,475	130,567	95,216	55,651	49,171	1,363,083	1,476,111
General and administrative	1,280,562	1,166,243	622,135	659,563	194,672	232,607	5,416,594	5,795,764
Employee benefits and payroll taxes	2,532,985	2,329,509	4,845,556	4,319,699	29,728	30,791	31,086,590	27,669,542
Depreciation expense	844,953	1,111,056	958,915	894,471	585,515	574,153	11,223,111	9,915,722
Total operating expenses	9,344,588	8,985,473	12,604,883	12,164,448	1,332,177	1,235,669	85,830,616	81,142,432
OPERATING INCOME (LOSS)	(4,398,091)	(3,757,078)	(4,069,571)	(3,651,960)	(760,999)	(735,333)	(24,099,283)	(22,017,717)
NON-OPERATING REVENUES:								
Grants received for capital additions	125,792	-	3,244,492	4,535,590	1,701,452	86,000	30,222,382	16,467,899
Gain on disposal of capital assets	2,232	55	49,905	7,031	-	-	247,451	9,413
Total non-operating revenues	128,024	55	3,294,397	4,542,621	1,701,452	86,000	30,469,833	16,477,312
NET INCOME (LOSS) BEFORE TRANSFERS	(4,270,067)	(3,757,023)	(775,174)	890,661	940,453	(649,333)	6,370,550	(5,540,405)
TRANSFER OF FUNDS:								
Transfer of funds - operating	1,534,800	992,804	394,247	532,492	-	-	-	-
Transfer of funds - capital	13,977	-	350,252	274,349	189,050	9,555	-	-
Total transfers	1,548,777	992,804	744,499	806,841	189,050	9,555	-	-
CHANGES IN NET POSITION	(2,721,290)	(2,764,219)	(30,675)	1,697,502	1,129,503	(639,778)	6,370,550	(5,540,405)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(4,837,242)	(2,073,023)	(3,064,867)	(4,762,369)	12,668,029	13,307,807	32,679,078	38,219,483
NET POSITION (DEFICIT) - END OF YEAR	\$ (7,558,532)	\$ (4,837,242)	\$ (3,095,542)	\$ (3,064,867)	\$ 13,797,532	\$ 12,668,029	\$ 39,049,628	\$ 32,679,078

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
MARCH 31, 2013 AND 2012**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2013	2012	2013	2012	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:								
Passenger receipts	\$ -	\$ -	\$ 12,836,754	\$ 12,044,511	\$ 528,332	\$ 518,650	\$ 437,085	\$ 472,220
Mortgage tax receipts	5,875,274	5,228,637	-	-	-	-	-	-
Operating assistance	526,938	-	22,961,404	21,123,701	2,015,200	2,260,673	1,999,943	2,290,396
Receipts from grants	2,415,729	718,933	-	1,072,997	-	-	-	-
Other operating receipts	454,358	-	116,725	759,571	316	146	104	200
Payments to vendors and suppliers	(229,473)	(2,456,034)	(5,809,270)	(4,996,568)	(1,696,393)	(1,225,836)	(1,527,699)	(1,233,161)
Payments and benefits to employees	(693,287)	(690,659)	(26,325,300)	(24,007,490)	(1,576,559)	(1,745,705)	(1,501,064)	(1,574,030)
Payments for insurance and risk management	(23,645)	(11,696)	(5,182,837)	(5,186,363)	(253,576)	(226,563)	(256,131)	(273,351)
Net cash provided by (utilized in) operating activities	8,325,894	2,789,181	(1,402,524)	810,359	(982,680)	(418,635)	(847,762)	(317,726)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating transfers	(4,988,327)	(1,650,926)	1,641,135	(809,736)	982,680	418,635	847,762	317,726
Net cash provided by (utilized in) noncapital financing activities	(4,988,327)	(1,650,926)	1,641,135	(809,736)	982,680	418,635	847,762	317,726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from grants received for capital additions	-	-	24,488,574	11,250,053	320,431	446,701	341,641	149,555
Transfers in (out) - capital	(3,911,753)	(1,361,204)	3,358,474	1,075,336	-	1,964	-	-
Purchase of capital assets	-	-	(27,847,101)	(12,325,389)	(320,431)	(448,665)	(341,641)	(149,555)
Payments on long-term debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	195,314	2,327	-	-	-	-
Net cash provided by (utilized in) capital and related financing activities	(3,911,753)	(1,361,204)	195,261	2,327	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
	(574,186)	(222,949)	433,872	2,950	-	-	-	-
BALANCES - BEGINNING OF YEAR	11,109,919	11,332,868	110,347	107,397	325	325	350	350
BALANCES - END OF YEAR	\$ 10,535,733	\$ 11,109,919	\$ 544,219	\$ 110,347	\$ 325	\$ 325	\$ 350	\$ 350
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:								
Operating income (loss)	\$ 5,118,000	\$ 4,355,405	\$ (17,225,546)	\$ (15,915,538)	\$ (1,484,936)	\$ (1,241,627)	\$ (1,278,140)	\$ (1,071,586)
Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:								
Depreciation	-	-	8,165,789	6,678,077	366,092	352,768	301,847	305,197
Changes in operating assets and liabilities:								
Accounts receivable:								
Trade and other	65,577	(301,539)	(123,965)	206,032	1,518	(4,905)	2,169	(8,093)
Operating assistance	526,938	(477,589)	(51,700)	-	(187,650)	-	(158,800)	-
Grants	2,415,729	718,933	(622,971)	1,072,997	(293,960)	-	(341,641)	-
Materials and supplies	-	-	(264,181)	(140,782)	-	-	-	-
Prepaid expenses and other current assets	17,055	18,084	(95,652)	(256,477)	(4,051)	(16,090)	(3,211)	(14,161)
Accounts payable and accrued expenses	16,589	(1,709,754)	(307,673)	1,350,409	(7,929)	13,907	60,861	33,974
Other accrued expenses	(22,106)	28,403	59,290	(54,204)	1,543	(32,327)	7,660	(7,473)
Other postemployment benefits	166,931	136,732	9,059,756	7,420,834	622,193	509,639	561,493	459,917
Estimated claims payable	-	-	4,329	449,011	4,500	-	-	(15,501)
Deferred compensation	21,181	20,506	-	-	-	-	-	-
Total adjustments	3,207,894	(1,566,224)	15,823,022	16,725,897	502,256	822,992	430,378	753,860
Net cash provided by (utilized in) operating activities	\$ 8,325,894	\$ 2,789,181	\$ (1,402,524)	\$ 810,359	\$ (982,680)	\$ (418,635)	\$ (847,762)	\$ (317,726)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
MARCH 31, 2013 AND 2012**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:								
Passenger receipts	\$ 583,156	\$ 397,722	\$ 1,170,381	\$ 1,320,042	\$ -	\$ -	\$ 15,555,708	\$ 14,753,145
Mortgage tax receipts	-	-	-	-	-	-	5,875,274	5,228,637
Operating assistance	4,363,341	4,830,673	7,325,322	7,152,112	-	-	39,192,148	37,657,555
Receipts from grants	76,036	-	48,160	479,512	-	-	2,539,925	2,271,442
Other operating receipts	-	2,408	6,829	42,420	572,042	500,536	1,150,374	1,305,281
Payments to vendors and suppliers	(4,472,607)	(4,776,120)	(2,234,344)	(2,609,802)	(534,196)	(580,783)	(16,503,982)	(17,878,304)
Payments and benefits to employees	(1,823,389)	(1,689,963)	(5,810,059)	(6,055,566)	(61,934)	(5,930)	(37,791,592)	(35,769,343)
Payments for insurance and risk management	(78,798)	(89,180)	(586,344)	(540,593)	(57,027)	(56,882)	(6,438,358)	(6,384,628)
Net cash provided by (utilized in) operating activities	(1,352,261)	(1,324,460)	(80,055)	(211,875)	(81,115)	(143,059)	3,579,497	1,183,785
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating transfers	1,350,029	1,324,405	80,383	256,837	86,338	143,059	-	-
Net cash provided by (utilized in) noncapital financing activities	1,350,029	1,324,405	80,383	256,837	86,338	143,059	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from grants received for capital additions	125,792	-	3,244,492	4,535,590	1,701,452	86,000	30,222,382	16,467,899
Transfers in (out) - capital	13,977	-	350,252	274,349	189,050	9,555	-	-
Purchase of capital assets	(139,769)	-	(3,594,744)	(4,809,939)	(1,890,502)	(95,555)	(34,134,188)	(17,829,103)
Payments on long-term debt	-	-	(47,821)	(54,517)	-	-	(47,821)	(54,517)
Proceeds from sale of capital assets	2,232	55	49,905	7,031	-	-	247,451	9,413
Net cash provided by (utilized in) capital and related financing activities	2,232	55	2,084	(47,486)	-	-	(3,712,176)	(1,406,308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
BALANCES - BEGINNING OF YEAR	-	-	300	2,824	-	-	11,221,241	11,443,764
BALANCES - END OF YEAR	\$ -	\$ -	\$ 2,712	\$ 300	\$ 5,223	\$ -	\$ 11,088,562	\$ 11,221,241
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:								
Operating income (loss)	\$ (4,398,091)	\$ (3,757,078)	\$ (4,069,571)	\$ (3,651,960)	\$ (760,999)	\$ (735,333)	\$ (24,099,283)	\$ (22,017,717)
Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:								
Depreciation	844,953	1,111,056	958,915	894,471	585,515	574,153	11,223,111	9,915,722
Changes in operating assets and liabilities:								
Accounts receivable:								
Trade and other	(7,200)	2,408	(32,780)	2,076	864	200	(93,817)	(103,821)
Operating assistance	-	-	-	-	-	-	128,788	(477,589)
Grants	76,036	(319,956)	48,160	479,512	(179,313)	-	1,102,040	1,951,486
Materials and supplies	-	-	(93,425)	(20,815)	-	-	(357,606)	(161,597)
Prepaid expenses and other current assets	(151)	2,402	(41,733)	(40,500)	(1,376)	(7,711)	(129,119)	(314,453)
Accounts payable and accrued expenses	110,876	(14,150)	380,028	(67,748)	243,748	(129)	496,500	(393,491)
Other accrued expenses	2,979	4,077	34,159	(1,443)	96	900	83,621	(62,067)
Other postemployment benefits	2,018,337	1,653,217	2,716,409	2,225,007	30,350	24,861	15,175,469	12,430,207
Estimated claims payable	-	(6,436)	19,783	(30,475)	-	-	28,612	396,599
Deferred compensation	-	-	-	-	-	-	21,181	20,506
Total adjustments	3,045,830	2,432,618	3,989,516	3,440,085	679,884	592,274	27,678,780	23,201,502
Net cash provided by (utilized in) operating activities	\$ (1,352,261)	\$ (1,324,460)	\$ (80,055)	\$ (211,875)	\$ (81,115)	\$ (143,059)	\$ 3,579,497	\$ 1,183,785

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

RECONCILIATION OF DESIGNATED AND UNRESTRICTED CASH AND CASH
EQUIVALENTS TO TOTAL CASH AND CASH EQUIVALENTS

	<u>Unrestricted</u>	<u>Current Designated</u>	<u>Non-current Designated</u>	<u>Total</u>
March 31, 2013	\$ 7,386,456	\$ 3,625,000	\$ 77,106	\$ 11,088,562
March 31, 2012	\$ 7,540,316	\$ 3,625,000	\$ 55,925	\$ 11,221,241

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The Central New York Regional Transportation Authority and Subsidiaries (the “Authority”) is a component unit of the State of New York.

The consolidating financial statements include the accounts of the Authority and its public benefit subsidiary corporations, CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc., Centro of Oneida, Inc., Centro Call-A-Bus, Inc. and the Intermodal Transportation Center, Inc. CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc., Centro of Oneida, Inc. and Centro Call-A-Bus provide public bus transportation. Intermodal Transportation Center, Inc. owns and operates the William F. Walsh Regional Transportation Center, which serves as a hub for local and intercity bus and passenger rail transportation.

The accounts of the Authority include the activities of Centro Parking, Inc., a public benefit subsidiary corporation, which are not significant. Revenue and expenses for Centro Parking, Inc. are as follows:

	<u>2013</u>	<u>2012</u>
Parking revenues	\$ 302,446	\$ 284,913
Facility maintenance	(72,636)	(88,231)
General and administrative	<u>(35,264)</u>	<u>(30,229)</u>
Net income	<u>\$ 194,546</u>	<u>\$ 166,453</u>
Assets	<u>\$ 2,377,005</u>	<u>\$ 2,130,753</u>
Liabilities	<u>\$ 217,052</u>	<u>\$ 165,345</u>

Measurement Focus and Basis of Accounting

The Authority operates as a proprietary fund. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Authority utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating Revenues and Expenses

Operating revenues and expenses include all revenues and expenses used to fund the general operations of the Authority. Grants received for capital additions, along with funds used to finance the Authority's local share of additions, are considered non-operating revenues.

Cash and Cash Equivalents

The Authority and subsidiaries consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Materials and Supplies Inventory

Materials and supplies include primarily replacement parts for revenue vehicles and parts for the CNG fueling station. Materials and supplies are valued at the lower-of-cost or market with cost determined using the first-in, first-out method.

Acquisition and Depreciation of Capital Assets

Assets acquired by the Authority are recorded at cost, including the Authority's local share of a grant, if any. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the assets, as determined by industry standards, range from 5 to 40 years.

Net Position

Net position is the difference between assets plus deferred outflows and liabilities plus deferred inflows. There were no deferred outflows or inflows for the years ended March 31, 2013 and 2012. Net position invested in capital assets is capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when legal limitations are imposed on their use by other governments, creditors or grantors.

Subsequent Events

Subsequent events have been evaluated through June 21, 2013, which is the date the financial statements were available to be issued.

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating Assistance Funds and Authority Transfers

The Authority administers and disburses all operating assistance funds received from various governmental agencies. The funds are recorded upon notification from the agency of the amount of assistance, and are reflected in income in accordance with the terms and periods covered by the specific assistance notification.

In addition to the operating assistance received from the various governmental agencies, the Authority transfers funds to its subsidiaries to meet the unsubsidized cost of operations.

The following amounts were used to fund the service costs of the operating companies:

	2013					
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Total
Operating assistance:						
United States Department of Transportation:						
Rural and Small Urbanized Area Operating	\$ 49,200	\$ 170,400	\$ 151,200	\$ -	\$ 340,000	\$ 710,800
Job Access/Reverse Commuter (JARC)	-	-	-	353,573	54,764	408,337
New Freedom	168,644	-	-	5,979	-	174,623
Special Reimbursements – Maintenance and Tire Leasing	4,453,300	-	-	-	900,000	5,353,300
New York State Department of Transportation:						
Regular operating – STOA	15,504,271	1,906,877	1,845,147	3,874,901	5,352,904	28,484,100
Special Reimbursements – Maintenance and Tire Leasing	556,700	-	-	-	112,500	669,200
Other New York State:						
Temporary Assistance for Needy Families (TANF)	-	-	-	-	50,000	50,000
City of Fulton	-	20,000	-	-	-	20,000
City of Oswego	-	15,000	-	-	-	15,000
Onondaga County	2,280,989	-	-	128,888	-	2,409,877
Oneida County	-	-	-	-	515,154	515,154
Oswego County	-	90,573	-	-	-	90,573
Cayuga County	-	-	162,396	-	-	162,396
Subtotal	23,013,104	2,202,850	2,158,743	4,363,341	7,325,322	39,063,360
Authority transfers	-	496,650	414,801	1,534,800	394,247	2,840,498
TOTAL	<u>\$ 23,013,104</u>	<u>\$ 2,699,500</u>	<u>\$ 2,573,544</u>	<u>\$ 5,898,141</u>	<u>\$ 7,719,569</u>	<u>\$ 41,903,858</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating Assistance Funds and Authority Transfers (Cont'd)

	2012					
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Total
Operating assistance:						
United States Department of Transportation:						
Rural and Small Urbanized Area Operating	\$ 51,700	\$ 178,900	\$ 158,800	\$ -	\$ 340,000	\$ 729,400
CMAQ	48,685	-	-	-	-	48,685
Job Access/Reverse Commute (JARC)	-	-	-	390,240	219,959	610,199
New Freedom	202,449	-	-	19,692	-	222,141
Special Reimbursements – Maintenance and Tire Leasing	4,323,600	-	-	-	700,000	5,023,600
New York State Department of Transportation:						
Regular operating – STOA	13,471,600	1,956,200	1,969,200	4,159,000	5,077,000	26,633,000
Special Reimbursements – Maintenance and Tire Leasing	540,450	-	-	-	175,000	715,450
Other New York State:						
Temporary Assistance for Needy Families (TANF)/Community Solutions (CST)	-	-	-	90,672	125,000	215,672
City of Fulton	-	20,000	-	-	-	20,000
City of Oswego	-	15,000	-	-	-	15,000
Onondaga County	2,280,977	-	-	128,900	-	2,409,877
Oneida County	-	-	-	-	515,153	515,153
Oswego County	-	90,573	-	-	-	90,573
Cayuga County	-	-	162,396	-	-	162,396
Other Federal	204,240	-	-	-	-	204,240
Other Local	-	-	-	42,169	-	42,169
Subtotal	21,123,701	2,260,673	2,290,396	4,830,673	7,152,112	37,657,555
Authority transfers	1,816,834	379,221	306,471	992,804	532,492	4,027,822
TOTAL	<u>\$ 22,940,535</u>	<u>\$ 2,639,894</u>	<u>\$ 2,596,867</u>	<u>\$ 5,823,477</u>	<u>\$ 7,684,604</u>	<u>\$ 41,685,377</u>

2. DESIGNATED CASH AND CASH EQUIVALENTS

Designated cash and cash equivalents is used to fund the self-insurance reserve (see Note 6) and to fund a supplemental deferred compensation plan (see Note 5).

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Self-insurance reserve - current	\$ 3,625,000	\$ 3,625,000
Deferred compensation plan - non-current	77,106	55,925
Total Designated Cash and Cash Equivalents	<u>\$ 3,702,106</u>	<u>\$ 3,680,925</u>

3. CASH ON DEPOSIT

At March 31, 2013, the carrying amount of the Authority and its subsidiaries' bank deposits was \$11,088,562 and the bank balance was \$11,603,425. These bank balances were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by qualifying investments held in the pledging bank's trust department by a third-party trustee.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

4. CAPITAL ASSETS AND DEPRECIATION

Capital assets, at cost, consist of:

	March 31, 2013						March 31,	
	Century Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Intermodal Transportation Center, Inc.	2013 Total	2012 Total
Land	\$ 4,275,143	\$ 6,400	\$ 8,052	\$ -	\$ 46,782	\$ 712,742	\$ 5,049,119	\$ 4,889,800
Construction in progress	217,307	320,431	-	-	304,506	-	842,244	15,269,022
Improvements	267,758	53,349	59,295	-	790,926	2,096,998	3,268,326	1,293,390
Buildings	43,850,615	1,614,704	1,546,254	84,075	373,906	20,001,324	67,470,878	50,238,890
Revenue vehicles	65,358,986	3,356,248	3,945,787	4,600,576	13,431,001	-	90,692,598	85,351,575
Other equipment	15,533,130	505,466	286,656	29,016	1,315,374	5,915	17,675,557	16,969,822
Furniture and office equipment	4,735,275	40,742	39,243	47,053	764,483	232,405	5,859,201	5,501,413
Total	134,238,214	5,897,340	5,885,287	4,760,720	17,026,978	23,049,384	190,857,923	179,513,912
Less: accumulated depreciation	58,563,999	3,718,670	4,492,704	3,891,859	6,408,751	7,635,826	84,711,809	96,278,875
TOTAL	\$ 75,674,215	\$ 2,178,670	\$ 1,392,583	\$ 868,861	\$ 10,618,227	\$ 15,413,558	\$ 106,146,114	\$ 83,235,037

Capital asset activity for the year ended March 31, 2013:

	Total Balance at March 31, 2012	Increases	Decreases	Total Balance at March 31, 2013
Not being depreciated:				
Land	\$ 4,889,800	\$ 159,319	\$ -	\$ 5,049,119
Construction in progress	15,269,022	842,244	(15,269,022)	842,244
Subtotal	20,158,822	1,001,563	(15,269,022)	5,891,363
Other capital assets:				
Improvements	1,293,390	1,974,936	-	3,268,326
Buildings	50,238,890	17,231,988	-	67,470,878
Revenue Vehicles	85,351,575	28,089,961	(22,748,938)	90,692,598
Other Equipment	16,969,822	746,974	(41,239)	17,675,557
Furniture and Office Equipment	5,501,413	357,788	-	5,859,201
Subtotal	159,355,090	48,401,647	(22,790,177)	184,966,560
Total capital assets	179,513,912	49,403,210	(38,059,199)	190,857,923
Accumulated depreciation:				
Improvements	722,799	54,720	-	777,519
Buildings	24,616,039	2,912,300	-	27,528,339
Revenue Vehicles	56,748,387	6,525,638	(22,748,938)	40,525,087
Other Equipment	9,917,521	1,338,044	(41,239)	11,214,326
Furniture and Office Equipment	4,274,129	392,409	-	4,666,538
Total	96,278,875	11,223,111	(22,790,177)	84,711,809
Net capital assets	\$ 83,235,037	\$ 38,180,099	\$ (15,269,022)	\$ 106,146,114

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended March 31, 2012:

	Total Balance at March 31, 2011	Increases	Decreases	Total Balance at March 31, 2012
Not being depreciated:				
Land	\$ 4,889,800	\$ -	\$ -	\$ 4,889,800
Construction in progress	4,046,246	11,222,776	-	15,269,022
Subtotal	<u>8,936,046</u>	<u>11,222,776</u>	<u>-</u>	<u>20,158,822</u>
Other capital assets:				
Improvements	1,293,390	-	-	1,293,390
Buildings	50,214,125	24,765	-	50,238,890
Revenue Vehicles	79,953,198	5,398,377	-	85,351,575
Other Equipment	16,022,734	1,024,701	(77,613)	16,969,822
Furniture and Office Equipment	5,422,070	158,484	(79,141)	5,501,413
Subtotal	<u>152,905,517</u>	<u>6,606,327</u>	<u>(156,754)</u>	<u>159,355,090</u>
Total capital assets	<u>161,841,563</u>	<u>17,829,103</u>	<u>(156,754)</u>	<u>179,513,912</u>
Accumulated depreciation:				
Improvements	681,134	41,665	-	722,799
Buildings	22,734,803	1,881,236	-	24,616,039
Revenue Vehicles	50,398,119	6,350,268	-	56,748,387
Other Equipment	8,757,944	1,230,140	(70,563)	9,917,521
Furniture and Office Equipment	3,947,907	412,413	(86,191)	4,274,129
Total	<u>86,519,907</u>	<u>9,915,722</u>	<u>(156,754)</u>	<u>96,278,875</u>
Net capital assets	<u>\$ 75,321,656</u>	<u>\$ 7,913,381</u>	<u>\$ -</u>	<u>\$ 83,235,037</u>

Total depreciation expense charged to operating expenses was \$11,223,111 and \$9,915,722 for the years ended March 31, 2013 and 2012, respectively.

5. DEFERRED COMPENSATION PLANS

The Authority and subsidiaries offer their employees optional participation in the New York State Deferred Compensation Plan which was created under Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their wages until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

5. DEFERRED COMPENSATION PLANS (CONT'D)

Amendments by the Small Business Jobs Protection Act of 1996 and the Internal Revenue Code require the deferred amounts to be set aside in trust for the exclusive benefit of the participants. During the year ended March 31, 1998, the Authority adopted Government Auditing Standards Board No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under this standard, plan assets and the related liability are no longer the Authority's property. The Plan Administrator manages all investments and makes payments upon employees' retirement. The Section 457 Deferred Compensation designated cash and investment account and the related deferred compensation liability are no longer recorded on the financial statements of the Authority.

Additionally, the Authority established a deferred compensation plan during the year ended March 31, 2012. For the years ended March 31, 2013 and 2012, contributions to the plan were \$21,013 and \$20,397, respectively.

6. ESTIMATED CLAIMS PAYABLE AND SELF-INSURANCE RESERVE

The Authority is self-insured for individual, personal injury and property damage claims up to \$1,500,000 for automobile liability and \$1,000,000 for general liability for any one occurrence. In addition, the Authority is self-insured for employee health benefits claims up to \$250,000, for any one occurrence, with a \$1,250,000 lifetime claim maximum. The Authority was self-insured for worker's compensation claims until June 1, 2000 at which time it became fully insured. The Authority utilizes third-party administrators to oversee the two self-insured programs. Reserves for outstanding claims, which include specific incremental costs, are included in estimated claims payable at March 31, 2013 and 2012. The Authority has designated \$3,625,000 of net position at March 31, 2013 and 2012 as a special reserve (See Note 2).

The Authority is involved in several lawsuits which have arisen in the ordinary course of its business. These cases are in the pre-trial stage. The Authority believes it has meritorious defenses and intends to vigorously defend these cases. However, the ultimate outcome of this litigation cannot presently be determined. Management believes that the reserves for claims payable, established by third party administrators, are sufficient to cover any probable claims.

The changes in estimated claims payable:

Balance March 31, 2012	Additions	Reductions	Balance March 31, 2013
<u>\$ 3,330,249</u>	<u>\$ 9,799,965</u>	<u>\$ 9,771,353</u>	<u>\$ 3,358,861</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

6. ESTIMATED CLAIMS PAYABLE AND SELF-INSURANCE RESERVE (CONT'D)

Balance March 31, 2011	Additions	Reductions	Balance March 31, 2012
<u>\$ 2,945,325</u>	<u>\$ 8,823,846</u>	<u>\$ 8,438,922</u>	<u>\$ 3,330,249</u>

7. GRANT ASSISTED PROJECTS

Grant assisted projects in progress at March 31, 2013 consisted of:

	Total Amount of Project	Total Amount Expended	Balance March 31, 2013
Purchase replacement buses	\$ 16,773,700	\$ 15,227,416	\$ 1,546,284
Installation of communication system and related equipment for buses	5,118,750	61,812	5,056,938
Purchase paratransit vehicles	10,861,910	10,669,867	192,043
Preventative maintenance, acquire software and hardware, construct bus terminal and operating assistance	16,932,650	15,388,412	1,544,238
Preventative maintenance, operating assistance, rehabilitation of garage and office building, replacement of service vehicles, parking expansion and reconfiguration at RTC, other equipment purchases	11,547,450	6,889,461	4,657,989
Renovations at Auburn Garage	420,000	379,312	40,688
Call-A-Bus	600,000	598,220	1,780
Oneida communications system for buses	150,000	19,506	130,494
Job access and reverse commute	2,401,218	2,037,072	364,146
New Freedom funding	1,738,136	1,183,515	554,621

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

7. GRANT ASSISTED PROJECTS (CONT'D)

In connection with the above projects, the Authority is committed to participate with its own funds in amounts not to exceed approximately \$2,000,000.

8. PENSION PLANS

The Authority and its subsidiaries provide retirement benefits to substantially all full-time employees through salaried and non-salaried plans. In addition, the Authority participates in the New York State and Local Employees' Retirement System (ERS) for certain employees of Centro of Oneida, Inc.

**PENSION PLANS FOR SALARIED AND NON-SALARIED EMPLOYEES OF CNY
CENTRO, INC., CENTRO OF OSWEGO, INC., CENTRO OF CAYUGA, INC. AND
CENTRO CALL-A-BUS**

CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc. and Centro Call-A-Bus provide retirement benefits to salaried and non-salaried full-time employees (hired before the dates where these plans were closed, as noted below) through non-contributory defined benefit salaried and non-salaried plans. Benefits become fully vested after five years of credited service for the salaried plan and ten years of credited service for the non-salaried plan. Salaried employees hired after September 1, 2011 are not eligible to participate in the defined benefit salaried plan. Non-salaried employees hired after August 3, 2011 are not eligible to participate in the defined benefit non-salaried plan. Full-time employees hired after these dates must participate in the new 401(a) defined contribution plans created for the 3% employer contributions made and are further required by labor agreement or company policy to contribute at least 3% of their wages to the New York State Deferred Compensation Plan (see Note 5) .

DEFINED BENEFIT PLANS

The pension benefit obligations, which represent the actuarial present value of projected benefits adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date, were as follows as of April 1, 2012 (date of the most recent actuarial valuation):

	<u>Salaried</u>	<u>Non-Salaried</u>
Pension benefit obligation	\$ 22,080,499	\$ 29,655,984
Net assets available for benefits (at market value)	17,758,186	23,452,790
Unfunded pension benefit obligation	<u>\$ 4,322,313</u>	<u>\$ 6,203,194</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

8. PENSION PLANS (CONT'D)

DEFINED BENEFIT PLANS (CONT'D)

	<u>Salaried</u>	<u>Non-Salaried</u>
Present value of accumulated benefits:		
Retired members	\$ 4,739,244	\$ 15,781,525
Deferred Vested/Vested Terminees	828,712	1,322,212
Active employees	<u>10,847,695</u>	<u>12,552,247</u>
Total	<u>\$ 16,415,651</u>	<u>\$ 29,655,984</u>

The payroll for employees covered by the salaried plan amounted to approximately \$6,000,000 in the actuary's report for the year ended March 31, 2013. Total payroll for the Authority and its subsidiaries amounted to approximately \$27,000,000 for the same period.

Significant actuarial assumptions used in the above valuation include (a) a discount rate of 7.5%, (b) a rate of return on the investment of assets of 7.5% a year compounded annually and (c) projected salary increases of 5.5% a year compounded annually (salaried plan only).

Pension contributions are actuarially determined under the entry age normal cost method level of percentage of compensation for the salaried plan. For the non-salaried plan, pension contributions are determined using the unit credit method in which the accrued liability, or funding target is equal to the present value of accrued benefits and normal cost is equal to the present value of benefits assumed to accrue in the next year. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

It is the policy of the Authority and its subsidiaries to fund between the minimum and maximum actuarially determined contribution, which consists of the normal cost, plus the amortization of the unfunded accrued liability, including liabilities arising from plan amendments and changes in actuarial assumptions, over 10 years for the maximum and 30 years for the minimum contribution.

Actuarial gains and losses are amortized over 15 years. Pension contributions for the year ended March 31, 2013 are as follows:

	<u>Salaried</u>	<u>Non-Salaried</u>
Normal cost (with interest to end of year)	\$ 728,043	\$ 718,770
Interest	80,136	90,552
Amortization of unfunded accrued liability	<u>340,442</u>	<u>488,588</u>
30-year funding contribution (minimum)	<u>\$ 1,148,621</u>	<u>\$ 1,297,910</u>
Contribution recorded	\$ 1,148,621	\$ 1,297,910
Contribution deposited	<u>1,148,621</u>	<u>1,297,910</u>
Contribution accrued	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

8. PENSION PLANS (CONT'D)

DEFINED BENEFIT PLANS (CONT'D)

For the three years ended March 31, 2013, 2012 and 2011, available assets were sufficient to fund 80%, 84%, and 78%, respectively, of the pension benefit obligation of the salaried plan. For the same period, available assets were sufficient to fund 79%, 83% and 80%, respectively, of the pension benefit obligation of the non-salaried plan.

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidating financial statement, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

DEFINED CONTRIBUTION PLANS

Salaried employees of CNY Centro, Centro of Oswego, Centro of Cayuga and Centro Call-A-Bus hired after September 1, 2011 and non-salaried employees of those companies hired after August 3, 2011 must participate in the new 401(a) defined contribution pension plans to which the employer will make a maximum contribution of 3% of wages on behalf of each employee. Separately, by collective bargaining agreement or by company policy, employees must contribute at least 3% of wages into the New York State Deferred Compensation Plan (see Note 5) on their own behalf. Only full-time employees are eligible to participate in the 401(a) plans. Benefits in the 401(a) employer contributions vest after ten years of service for the non-salaried plan and after five years of service for the salaried plan. For the years ended March 31, 2013 and 2012, employer contributions to the 401(a) plans were \$10,487 and \$108, respectively.

PENSION PLAN FOR UNION EMPLOYEES OF CENTRO OF ONEIDA, INC.

Centro of Oneida, Inc. provides retirement benefits to its union employees through a defined contribution plan. The plan is funded by 10% employer contributions and a 4% employee contribution based upon weekly employee gross wages. The 10% employer contributions are limited to a 40 hour work week per employee. Union employees who are age 21 and older are eligible. Benefits become vested after ten years of service. For the years ended March 31, 2013 and 2012, employer contributions to this plan were \$226,625 and \$199,573, respectively.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

8. PENSION PLANS (CONT'D)

**PENSION PLAN WITH THE NEW YORK STATE AND LOCAL EMPLOYEES'
RETIREMENT SYSTEM**

The Authority participates in the ERS for salaried employees of Centro of Oneida, Inc., non-salaried employees that were former employees of Rome VIP. The ERS is a cost sharing multiple public employer defined benefit retirement system (System). The System provides for retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System offers a wide range of plan benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits vest after five years of credited service.

All participating employers are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to participating employers. The System is noncontributory except for employees who joined the ERS between July 26, 1976 and December 31, 2009, who contribute 3% of their salary during the first 10 years of service. Employees who joined ERS after January 1, 2010 must contribute 3% of their salary for all their years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the System.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The System issues publicly available reports that include financial statements and required supplementary information. This report may be obtained by writing to:

The New York State and Local Retirement System
Governor Smith State Office Building
Albany, New York 12244

The Authority is required to contribute based upon actuarially-determined rates. The required contributions were \$239,090, \$207,429 and \$154,853 for the years ended March 31, 2013, 2012, and 2011, respectively.

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides OPEB to its employees under a single-employer, self-insured benefit plan. The plan provides medical, dental and prescription drug coverage to retirees and their covered dependents. For salaried employees hired after September 1, 2011 and for non-salaried employees hired after August 3, 2011, the Authority no longer offers OPEB for these new employees. The financial information for the Authority's plan is contained solely within these consolidating financial statements.

Funding Policy

The contribution requirements of the salaried plan members were established and may be amended by the Board of Directors. Contribution requirements of the union employees were established and may be re-negotiated in future bargaining agreements. Contribution requirements are established on an annual premium equivalent rate calculated by a third party administrator based on a projected pay-as-you-go financing requirement. For the year ended March 31, 2013 the Authority contributed \$2,862,790 to the total cost of the plan. Plan members receiving benefits contributed \$49,609. The tables below indicate the required contribution rates for the various employee groups. The retiree contributions are frozen at the dollar amount at retirement and the Authority contribution increases as the premium increases.

Salaried Retirees After January 1, 2008:

	<u>Years of Service</u>			
	<u>5-10</u>	<u>10-20</u>	<u>20-30</u>	<u>30 +</u>
Medical and dental	10%	7%	5%	3%

Salaried individuals who retired prior to January 1, 2008 were not required to contribute toward the plan; however, there are certain individuals who receive Medicare Part B reimbursement, in exchange for paying a portion of the medical benefits.

Union Retirees Hired Before June 29, 2007:

	<u>Years of Service</u>				
	<u>0-5</u>	<u>5-10</u>	<u>10-15</u>	<u>15-20</u>	<u>20 +</u>
Medical	100%	15%	10%	5%	0%
Dental	0%	0%	0%	0%	0%

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

9. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Funding Policy (Cont'd)

Union Retirees Hired After June 29, 2007:

	<u>Years of Service</u>					
	<u>0-5</u>	<u>5-10</u>	<u>10-15</u>	<u>15-20</u>	<u>20-25</u>	<u>25+</u>
Medical	100%	50%	15%	10%	5%	0%
Dental	0%	0%	0%	0%	0%	0%

Centro of Oneida, Inc. Retirees (Salaried and Union) pay 15% of the medical and dental premiums at retirement beginning January 1, 2008.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the Authority's net OPEB obligation.

Annual required contribution	\$ 19,307,665
Interest on net OPEB Obligation	2,203,916
Adjustment to ARC	<u>(3,423,713)</u>
Total ARC	18,087,868
Contributions	<u>(2,912,399)</u>
Increase in OPEB Obligation	15,175,469
Net OPEB Obligation at March 31, 2012	<u>62,969,053</u>
Net OPEB Obligation at March 31, 2013	<u>\$ 78,144,522</u>

For the years ended March 31, 2013, 2012 and 2011, annual OPEB costs were \$18,087,868, \$15,551,531 and \$15,920,146, respectively. The percentage of annual OPEB costs contributed to the plan was 16%, 20% and 20% for the years ended March 31, 2013, 2012 and 2011, respectively.

Funded Status and Funding Progress

As of April 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$210,198,822 and there were no Plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$27.5 million, and the ratio of the liability to the covered payroll was 765%.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

9. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Funded Status and Funding Progress (Cont'd)

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the consolidating financial statements, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2012 actuarial valuation the Entry Age Normal Cost Method was used. The actuarial assumptions include a 3.5% investment rate of return, which is based on the portfolio of the Authority's general assets used to pay these benefits, an annual medical cost trend ranging from 6.25% to 7.5% initially, decreasing to 5% in fiscal year 2020 and an annual prescription drug trend of 9% decreasing to 5% in fiscal 2020. The UAAL is being amortized based on a level percentage of payroll on an open basis. The remaining amortization period at March 31, 2013 is thirty years.

10. DEBT

Long-term debt will be repaid as follows:

YEAR ENDING MARCH 31,	Principal	Interest	Total
2014	48,375	4,338	52,713
2015	36,954	1,849	38,803
TOTAL	<u>\$ 85,329</u>	<u>\$ 6,187</u>	<u>\$ 91,516</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

11. OPERATING LEASE COMMITMENTS

The Authority leases parking lots for \$9,000 annually from New York State, on a year to year basis.

Centro of Oneida, Inc. leases certain properties on a month to month basis for a nominal amount annually. In addition, Centro of Oneida, Inc. had a lease agreement with the Radisson Hotel – Utica Centre to operate its Information Center. This lease expired April 30, 2013.

In February 2013 the City of Utica, New York completed the Utica Transit Hub. Centro of Oneida, Inc. has a lease agreement with the City of Utica, New York to lease the Hub from the City for twenty-five years for \$1 per year.

Rent expense on these leases was approximately \$24,000 and \$23,000 for the years ended March 31, 2013 and 2012, respectively. Future minimum lease payments for the non-cancelable operating lease (Radisson Hotel – Utica Centre) are \$1,213 for the year ending March 31, 2014.

12. NEW AND UPCOMING PRONOUENMENTS

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. In addition, GASB Statement No. 62 eliminated the election to apply post-November 30, 1989 FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. The implementation of this guidance did not have a significant effect on the Authority's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The implementation of this guidance affected the reporting format of the financial statements.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2013 AND 2012**

13. RECLASSIFICATION

Certain amounts reported at March 31, 2012 have been reclassified to reflect information and assumptions existing at March 31, 2013. These reclassifications had no effect on net position or the change in net position as previously reported.

14. OTHER BUSINESS MATTERS

As of March 31, 2013, the Authority had a negative unrestricted net position of \$67,011,157 resulting from six years of recording expense entries for other postemployment benefits. The Authority is dependent upon New York State and Federal capital, operating and other assistance; loss of this assistance would be extremely detrimental to the Authority's public transit operations.

Management is highly confident that both New York State and the Federal government will continue to fund a significant portion the Authority's operating and capital costs, as they have traditionally done so for decades. Public transportation would not exist, and does not exist, in either the United States or the rest of the world without significant operating and capital subsidies.

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF OTHER POSTEMPLOYMENT
BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED MARCH 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry AGE	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4/1/12	\$ -	\$ 210,198,822	\$ 210,198,822	0%	\$ 27,460,564	765 %
4/1/11	\$ -	\$ 199,364,923	\$ 199,364,923	0%	\$ 27,469,200	726 %
4/1/10	\$ -	\$ 171,656,363	\$ 171,656,363	0%	\$ 28,074,569	611 %

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED MARCH 31, 2013**

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
SALARIED PLAN:							
	4/1/12	\$ 17,758,186	\$ 22,080,499	\$ 4,322,313	80%	\$ 5,971,661	72%
	4/1/11	\$ 17,188,582	\$ 20,351,920	\$ 3,163,338	84%	\$ 5,331,004	59%
	4/1/10	\$ 14,584,927	\$ 18,637,922	\$ 4,052,995	78%	\$ 5,442,255	74%
NON-SALARIED PLAN:							
	4/1/12	\$ 23,452,790	\$ 29,655,984	\$ 6,203,194	79%	\$ 15,814,528	39%
	4/1/11	\$ 23,958,271	\$ 28,878,590	\$ 4,920,319	83%	\$ 16,260,922	30%
	4/1/10	\$ 21,446,675	\$ 26,905,134	\$ 5,458,459	80%	\$ 16,122,164	34%