

FINANCIAL STATEMENTS

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

MARCH 31, 2014 AND 2013

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

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INDEPENDENT AUDITOR'S REPORT

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, 2014 and 2013, 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, 2014 and 2013, 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 10 and Supplemental Schedule of Other Postemployment Benefits Plan Schedule of Funding Progress and Supplemental Schedule of Pension Plans Schedule of Funding Progress on pages 32 and 33 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 20, 2014, 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 20, 2014
Syracuse, New York

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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, 2014 and 2013. 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) present 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 (UNAUDITED)**

Financial Analysis

Summary of Net Position (Deficit)

	March 31	
	2014	2013
Assets:		
Current assets	\$ 19,274,423	\$ 20,102,153
Designated assets	99,156	77,106
Capital Assets – Net of Accumulated Depreciation	<u>101,251,354</u>	<u>106,146,114</u>
Total assets	<u>\$120,624,933</u>	<u>\$126,325,373</u>
Liabilities:		
Current liabilities	\$ 8,296,724	\$ 8,714,191
Long-term liabilities	<u>91,370,547</u>	<u>78,561,554</u>
Total liabilities	<u>99,667,271</u>	<u>87,275,745</u>
Net Position (Deficit):		
Unrestricted	(80,293,692)	(67,011,157)
Net investment in capital assets	<u>101,251,354</u>	<u>106,060,785</u>
Total net position (deficit)	<u>20,957,662</u>	<u>39,049,628</u>
 Total liabilities and Net Position (Deficit)	 <u>\$120,624,933</u>	 <u>\$126,325,373</u>

March 31, 2014 vs. March 31, 2013

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 \$21.0 million at March 31, 2014, an \$18.1 million decrease from March 31, 2013 due primarily to a net effect of \$4.9 million decrease in net capital assets and a \$12.8 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 \$828,000, or 4% due to the net effect of a decrease in cash as a result of two (2) over 90 day accounts receivable (which was received within two months of March 31, 2014) and a reduction in passenger receipts, an increase in materials and supplies due to the purchase of inventoried bus parts for an aging fleet, an increase in prepaid expenses due to an increased cost associated with Worker Compensation and additional prepaid expenses for new CAD/AVL and accounting software agreements.

Net capital assets decreased \$4.9 million due to additions offset by disposals and related accumulated depreciation.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Current liabilities decreased \$417,467 or 5% due to the decrease of onetime accruals associated with various grant funded projects at the ITC, Call-A-Bus and Cayuga at March 31, 2013. The FY 2014 accounts payable accrued expenses is more in line with FY 2012 levels. The increase in accrued salaries, due to the timing of the last payroll, was offset by the decrease in the current portion of other postemployment benefits.

Long term liabilities increased \$12.8 million or 16% from 2013, 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. Although this is a significant increase in this expense, the rate of increase has slowed down over prior year when it increased by 24%. A change in benefits practice was implemented during fiscal year ended March 31, 2012 whereby newly hired employees would no longer be entitled to post-retirement health care, therefore it is anticipated that the OPEB accrual entry will begin to decline.

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

	March 31	
	2014	2013
Operating Revenues:		
Passenger	\$ 15,423,942	\$ 15,552,021
Advertising, parking and other	1,565,217	1,170,046
Mortgage taxes	5,627,593	5,945,906
Operating and other assistance	<u>38,920,042</u>	<u>39,063,360</u>
Total operating revenues	<u>61,536,794</u>	<u>61,731,333</u>
Operating Expenses:		
Maintenance of equipment and facilities	12,406,033	11,824,271
Downtown transfer hubs	718,175	669,144
Fuel	3,223,765	3,721,237
Transportation	19,076,696	18,405,650
Purchased Transportation	2,537,847	2,544,028
Marketing and public information	633,350	695,129
Human resources	456,465	435,648
Insurance and risk management	2,167,450	1,363,083
General administration	3,928,288	3,863,653
Employee benefits and payroll taxes	29,144,420	31,085,662
Depreciation expense	<u>10,513,494</u>	<u>11,223,111</u>
Total operating expenses	<u>84,805,983</u>	<u>85,830,616</u>
Operating loss	(23,269,189)	(24,099,283)
Non – Operating Revenues	<u>5,177,223</u>	<u>30,469,833</u>
Change in Net Position	(18,091,966)	6,370,550
Net Position – Beginning of Year	<u>39,049,628</u>	<u>32,679,078</u>
Net Position – End of Year	<u>\$ 20,957,662</u>	<u>\$ 39,049,628</u>

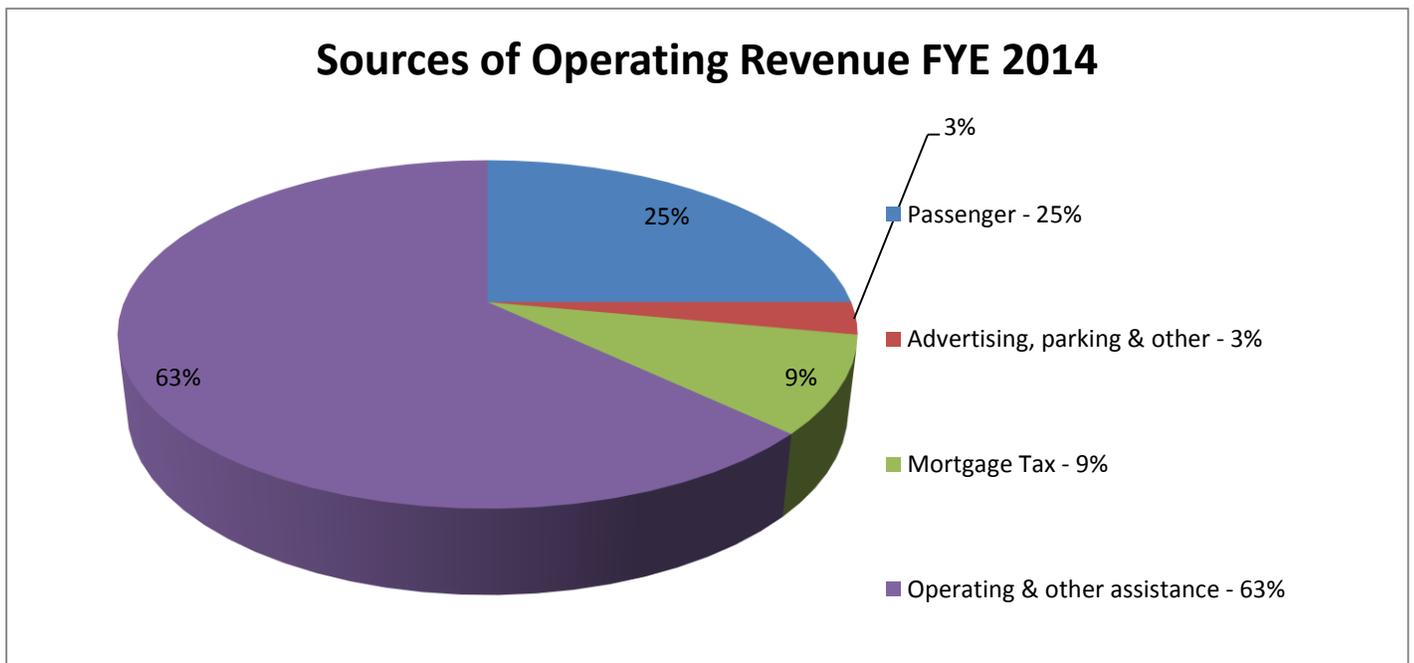
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**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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

The Authority ended 2014 in a total net position of \$20.9 million; an \$18.1 million or 46% decrease over 2013.

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

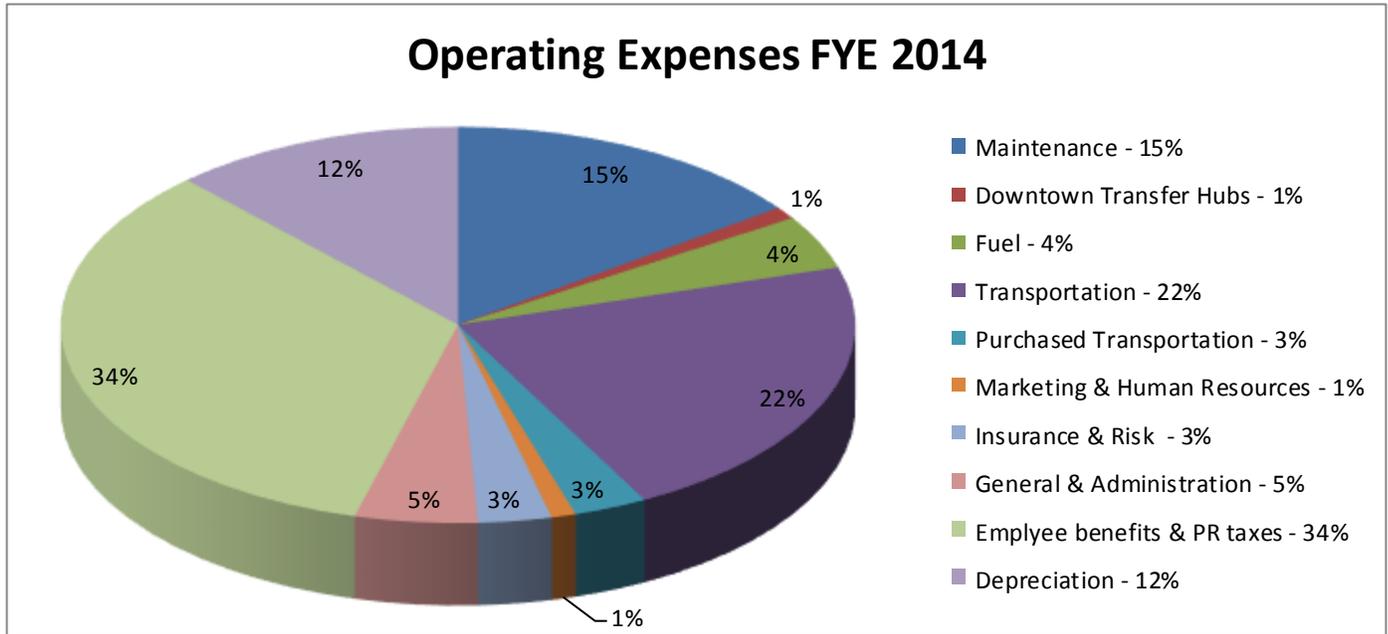


Operating revenues decreased approximately \$195,000 or less than 1% from \$61.7 million in FYE 2013 to \$61.5 million in FYE 2014. This is primarily attributable to a \$115,500 reduction in passenger revenue and a decline in the purchase of fare media by the Onondaga County Department of Social Services Jobs Plus program by \$334,500 offset by an \$340,600 increase in institutional transportation service agreements, an increase in revenues of \$186,000 from the Intermodal Transportation Center as a result of expanding the paved parking area which allowed the opportunity for significantly increased parking revenues, an increase in a transit advertising contract of \$241,000, a decrease of \$318,000 in mortgage recording tax and a \$216,900 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 (UNAUDITED)**

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



Operating expenses decreased by \$1 million from \$85.8 million in FY 2013 to \$84.8 million in FY 2014 due to the net effect of the following:

- Maintenance expense increased by approximately \$581,700 primarily due to repairs on buses no longer covered under warranty.
- Fuel expense decreased approximately \$497,500 as a result of ten (10) fewer diesel fuel deliveries in FY 2014 since the new natural gas buses (for which the fuel cost is less than diesel) were used in more frequency than the older diesel fueled buses, average cost per gallon of diesel fuel dropped by \$.27 and average cost per unit of natural gas dropped \$.81.
- Transportation increased by approximately \$671,000 due to the loss of the Federal Job Access Reverse Commute funds which offset cost and an increase in driver’s wages.
- Risk Management increased by approximately \$804,000 due to a large adjustment in self-insured claims and legal fees as certain cases develop.
- Other postemployment benefits (OPEB) decreased by \$2.8 million in FY 2014. As previously mentioned, the postemployment benefits were changed in FY 2012 for newly hired employees thereby reducing post-retirement health care expense.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Capital Assets and Debt Administration

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

	March 31	
	2014	2013
Not being depreciated:		
Land	\$ 5,002,337	\$ 5,049,119
Construction in progress	<u>2,961,669</u>	<u>842,244</u>
Subtotal	<u>7,964,006</u>	<u>5,891,363</u>
Other capital assets:		
Improvements	2,986,821	3,268,326
Buildings	68,428,996	67,470,878
Revenue vehicles	86,528,371	90,692,598
Other equipment	19,200,968	17,675,557
Furniture and office equipment	<u>5,980,003</u>	<u>5,859,201</u>
Subtotal	<u>183,125,159</u>	<u>184,966,560</u>
Total capital assets	191,089,165	190,857,923
Less accumulated depreciation	<u>(89,837,811)</u>	<u>(84,711,809)</u>
Net capital assets	<u>\$101,251,354</u>	<u>\$106,146,114</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 2014

The majority of the Authority's signature projects were completed in the prior year with the a \$26.6 million purchase of 68 Orion VII Buses, a \$19 million Syracuse Passenger Transfer Hub and a \$2 million parking lot reconfiguration at our Intermodal Center.

The hardware install for the CAD/AVL (Computer Aided Dispatch/Automated Vehicle Locator) project for the entire Fixed Route Fleet was completed in FY 2014. Voice communication is fully operational for all counties. Centro of Oneida has a fully implemented CAD/AVL system that went live in the city of Utica in September of 2013. Work continues into FY 2015 with a projected go live date of late FY 2015 early FY 2016.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Debt Administration

The Authority previously accepted legal responsibility for \$85,329 of the former Utica Transit Authority (UTA) 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. This balance was paid in full in advance in FY 2014. The Authority does not carry any debt as of March 31, 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 46% of operating revenues. The FY 2015 enacted budget reflects a change in the NYS Finance Law to add another component named – Upstate Additional Mass Transit Operating Assistance (MTOA) Aid. Since this is a change in NYS Finance Law it is considered a “permanent” change in the law. The law specifically established that an additional \$2,809,000 will be allocated to non-Mass Transit Authority (MTA) transit properties in FY 2015. The amounts of the specific allocations (for this added amount) to the upstate transit authorities are almost exactly in the same proportion as overall upstate STOA allocations. The Authority's allocation of this amount is 16.41% totaling \$461,000. The significant difference with the Upstate Additional Aid is the law further mandates that this portion of aid will increase by the NYS sales tax growth factor. The sales tax growth factor is the aggregate increase in sales tax collected in non-MTA counties measured as of December 31st of each year compared to the prior year. In no year will the amount of the Upstate Additional Aid authorized under the law be less than the amount made in the prior year.

This change in legislation is a good first step toward addressing a larger problem and we appreciate the actions of State legislative leaders. With this in mind, upstate transit systems continue to be burdened with largely unpredictable funding which impedes their ability to properly manage the systems and steward public funds properly beyond the next 12 month fiscal year window. Further, the lack of predictable growth in state dedicated funding does not allow Upstate transit systems to provide consistent transit service or plan for routine capital replacement. We believe it is critical for New York State to consider changing the way in which Upstate transit systems are funded to ensure that our communities continue to grow and prosper. Advocacy efforts will continue in conjunction with our state transit association to replace a larger portion of our operating assistance revenue streams which are stagnate or decreasing with inflation sensitive 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 and rebounded in FY 2013, underperformed again in FY 2014. This variable makes budget planning difficult. Fare box revenue, which was down (due primarily to the reduction of passes purchased under the Jobs Plus program) 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.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Following are allotment of funds included in the NYS FY 2015 budget:

Bond Act Funds (Authorized in 2005 to 2009 (five years))

In 2005 NYS enacted the Transportation Bond Act which included \$50 million for non MTA transit systems to enhance public transportation services in communities outside the New York metropolitan area. Funding was restricted to cover the incremental cost of purchasing hybrid-electric, compressed natural gas, or other alternate fuel buses instead of traditional diesel technology, helping to expand the State's efforts to improve air quality.

In the FY 2015 budget there were two separate allotments of funds. One allotment is for \$10 million and one for \$16.4 million.

The first allotment is a \$10 million allocation for the fifth year of the Bond Act. This \$10 million was never made available for distribution. These funds are now unrestricted and will be available for distribution for capital projects through a competitive process administered by the Assembly and Senate after a memorandum of understanding (MOU) is signed by the leadership of the Assembly and Senate and then by the Governor. Although there is little doubt the MOU will be signed the time table for signing it is not certain. The Authority will work with our respective Assembly and Senate members to secure funding for projects submitted.

The second allotment is \$16.4 million for year 1 through 4 of the Bond Act which represents the collective unused portion of the Bond Act Funds over the first four years of the authorized period. Each upstate property has a set amount of funds available to them. The Authority amount of unused funds is \$1.58 million. This item is in the enacted budget and will be available for distribution for capital projects. The Department of Transportation (DOT) and Department of Budget (DOB) will control the process and timetable for distribution of these funds consequently the timetable for release of these funds is uncertain.

\$5 Million New York Works Funding

This allotment is included in the MOU described above. Allocation and award of the funds will be available for distribution for capital projects and is a discretionary process managed through the New York State Department of Transportation (NYSDOT) with representatives from the Governor's office participating in the process to select the recipients.

The GASB 45 OPEB liability does not require funding, and the Authority did not set aside such funding during the year. As anticipated the OPEB accrual entry has begun to decline as newly hired employees, both salaried and non-salaried, will no longer be entitled to participate with 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, 2014 AND 2013**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2014	2013	2014	2013	2014	2013	2014	2013
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 5,264,484	\$ 6,833,627	\$ 77,981	\$ 544,219	\$ 325	\$ 325	\$ 350	\$ 350
Cash and cash equivalents - designated	3,625,000	3,625,000	-	-	-	-	-	-
Accounts receivable:								
Trade and other (net of allowance of \$370,000 and \$120,000 for 2014 and 2013, respectively)	825,191	783,473	1,280,308	763,326	20,216	8,737	17,856	6,604
Operating assistance	-	-	570,467	51,700	26,320	187,650	40,603	158,800
Grants	54,231	62,213	1,475,532	1,228,629	103,067	293,960	34,414	341,641
Materials and supplies	-	-	3,238,553	2,941,916	-	-	-	-
Prepaid expenses and other current assets	54,409	17,731	666,574	598,125	28,349	28,331	24,078	24,675
Total current assets	9,823,315	11,322,044	7,309,415	6,127,915	178,277	519,003	117,301	532,070
CASH AND CASH EQUIVALENTS - DESIGNATED	99,156	77,106	-	-	-	-	-	-
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION	-	-	72,319,898	75,674,215	1,885,277	2,178,670	1,236,943	1,392,583
DUE FROM (TO) AFFILIATES - NET	1,090,805	(129,367)	638,487	1,307,629	33,764	(306,436)	138,465	(236,462)
TOTAL ASSETS	\$ 11,013,276	\$ 11,269,783	\$ 80,267,800	\$ 83,109,759	\$ 2,097,318	\$ 2,391,237	\$ 1,492,709	\$ 1,688,191
LIABILITIES AND NET POSITION (DEFICIT)								
CURRENT LIABILITIES:								
Accounts payable and accrued expenses	\$ 72,768	\$ 70,274	\$ 1,847,529	\$ 1,779,032	\$ 22,638	\$ 39,000	\$ 52,874	\$ 109,747
Accrued salaries	20,860	18,095	504,419	352,201	35,566	22,500	29,362	18,695
Accrued liabilities and benefits	33,065	39,223	1,556,883	1,519,162	81,005	75,857	105,103	98,738
Current portion of other postemployment benefits	28,249	33,615	1,553,680	1,824,366	101,695	125,291	96,046	113,068
Current portion of long-term debt	-	-	-	-	-	-	-	-
Total current liabilities	154,942	161,207	5,462,511	5,474,761	240,904	262,648	283,385	340,248
OTHER POSTEMPLOYMENT BENEFITS	1,131,752	1,003,048	54,070,582	47,016,310	3,521,153	3,053,541	3,037,713	2,601,342
ESTIMATED CLAIMS PAYABLE	-	-	2,674,755	2,436,924	30,336	32,936	92,729	92,729
LONG-TERM DEBT	-	-	-	-	-	-	-	-
DEFERRED COMPENSATION	99,156	77,106	-	-	-	-	-	-
Total liabilities	1,385,850	1,241,361	62,207,848	54,927,995	3,792,393	3,349,125	3,413,827	3,034,319
NET POSITION (DEFICIT):								
Unrestricted	9,627,426	10,028,422	(54,259,946)	(47,492,451)	(3,580,352)	(3,136,558)	(3,158,061)	(2,738,711)
Net investment in capital assets	-	-	72,319,898	75,674,215	1,885,277	2,178,670	1,236,943	1,392,583
Total net position (deficit)	9,627,426	10,028,422	18,059,952	28,181,764	(1,695,075)	(957,888)	(1,921,118)	(1,346,128)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	\$ 11,013,276	\$ 11,269,783	\$ 80,267,800	\$ 83,109,759	\$ 2,097,318	\$ 2,391,237	\$ 1,492,709	\$ 1,688,191

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF NET POSITION (DEFICIT)
MARCH 31, 2014 AND 2013**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
CURRENT ASSETS:								
Cash and cash equivalents	\$ -	\$ -	\$ 3,262	\$ 2,712	\$ 2,438	\$ 5,223	\$ 5,348,840	\$ 7,386,456
Cash and cash equivalents - designated	-	-	-	-	-	-	3,625,000	3,625,000
Accounts receivable:								
Trade and other (net of allowance of \$370,000 and \$120,000 for 2014 and 2013, respectively)	13,067	12,092	84,894	42,335	2,071	1,441	2,243,603	1,618,008
Operating assistance	32,225	-	128,788	-	-	-	798,403	398,150
Grants	15,158	324,896	848,915	449,105	36,091	179,313	2,567,408	2,879,757
Materials and supplies	-	-	559,039	466,433	-	-	3,797,592	3,408,349
Prepaid expenses and other current assets	3,229	6,169	99,695	97,553	17,243	13,849	893,577	786,433
Total current assets	63,679	343,157	1,724,593	1,058,138	57,843	199,826	19,274,423	20,102,153
CASH AND CASH EQUIVALENTS - DESIGNATED	-	-	-	-	-	-	99,156	77,106
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION								
	578,499	868,861	10,461,758	10,618,227	14,768,979	15,413,558	101,251,354	106,146,114
DUE FROM (TO) AFFILIATES - NET								
	390,845	57,191	(832,589)	688,776	(1,459,777)	(1,381,331)	-	-
TOTAL ASSETS	\$ 1,033,023	\$ 1,269,209	\$ 11,353,762	\$ 12,365,141	\$ 13,367,045	\$ 14,232,053	\$ 120,624,933	\$ 126,325,373
CURRENT LIABILITIES:								
Accounts payable and accrued expenses	\$ 306,096	\$ 265,329	\$ 203,001	\$ 455,662	\$ 60,437	\$ 270,524	\$ 2,565,343	\$ 2,989,568
Accrued salaries	9,372	-	130,168	89,291	-	-	729,747	500,782
Accrued liabilities and benefits	48,305	44,268	341,077	334,545	11,323	7,784	2,176,761	2,119,577
Current portion of other postemployment benefits	525,426	406,433	514,127	547,004	5,650	6,112	2,824,873	3,055,889
Current portion of long-term debt	-	-	-	48,375	-	-	-	48,375
Total current liabilities	889,199	716,030	1,188,373	1,474,877	77,410	284,420	8,296,724	8,714,191
OTHER POSTEMPLOYMENT BENEFITS	10,251,971	8,076,879	15,465,039	13,187,412	175,231	150,101	87,653,441	75,088,633
ESTIMATED CLAIMS PAYABLE	34,832	34,832	785,298	761,440	-	-	3,617,950	3,358,861
LONG-TERM DEBT	-	-	-	36,954	-	-	-	36,954
DEFERRED COMPENSATION	-	-	-	-	-	-	99,156	77,106
Total liabilities	11,176,002	8,827,741	17,438,710	15,460,683	252,641	434,521	99,667,271	87,275,745
NET POSITION (DEFICIT):								
Unrestricted	(10,721,478)	(8,427,393)	(16,546,706)	(13,628,440)	(1,654,575)	(1,616,026)	(80,293,692)	(67,011,157)
Net investment in capital assets	578,499	868,861	10,461,758	10,532,898	14,768,979	15,413,558	101,251,354	106,060,785
Total net position (deficit)	(10,142,979)	(7,558,532)	(6,084,948)	(3,095,542)	13,114,404	13,797,532	20,957,662	39,049,628
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	\$ 1,033,023	\$ 1,269,209	\$ 11,353,762	\$ 12,365,141	\$ 13,367,045	\$ 14,232,053	\$ 120,624,933	\$ 126,325,373

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2014	2013	2014	2013	2014	2013	2014	2013
OPERATING REVENUES:								
Passenger	\$ -	\$ -	\$ 12,620,462	\$ 12,836,754	\$ 568,636	\$ 526,814	\$ 414,432	\$ 434,916
Advertising, parking and other	316,140	318,149	412,916	240,690	189	316	216	104
Mortgage taxes	5,627,593	5,945,906	-	-	-	-	-	-
Operating and other assistance	-	-	22,717,755	23,013,104	1,812,396	2,202,850	1,981,496	2,158,743
Total operating revenues	<u>5,943,733</u>	<u>6,264,055</u>	<u>35,751,133</u>	<u>36,090,548</u>	<u>2,381,221</u>	<u>2,729,980</u>	<u>2,396,144</u>	<u>2,593,763</u>
OPERATING EXPENSES:								
Maintenance of equipment and facilities	-	-	7,993,890	8,068,347	654,830	626,730	777,330	538,504
Downtown transfer hubs	-	-	588,821	397,610	-	-	-	-
Fuel	-	-	1,153,534	1,558,445	409,059	396,448	418,437	453,072
Transportation	-	-	11,201,392	10,998,769	1,280,687	1,219,382	1,157,462	1,127,371
Purchased transportation	-	-	-	-	-	-	5,000	-
Marketing and public information	-	-	346,421	411,463	39,323	52,042	44,806	52,816
Human resources	-	-	258,216	264,963	21,737	26,408	22,765	25,482
Insurance and risk management	27,621	32,334	1,840,710	1,030,478	36,857	40,442	27,051	33,169
General and administrative	584,416	682,212	1,322,818	1,483,071	245,168	272,481	246,608	245,808
Employee benefits and payroll taxes	320,820	431,509	19,101,088	20,937,159	1,153,236	1,214,891	1,003,770	1,093,834
Depreciation expense	-	-	7,411,570	8,165,789	319,747	366,092	192,414	301,847
Total operating expenses	<u>932,857</u>	<u>1,146,055</u>	<u>51,218,460</u>	<u>53,316,094</u>	<u>4,160,644</u>	<u>4,214,916</u>	<u>3,895,643</u>	<u>3,871,903</u>
OPERATING INCOME (LOSS)	<u>5,010,876</u>	<u>5,118,000</u>	<u>(15,467,327)</u>	<u>(17,225,546)</u>	<u>(1,779,423)</u>	<u>(1,484,936)</u>	<u>(1,499,499)</u>	<u>(1,278,140)</u>
NON-OPERATING REVENUES:								
Grants received for capital additions	-	-	3,667,427	24,488,574	24,654	320,431	36,043	341,641
Gain on disposal of capital assets	-	-	17,201	195,314	-	-	-	-
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>3,684,628</u>	<u>24,683,888</u>	<u>24,654</u>	<u>320,431</u>	<u>36,043</u>	<u>341,641</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>5,010,876</u>	<u>5,118,000</u>	<u>(11,782,699)</u>	<u>7,458,342</u>	<u>(1,754,769)</u>	<u>(1,164,505)</u>	<u>(1,463,456)</u>	<u>(936,499)</u>
TRANSFER OF FUNDS:								
Transfer of funds - operating	(4,952,773)	(2,840,498)	1,271,062	-	1,015,882	496,650	887,735	414,801
Transfer of funds - capital	(459,099)	(3,911,753)	389,825	3,358,474	1,700	-	731	-
Total transfers	<u>(5,411,872)</u>	<u>(6,752,251)</u>	<u>1,660,887</u>	<u>3,358,474</u>	<u>1,017,582</u>	<u>496,650</u>	<u>888,466</u>	<u>414,801</u>
CHANGES IN NET POSITION	(400,996)	(1,634,251)	(10,121,812)	10,816,816	(737,187)	(667,855)	(574,990)	(521,698)
NET POSITION (DEFICIT) - BEGINNING 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>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 9,627,426</u>	<u>\$ 10,028,422</u>	<u>\$ 18,059,952</u>	<u>\$ 28,181,764</u>	<u>\$ (1,695,075)</u>	<u>\$ (957,888)</u>	<u>\$ (1,921,118)</u>	<u>\$ (1,346,128)</u>

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
OPERATING REVENUES:								
Passenger	\$ 607,327	\$ 583,156	\$ 1,213,085	\$ 1,170,381	\$ -	\$ -	\$ 15,423,942	\$ 15,552,021
Advertising, parking and other	-	-	44,104	39,609	791,652	571,178	1,565,217	1,170,046
Mortgage taxes	-	-	-	-	-	-	5,627,593	5,945,906
Operating and other assistance	4,718,368	4,363,341	7,690,027	7,325,322	-	-	38,920,042	39,063,360
Total operating revenues	5,325,695	4,946,497	8,947,216	8,535,312	791,652	571,178	61,536,794	61,731,333
OPERATING EXPENSES:								
Maintenance of equipment and facilities	632,130	490,188	1,843,417	1,631,750	504,436	468,752	12,406,033	11,824,271
Downtown transfer hubs	-	-	129,354	271,534	-	-	718,175	669,144
Fuel	288,740	301,900	953,545	1,010,806	450	566	3,223,765	3,721,237
Transportation	2,014,889	1,811,947	3,417,987	3,212,660	4,279	35,521	19,076,696	18,405,650
Purchased transportation	2,532,847	2,544,028	-	-	-	-	2,537,847	2,544,028
Marketing and public information	121,300	86,918	31,000	35,929	50,500	55,961	633,350	695,129
Human resources	66,700	47,097	87,047	71,698	-	-	456,465	435,648
Insurance and risk management	24,382	40,442	140,392	130,567	70,437	55,651	2,167,450	1,363,083
General and administrative	856,917	644,130	503,272	435,468	169,089	100,483	3,928,288	3,863,653
Employee benefits and payroll taxes	2,859,969	2,532,985	4,674,527	4,845,556	31,010	29,728	29,144,420	31,085,662
Depreciation expense	547,324	844,953	1,334,590	958,915	707,849	585,515	10,513,494	11,223,111
Total operating expenses	9,945,198	9,344,588	13,115,131	12,604,883	1,538,050	1,332,177	84,805,983	85,830,616
OPERATING INCOME (LOSS)	(4,619,503)	(4,398,091)	(4,167,915)	(4,069,571)	(746,398)	(760,999)	(23,269,189)	(24,099,283)
NON-OPERATING REVENUES:								
Grants received for capital additions	256,962	125,792	1,117,605	3,244,492	56,943	1,701,452	5,159,634	30,222,382
Gain on disposal of capital assets	-	2,232	388	49,905	-	-	17,589	247,451
Total non-operating revenues	256,962	128,024	1,117,993	3,294,397	56,943	1,701,452	5,177,223	30,469,833
NET INCOME (LOSS) BEFORE TRANSFERS	(4,362,541)	(4,270,067)	(3,049,922)	(775,174)	(689,455)	940,453	(18,091,966)	6,370,550
TRANSFER OF FUNDS:								
Transfer of funds - operating	1,778,094	1,534,800	-	394,247	-	-	-	-
Transfer of funds - capital	-	13,977	60,516	350,252	6,327	189,050	-	-
Total transfers	1,778,094	1,548,777	60,516	744,499	6,327	189,050	-	-
CHANGES IN NET POSITION	(2,584,447)	(2,721,290)	(2,989,406)	(30,675)	(683,128)	1,129,503	(18,091,966)	6,370,550
NET POSITION (DEFICIT) - BEGINNING 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
NET POSITION (DEFICIT) - END OF YEAR	\$ (10,142,979)	\$ (7,558,532)	\$ (6,084,948)	\$ (3,095,542)	\$ 13,114,404	\$ 13,797,532	\$ 20,957,662	\$ 39,049,628

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2014	2013	2014	2013	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:								
Passenger receipts	\$ -	\$ -	\$ 12,620,462	\$ 12,836,754	\$ 557,157	\$ 528,332	\$ 403,180	\$ 437,085
Mortgage tax receipts	5,556,961	5,875,274	-	-	-	-	-	-
Operating assistance	-	526,938	22,198,988	22,961,404	1,973,726	2,015,200	2,099,693	1,999,943
Receipts from grants	7,982	2,415,729	-	-	190,893	-	307,227	-
Other operating receipts	345,054	454,358	-	116,725	189	316	216	104
Payments to vendors and suppliers	(232,211)	(229,473)	(4,584,971)	(5,809,270)	(1,410,965)	(1,696,393)	(1,383,961)	(1,527,699)
Payments and benefits to employees	(520,349)	(693,287)	(26,760,217)	(26,325,300)	(1,695,250)	(1,576,559)	(1,723,138)	(1,501,064)
Payments for insurance and risk management	(72,486)	(23,645)	(5,897,904)	(5,182,837)	(291,432)	(253,576)	(216,025)	(256,131)
Net cash provided by (utilized in) operating activities	<u>5,084,951</u>	<u>8,325,894</u>	<u>(2,423,642)</u>	<u>(1,402,524)</u>	<u>(675,682)</u>	<u>(982,680)</u>	<u>(512,808)</u>	<u>(847,762)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating transfers	(6,172,945)	(4,988,327)	1,940,204	1,641,135	675,682	982,680	512,808	847,762
Net cash provided by (utilized in) noncapital financing activities	<u>(6,172,945)</u>	<u>(4,988,327)</u>	<u>1,940,204</u>	<u>1,641,135</u>	<u>675,682</u>	<u>982,680</u>	<u>512,808</u>	<u>847,762</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from grants received for capital additions	-	-	3,667,427	24,488,574	24,654	320,431	36,043	341,641
Transfers in (out) - capital	(459,099)	(3,911,753)	389,825	3,358,474	1,700	-	731	-
Purchase of capital assets	-	-	(4,057,253)	(27,847,101)	(26,354)	(320,431)	(36,774)	(341,641)
Payments on long-term debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	17,201	195,314	-	-	-	-
Net cash provided by (utilized in) capital and related financing activities	<u>(459,099)</u>	<u>(3,911,753)</u>	<u>17,200</u>	<u>195,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
	(1,547,093)	(574,186)	(466,238)	433,872	-	-	-	-
BALANCES - BEGINNING OF YEAR	<u>10,535,733</u>	<u>11,109,919</u>	<u>544,219</u>	<u>110,347</u>	<u>325</u>	<u>325</u>	<u>350</u>	<u>350</u>
BALANCES - END OF YEAR	<u>\$ 8,988,640</u>	<u>\$ 10,535,733</u>	<u>\$ 77,981</u>	<u>\$ 544,219</u>	<u>\$ 325</u>	<u>\$ 325</u>	<u>\$ 350</u>	<u>\$ 350</u>
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:								
Operating income (loss)	\$ 5,010,876	\$ 5,118,000	\$ (15,467,327)	\$ (17,225,546)	\$ (1,779,423)	\$ (1,484,936)	\$ (1,499,499)	\$ (1,278,140)
Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:								
Depreciation	-	-	7,411,570	8,165,789	319,747	366,092	192,414	301,847
Changes in operating assets and liabilities:								
Accounts receivable:								
Trade and other	(41,718)	65,577	(516,982)	(123,965)	(11,479)	1,518	(11,252)	2,169
Operating assistance	-	526,938	(518,767)	(51,700)	161,330	(187,650)	118,197	(158,800)
Grants	7,982	2,415,729	(246,903)	(622,971)	190,893	(293,960)	307,227	(341,641)
Materials and supplies	-	-	(296,637)	(264,181)	-	-	-	-
Prepaid expenses and other current assets	(36,678)	17,055	(68,449)	(95,652)	(18)	(4,051)	597	(3,211)
Accounts payable and accrued expenses	2,494	16,589	68,497	(307,673)	(16,362)	(7,929)	(56,873)	60,861
Other accrued expenses	(3,393)	(22,106)	189,939	59,290	18,214	1,543	17,032	7,660
Other postemployment benefits	123,338	166,931	6,783,586	9,059,756	444,016	622,193	419,349	561,493
Estimated claims payable	-	-	237,831	4,329	(2,600)	4,500	-	-
Deferred compensation	22,050	21,181	-	-	-	-	-	-
Total adjustments	<u>74,075</u>	<u>3,207,894</u>	<u>13,043,685</u>	<u>15,823,022</u>	<u>1,103,741</u>	<u>502,256</u>	<u>986,691</u>	<u>430,378</u>
Net cash provided by (utilized in) operating activities	<u>\$ 5,084,951</u>	<u>\$ 8,325,894</u>	<u>\$ (2,423,642)</u>	<u>\$ (1,402,524)</u>	<u>\$ (675,682)</u>	<u>\$ (982,680)</u>	<u>\$ (512,808)</u>	<u>\$ (847,762)</u>

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:								
Passenger receipts	\$ 607,327	\$ 583,156	\$ 1,213,085	\$ 1,170,381	\$ -	\$ -	\$ 15,401,211	\$ 15,555,708
Mortgage tax receipts	-	-	-	-	-	-	5,556,961	5,875,274
Operating assistance	4,686,143	4,363,341	7,561,239	7,325,322	-	-	38,519,789	39,192,148
Receipts from grants	309,738	76,036	-	48,160	143,222	-	959,062	2,539,925
Other operating receipts	-	-	1,545	6,829	791,022	572,042	1,138,026	1,150,374
Payments to vendors and suppliers	(4,998,535)	(4,472,607)	(3,374,250)	(2,234,344)	(847,258)	(534,196)	(16,832,151)	(16,503,982)
Payments and benefits to employees	(1,989,243)	(1,823,389)	(6,310,128)	(5,810,059)	(94,386)	(61,934)	(39,092,711)	(37,791,592)
Payments for insurance and risk management	(59,870)	(78,798)	(527,365)	(586,344)	(73,831)	(57,027)	(7,138,913)	(6,438,358)
Net cash provided by (utilized in) operating activities	(1,444,440)	(1,352,261)	(1,435,874)	(80,055)	(81,231)	(81,115)	(1,488,726)	3,579,497
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating transfers	1,444,440	1,350,029	1,521,365	80,383	78,446	86,338	-	-
Net cash provided by (utilized in) noncapital financing activities	1,444,440	1,350,029	1,521,365	80,383	78,446	86,338	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds from grants received for capital additions	256,962	125,792	1,117,605	3,244,492	56,943	1,701,452	5,159,634	30,222,382
Transfers in (out) - capital	-	13,977	60,516	350,252	6,327	189,050	-	-
Purchase of capital assets	(256,962)	(139,769)	(1,178,121)	(3,594,744)	(63,270)	(1,890,502)	(5,618,734)	(34,134,188)
Payments on long-term debt	-	-	(85,329)	(47,821)	-	-	(85,329)	(47,821)
Proceeds from sale of capital assets	-	2,232	388	49,905	-	-	17,589	247,451
Net cash provided by (utilized in) capital and related financing activities	-	2,232	(84,941)	2,084	-	-	(526,840)	(3,712,176)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
BALANCES - BEGINNING OF YEAR	-	-	2,712	300	5,223	-	11,088,562	11,221,241
BALANCES - END OF YEAR	\$ -	\$ -	\$ 3,262	\$ 2,712	\$ 2,438	\$ 5,223	\$ 9,072,996	\$ 11,088,562
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:								
Operating income (loss)	\$ (4,619,503)	\$ (4,398,091)	\$ (4,167,915)	\$ (4,069,571)	\$ (746,398)	\$ (760,999)	\$ (23,269,189)	\$ (24,099,283)
Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:								
Depreciation	547,324	844,953	1,334,590	958,915	707,849	585,515	10,513,494	11,223,111
Changes in operating assets and liabilities:								
Accounts receivable:								
Trade and other	(975)	(7,200)	(42,559)	(32,780)	(630)	864	(625,595)	(93,817)
Operating assistance	(32,225)	-	(128,788)	-	-	-	(400,253)	128,788
Grants	309,738	76,036	(399,810)	48,160	143,222	(179,313)	312,349	1,102,040
Materials and supplies	-	-	(92,606)	(93,425)	-	-	(389,243)	(357,606)
Prepaid expenses and other current assets	2,940	(151)	(2,142)	(41,733)	(3,394)	(1,376)	(107,144)	(129,119)
Accounts payable and accrued expenses	40,767	110,876	(252,661)	380,028	(210,087)	243,748	(424,225)	496,500
Other accrued expenses	13,409	2,979	47,409	34,159	3,539	96	286,149	83,621
Other postemployment benefits	2,294,085	2,018,337	2,244,750	2,716,409	24,668	30,350	12,333,792	15,175,469
Estimated claims payable	-	-	23,858	19,783	-	-	259,089	28,612
Deferred compensation	-	-	-	-	-	-	22,050	21,181
Total adjustments	3,175,063	3,045,830	2,732,041	3,989,516	665,167	679,884	21,780,463	27,678,780
Net cash provided by (utilized in) operating activities	\$ (1,444,440)	\$ (1,352,261)	\$ (1,435,874)	\$ (80,055)	\$ (81,231)	\$ (81,115)	\$ (1,488,726)	\$ 3,579,497

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

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, 2014	\$ 5,348,840	\$ 3,625,000	\$ 99,156	\$ 9,072,996
March 31, 2013	\$ 7,386,456	\$ 3,625,000	\$ 77,106	\$ 11,088,562

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

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. Revenue and expenses for Centro Parking, Inc. are as follows:

	<u>2014</u>	<u>2013</u>
Parking revenues	\$ 305,045	\$ 302,446
Facility maintenance	(81,337)	(72,636)
General and administrative	<u>(34,965)</u>	<u>(35,264)</u>
Net income	<u>\$ 188,743</u>	<u>\$ 194,546</u>
Assets	<u>\$ 2,593,424</u>	<u>\$ 2,377,005</u>
Liabilities	<u>\$ 244,727</u>	<u>\$ 217,052</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, 2014 AND 2013**

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, 2014 and 2013. 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 20, 2014, which is the date the financial statements were available to be issued.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

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:

	2014					
	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	\$ 53,300	\$ 184,300	\$ 163,600	\$ -	\$ 340,000	\$ 741,200
Job Access/Reverse Commute (JARC)	-	-	-	43,504	138,569	182,073
New Freedom	218,315	-	-	13,768	-	232,083
Special Reimbursements – Maintenance and Tire Leasing	4,463,922	-	-	-	900,000	5,363,922
New York State Department of Transportation:						
Regular operating – STOA	15,130,008	1,507,596	1,655,496	4,532,196	5,658,804	28,484,100
Special Reimbursements – Maintenance and Tire Leasing	558,010	-	-	-	112,500	670,510
Other New York State:						
Temporary Assistance for Needy Families (TANF)	-	-	-	-	25,000	25,000
City of Fulton	-	15,000	-	-	-	15,000
City of Oswego	-	15,000	-	-	-	15,000
Onondaga County	2,281,200	-	-	128,900	-	2,410,100
Oneida County	-	-	-	-	515,154	515,154
Oswego County	-	90,500	-	-	-	90,500
Cayuga County	-	-	162,400	-	-	162,400
Other Local	13,000	-	-	-	-	13,000
Subtotal	22,717,755	1,812,396	1,981,496	4,718,368	7,690,027	38,920,042
Authority transfers	1,271,062	1,015,882	887,735	1,778,094	-	4,952,773
TOTAL	<u>\$ 23,988,817</u>	<u>\$ 2,828,278</u>	<u>\$ 2,869,231</u>	<u>\$ 6,496,462</u>	<u>\$ 7,690,027</u>	<u>\$ 43,872,815</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

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

Operating Assistance Funds and Authority Transfers (Cont'd)

	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 Commute (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>

2. CASH AND CASH EQUIVALENTS

New York State governs the Authority and its subsidiaries' investment policies. Permitted investments are subject to various conditions and include bank certificates, certificates of deposit, obligations of the State of New York or the United States government, certain repurchase agreements and permitted bonds and notes.

Designated cash and cash equivalents

Designated cash and cash equivalents is used to fund the self-insurance reserve (see Note 5) and to fund a supplemental deferred compensation plan (see Note 4).

	March 31, 2014	March 31, 2013
Self-insurance reserve - current	\$ 3,625,000	\$ 3,625,000
Deferred compensation plan - non-current	99,156	77,106
Total Designated Cash and Cash Equivalents	<u>\$ 3,724,156</u>	<u>\$ 3,702,106</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

2. CASH AND CASH EQUIVALENTS (CONT'D)

Deposits

At March 31, 2014, the carrying amount of the Authority and its subsidiaries' bank deposits was \$9,072,996 and the bank balance was \$9,828,063. 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.

3. CAPITAL ASSETS AND DEPRECIATION

Capital assets, at cost, consist of:

	March 31, 2014						March 31,	
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Intermodal Transportation Center, Inc.	2014 Total	2013 Total
Land	\$ 4,275,143	\$ 6,400	\$ 8,052	\$ -	\$ -	\$ 712,742	\$ 5,002,337	\$ 5,049,119
Construction in progress	2,961,669	-	-	-	-	-	2,961,669	842,244
Improvements	141,808	53,349	59,295	-	635,371	2,096,998	2,986,821	3,268,326
Buildings	43,980,764	1,961,489	1,573,658	84,075	769,911	20,059,099	68,428,996	67,470,878
Revenue vehicles	63,867,754	3,356,248	3,945,787	4,857,538	10,501,044	-	86,528,371	90,692,598
Other equipment	16,113,759	501,145	283,206	29,016	2,267,927	5,915	19,200,968	17,675,557
Furniture and office equipment	4,863,996	38,749	46,553	47,053	755,607	228,045	5,980,003	5,859,201
Total	136,204,893	5,917,380	5,916,551	5,017,682	14,929,860	23,102,799	191,089,165	190,857,923
Less: accumulated depreciation	63,884,995	4,032,103	4,679,608	4,439,183	4,468,102	8,333,820	89,837,811	84,711,809
TOTAL	\$ 72,319,898	\$ 1,885,277	\$ 1,236,943	\$ 578,499	\$ 10,461,758	\$ 14,768,979	\$ 101,251,354	\$ 106,146,114

Capital asset activity for the year ended March 31, 2014:

	Total Balance at March 31, 2013	Increases	Decreases	Total Balance at March 31, 2014
Not being depreciated:				
Land	\$ 5,049,119	\$ -	\$ (46,782)	\$ 5,002,337
Construction in progress	842,244	3,560,613	(1,441,188)	2,961,669
Subtotal	5,891,363	3,560,613	(1,487,970)	7,964,006
Other capital assets:				
Improvements	3,268,326	46,782	(328,287)	2,986,821
Buildings	67,470,878	1,354,130	(396,012)	68,428,996
Revenue Vehicles	90,692,598	256,962	(4,421,189)	86,528,371
Other Equipment	17,675,557	1,730,511	(205,100)	19,200,968
Furniture and Office Equipment	5,859,201	157,706	(36,904)	5,980,003
Subtotal	184,966,560	3,546,091	(5,387,492)	183,125,159
Total capital assets	190,857,923	7,106,704	(6,875,462)	191,089,165
Accumulated depreciation:				
Improvements	777,519	291,037	(328,287)	740,269
Buildings	27,528,339	2,065,998	(396,012)	29,198,325
Revenue Vehicles	40,525,087	6,519,861	(4,421,189)	42,623,759
Other Equipment	11,214,326	1,251,334	(205,100)	12,260,560
Furniture and Office Equipment	4,666,538	385,264	(36,904)	5,014,898
Total	84,711,809	10,513,494	(5,387,492)	89,837,811
Net capital assets	\$ 106,146,114	\$ (3,406,790)	\$ (1,487,970)	\$ 101,251,354

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

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	<u>15,269,022</u>	<u>842,244</u>	<u>(15,269,022)</u>	<u>842,244</u>
Subtotal	<u>20,158,822</u>	<u>1,001,563</u>	<u>(15,269,022)</u>	<u>5,891,363</u>
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	<u>5,501,413</u>	<u>357,788</u>	<u>-</u>	<u>5,859,201</u>
Subtotal	<u>159,355,090</u>	<u>48,401,647</u>	<u>(22,790,177)</u>	<u>184,966,560</u>
Total capital assets	<u>179,513,912</u>	<u>49,403,210</u>	<u>(38,059,199)</u>	<u>190,857,923</u>
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	<u>4,274,129</u>	<u>392,409</u>	<u>-</u>	<u>4,666,538</u>
Total	<u>96,278,875</u>	<u>11,223,111</u>	<u>(22,790,177)</u>	<u>84,711,809</u>
Net capital assets	<u>\$ 83,235,037</u>	<u>\$ 38,180,099</u>	<u>\$ (15,269,022)</u>	<u>\$ 106,146,114</u>

Total depreciation expense charged to operating expenses was \$10,513,494 and \$11,223,111 for the years ended March 31, 2014 and 2013, respectively.

4. 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, 2014 AND 2013**

4. 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, 2014 and 2013, contributions to the plan were \$22,050 and \$21,013, respectively.

5. 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, 2014 and 2013. The Authority has designated \$3,625,000 of net position at March 31, 2014 and 2013 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, 2013	Additions	Reductions	Balance March 31, 2014
<u>\$ 3,358,861</u>	<u>\$ 10,219,309</u>	<u>\$ 9,960,220</u>	<u>\$ 3,617,950</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

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

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

6. GRANT ASSISTED PROJECTS

Grant assisted projects in progress at March 31, 2014 consisted of:

	<u>Total Amount of Project</u>	<u>Total Amount Expended</u>	<u>Balance March 31, 2014</u>
Installation of communication system and related equipment for buses	5,118,750	3,606,535	1,512,215
Purchase paratransit vehicles	257,000	256,962	38
Preventative maintenance, acquire software and hardware and operating assistance	9,088,660	5,165,464	3,923,196
Preventative maintenance, MIS software, hardware and equipment, Oneida assistance, construction of bus terminal	16,932,650	15,473,821	1,458,829
Preventative maintenance, operating assistance, rehabilitation of garage and office building, replacement of service vehicles, parking expansion and reconfiguration at RTC, other equipment purchases	11,507,000	10,036,745	1,470,255
Purchase replacement vehicles	16,773,700	15,227,416	1,546,284
Renovations at Auburn Garage	420,000	418,126	1,874
Renovations and rehabilitation of Oneida facility	645,000	442,460	202,540
New Freedom funding	2,023,868	1,647,682	376,186

In connection with the above projects, the Authority is committed to participate with its own funds in amounts not to exceed approximately \$1,400,000.

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

7. 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 4) .

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, 2013 (date of the most recent actuarial valuation):

	<u>Salaried</u>	<u>Non-Salaried</u>
Pension benefit obligation	\$ 26,117,446	\$ 31,445,780
Net assets available for benefits (at market value)	<u>19,701,051</u>	<u>24,709,579</u>
Unfunded pension benefit obligation	<u>\$ 6,416,395</u>	<u>\$ 6,736,201</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

7. PENSION PLANS (CONT'D)

DEFINED BENEFIT PLANS (CONT'D)

	<u>Salaried</u>	<u>Non-Salaried</u>
Present value of accumulated benefits:		
Retired members	\$ 5,032,936	\$ 16,697,278
Deferred Vested/Vested Terminees	1,083,892	1,569,007
Active employees	<u>14,133,606</u>	<u>13,179,495</u>
Total	<u>\$ 20,250,434</u>	<u>\$ 31,445,780</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, 2014. Total payroll for the Authority and its subsidiaries amounted to approximately \$28,000,000 for the same period.

Significant actuarial assumptions used in the above valuation include (a) a discount rate of 7%, (b) a rate of return on the investment of assets of 7% a year compounded annually and (c) projected salary increases of 4.2% 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, 2014 are as follows:

	<u>Salaried</u>	<u>Non-Salaried</u>
Normal cost (with interest to end of year)	\$ 760,111	\$ 739,287
Interest	87,035	87,263
Amortization of unfunded accrued liability	<u>483,247</u>	<u>507,333</u>
30-year funding contribution (minimum)	<u>\$ 1,330,393</u>	<u>\$ 1,333,883</u>
Contribution recorded	\$ 1,330,393	\$ 1,333,883
Contribution deposited	<u>1,330,393</u>	<u>1,333,883</u>
Contribution accrued	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

7. PENSION PLANS (CONT'D)

DEFINED BENEFIT PLANS (CONT'D)

For the three years ended March 31, 2014, 2013 and 2012, available assets were sufficient to fund 75%, 80%, and 84%, respectively, of the pension benefit obligation of the salaried plan. For the same period, available assets were sufficient to fund 79%, 79% and 83%, 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 4) 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, 2014 and 2013, employer contributions to the 401(a) plans were \$45,799 and \$10,487, 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, 2014 and 2013, employer contributions to this plan were \$230,848 and \$226,625, respectively.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

7. 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 \$245,774, \$239,090 and \$207,429 for the years ended March 31, 2014, 2013, and 2012, respectively.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

8. 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, 2014 the Authority contributed \$2,372,561 to the total cost of the plan. Plan members receiving benefits contributed \$68,333. 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, 2014 AND 2013**

8. 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	\$ 16,288,450
Interest on net OPEB Obligation	2,735,058
Adjustment to ARC	<u>(4,248,822)</u>
Total ARC	14,774,686
Contributions	<u>(2,440,894)</u>
Increase in OPEB Obligation	12,333,792
Net OPEB Obligation at March 31, 2013	<u>78,144,522</u>
Net OPEB Obligation at March 31, 2014	<u>\$ 90,478,314</u>

For the years ended March 31, 2014, 2013 and 2012, annual OPEB costs were \$14,774,686 \$18,087,868 and \$15,551,531, respectively. The percentage of annual OPEB costs contributed to the plan was 17%, 16% and 20% for the years ended March 31, 2014, 2013 and 2012, respectively.

Funded Status and Funding Progress

As of April 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$186,647,125 and there were no Plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$28.4 million, and the ratio of the liability to the covered payroll was 657%.

(Continued)

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

8. 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, 2013 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, 2014 is thirty years.

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**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

9. 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 \$10,000 and \$24,000 for the years ended March 31, 2014 and 2013, respectively.

10. NEW AND UPCOMING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No 27*, and is required to be implemented by the Authority for the fiscal year ended March 31, 2016. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This statement will require a pension liability to be recognized that should be determined by an actuarial valuation and will have a significant effect on the Authority's financial statements upon implementation

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions made to Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*, and is required to be implemented by the Authority simultaneously with GASB Statement No. 68 for the fiscal year ended March 31, 2016. This statement addresses the issue regarding application of the transition provision of GASB Statement No. 68 related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will also have a significant effect on the Authority's financial statements upon implementation.

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**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

11. RECLASSIFICATION

Certain amounts reported at March 31, 2013 have been reclassified to reflect information and assumptions existing at March 31, 2014. These reclassifications had no effect on net position or the change in net position as previously reported.

12. OTHER BUSINESS MATTERS

As of March 31, 2014, the Authority had a negative unrestricted net position of \$80,293,692 resulting from seven 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 of 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, 2014**

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
4/1/13	\$ -	\$ 186,647,125	\$ 186,647,125	0%	\$ 28,417,177	657 %
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 %

**CENTRAL NEW YORK REGIONAL
TRANSPORTATION AUTHORITY AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF PENSION PLANS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED MARCH 31, 2014**

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:						
4/1/13	\$ 19,701,051	\$ 26,117,446	\$ 6,416,395	75%	\$ 6,186,340	104%
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%
NON-SALARIED PLAN:						
4/1/13	\$ 24,709,579	\$ 31,445,780	\$ 6,736,201	79%	\$ 16,697,278	40%
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%