



Rochester Genesee Regional
Transportation Authority



FOR THE YEARS
ENDED
MARCH 31,
2014 AND 2013

A Component Unit of
the State of New York

FINANCIAL STATEMENTS

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

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INDEPENDENT AUDITOR'S REPORT

June 24, 2014

To the Commissioners of
Rochester-Genesee Regional Transportation Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Rochester-Genesee Regional Transportation Authority (the "Authority," a New York State public benefit corporation, which is 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 financial statements, which collectively comprise the Authority's basic 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of March 31, 2014 and 2013, and the changes in its financial position, and, where applicable, cash flows thereof for the year 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 4 through 10 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining blended component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining blended component unit financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining blended component unit financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the Authority's 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 Authority's internal control over financial reporting and compliance.

**ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

This Management's Discussion and Analysis (MD&A) of the Rochester-Genesee Regional Transportation Authority (Authority) financial statements provides an overview of the Authority's financial activity for the years ended March 31, 2014 and 2013. Please read this MD&A in conjunction with the Authority's basic financial statements and footnotes, which follow this section.

The Authority's basic financial statements consist of a statement of net position; a statement of revenue, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position provides a snapshot of the Authority's financial condition at March 31, 2014 and 2013. The statement of revenues, expenses, and changes in net position report the results of the Authority's operations and activities for years ended March 31, 2014 and 2013. Finally, the statement of cash flows reports the Authority's sources and uses of cash from operations, non-capital financing, capital and related financing, and investing activities for the years ended March 31, 2014 and 2013.

FINANCIAL HIGHLIGHTS

- The 2014 fiscal year ended with an increase to net position of approximately \$35.7 million compared to \$19.6 million in 2013 and \$9.7 million in 2012. The primary cause of this increase in each of these fiscal years was due to the additional federal and state capital contributions received by the Authority primarily due to the construction of the new downtown transit center, scheduled to open on November 28, 2014, and the campus wide improvement project.
- The Authority's single most significant asset classification is capital assets. The Authority reports capital assets, net of depreciation, totaling approximately \$156.4 million for the fiscal year ended 2014, \$112.1 million for the fiscal year ended 2013 and \$87.3 million for the fiscal year ended 2012. The Authority's construction of the new downtown transit center in between Clinton Avenue and St. Paul Boulevard in the City of Rochester added capital assets of approximately \$23.1 million during fiscal year 2014 compared to \$12.9 million in 2013 and building and improving the Authority's main campus located on Main Street in the City of Rochester added capital assets of approximately \$1.4 million during fiscal 2014 compared to \$6.5 million during fiscal year 2013.
- The Authority's single most significant liability classification is Other Postemployment Benefits (OPEB). The Authority's Net OPEB obligation was \$33.9 million, \$29.3 million and \$24.8 million for the fiscal years ended 2014, 2013 and 2012, respectively. The Authority in compliance with GASB Statement No. 45 is using the allowed, 30 year amortization period for accruing the unfunded actuarial accrued liability.
- The Authority's unrestricted net position has decreased from the fiscal year 2013 by approximately \$8.6 million and from the fiscal year 2012 by approximately \$5.1 million. The Authority's unrestricted net position was \$9.1 million, \$17.7 million and \$22.8 million for the fiscal years ended 2014, 2013 and 2012, respectively.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE
Condensed Schedule of Net Position (in millions)

The condensed schedule of net position below provides a snapshot of the financial condition of the Authority as of March 31;

| | 2014 | 2013 | 2012 |
|---|-----------------|-----------------|-----------------|
| Assets: | | | |
| Current and other | \$ 60.4 | \$ 69.6 | \$ 65.8 |
| Capital, net of accumulated depreciation | 156.4 | 112.1 | 87.3 |
| Total assets | 216.8 | 181.7 | 153.1 |
| Liabilities: | | | |
| Current | 16.0 | 21.8 | 17.8 |
| Long Term | 35.3 | 30.0 | 25.2 |
| Total liabilities | 51.3 | 51.8 | 43.0 |
| Deferred inflows | 0.1 | 0.2 | 0.0 |
| Net Position: | | | |
| Net investment in capital assets | 156.3 | 112.0 | 87.3 |
| Unrestricted | 9.1 | 17.7 | 22.8 |
| Total net position | \$ 165.4 | \$ 129.7 | \$ 110.1 |

The condensed statement of net position for the years ended March 31, 2014, 2013 and 2012 demonstrates the Authority's investment into infrastructure and an overall increase in net position based on this investment. The projects that the Authority is undertaking to create this financial position will assist in the overall goal of financial sustainability by providing better services to our customers and increased efficiencies in operations.

Total assets at March 31, 2014 measured \$216.8 million increasing \$35.1 million from 2013. This increase was primarily in the capital assets category, as noted previously, the investment of the Authority in infrastructure between the downtown transit center and campus improvement projects. In 2013, total assets measured \$181.7 million, representing an increase of \$28.6 million or almost 19% over the prior year. Current and other assets totaled \$60.4 million in 2014, decreasing by \$9.2 million from \$69.6 million in 2013, and increasing \$3.8 million or nearly 6% from the 2012 balance. Capital assets, net of accumulated depreciation, finished the 2014 year at \$156.4 million, 2013 at \$112.1 million, and 2012 at \$87.3 million showing increases of \$44.3 million and \$24.8 million during these periods due to the ongoing investment in infrastructure for the Authority.

Total liabilities at year end, both current and long-term, were \$51.3 million, \$51.8 million, and \$43.0 million for the fiscal years ended March 31, 2014, 2013 and 2012, respectively. In 2014, total liabilities decreased by \$0.5 million from 2013 and in 2013 they increased by \$8.8 million from the previous year end. Current liabilities totaled \$16.0 million for 2014 down \$5.8 million from 2013 and were driven by the accounts payable for infrastructure improvements being reduced due to nearing completeness of the downtown transit center. In 2013, current liabilities of \$21.8 million were up \$4.0 million from the 2012 fiscal year driven by increases in accounts payable due to the investment in infrastructure the Authority has made. The Authority continues to see improvement in its liability

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)
Condensed Schedule of Net Position (Continued)

for workers' compensation with an almost \$0.5 million reduction in 2014 and 2013. Long-term liabilities increased by \$5.3 million and \$4.8 million from the fiscal years ended March 31, 2014 and 2013, respectively, almost exclusively due to the increase to other postemployment benefits highlighted earlier in this MD&A.

The overall net position of the Authority improved for fiscal year 2014 with an increase of \$35.7 million from 2013. 2013 was an increase of \$19.6 million from \$110.1 million for fiscal year 2012. Again, this improvement is shown entirely in the net investment in capital assets and is due to the continuous investment in improved and new infrastructure to make the Authority the "preferred transportation choice".

Condensed schedule of revenue, expenses, and change in net position (in millions)

The condensed schedule of revenue, expenses and change in net position below provides a snapshot of the financial activities of the Authority as of March 31;

| | 2014 | 2013 | 2012 |
|---|------------------------|------------------------|------------------------|
| Operating revenue: | | | |
| Customer fares | \$ 11.6 | \$ 11.3 | \$ 11.3 |
| Special fares | 16.0 | 15.8 | 15.7 |
| Other | 2.8 | 2.4 | 2.6 |
| Total operating revenue | 30.4 | 29.5 | 29.6 |
| Operating expenses: | | | |
| Salaries and benefits | 64.9 | 62.7 | 59.4 |
| Non-personnel | 21.5 | 21.2 | 21.1 |
| Total operating expenses | 86.4 | 83.9 | 80.5 |
| Depreciation | 14.0 | 11.1 | 11.7 |
| Loss from operations | (70.0) | (65.5) | (62.6) |
| Nonoperating income (expenses): | | | |
| Investment income | 0.2 | 0.3 | 0.1 |
| Mortgage recording tax | 7.2 | 8.1 | 6.8 |
| Other | (0.7) | (0.4) | 1.5 |
| Total nonoperating income (expenses) | 6.7 | 8.0 | 8.4 |
| External Operating Assistance | 46.5 | 44.7 | 42.8 |
| Capital Contributions | 52.5 | 32.4 | 21.2 |
| Change in net position | 35.7 | 19.6 | 9.8 |
| Net position, beginning of year | 129.7 | 110.1 | 100.3 |
| Net position, end of year | <u>\$ 165.4</u> | <u>\$ 129.7</u> | <u>\$ 110.1</u> |

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)
Condensed schedule of revenue, expenses, and change in net position (Continued)

The Authority's operating revenue for the 2104 fiscal year totals \$30.4 million , increasing by \$0.9 million from the 2013 fiscal year which totaled \$29.5 million, a decrease of \$0.1 million, from the 2012 fiscal year total of \$29.6 million. Customer fare revenue consists of cash fares paid on the bus and prepaid fare media sales to individual customers and various local agencies that distribute bus passes to their clients. Customer fares revenue in 2014 saw a \$0.3 million increase from 2013 and 2012 primarily driven by increased multi day pass sales. The special fare revenue is one that the Authority is extremely proud of and that its continued growth has assisted us to be less reliant on contributions from both the Federal and New York State governments.

The major components of nonoperating income (expense) are investment earnings, mortgage recording tax and other items such as gains and losses from various financial transactions. The Authority's 2014 fiscal year reported a decrease in this area primarily driven by reduced mortgage recording tax due to a lower number of transactions caused by leveling off of home mortgage interest rates and declining sales volume. The 2013 fiscal year also reported a decrease in nonoperating income (expense) of \$0.4 million from 2012 fiscal year. The reasons for the change from 2012 to 2013 was due primarily to three areas: (1) an increase of \$1.3 million in mortgage recording tax, a nonoperating income item, (2) the loss on impairment of capital assets associated with our College Town project of approximately \$0.3 million, a nonoperating expense item, and (3) a decrease in the realized gain from the fuel swap of approximately \$1.2 million from 2013 to 2012, a nonoperating income item.

The Authority receives external operating assistance subsidies from the Federal Government, the State of New York and each of our county service areas. The federal operating assistance received during the fiscal year 2014 increased by approximately \$1.7 million based on a preventive maintenance allocation, 2013 was essentially flat when compared to the fiscal year 2012. The federal operating assistance is broken into three major categories for the Authority, which are commonly known as Section 5307, Section 5311, and grants for the Genesee Transportation Council. The Section 5307 aid is awarded to public transportation providers across the country based upon congressional appropriations and is allocated using a complex formula combining elements of population, revenue miles, customers, and other factors. Historically, the Authority allocates approximately one-third of the annual Section 5307 funding to offset preventive maintenance costs within the operating budget. The largest single source of external operating assistance is provided by the State of New York in the form of New York State Transit Operating Assistance (STOA). The Authority's 2014 fiscal year saw a small increase in STOA of approximately \$0.1 million, 2013 fiscal year saw an increase in STOA of approximately \$2.1 million to \$32.7 million from the 2012 fiscal year. STOA is provided to the Authority based on a variety of funding formulas and through New York State taxes, primarily the Petroleum Business Tax. Each county in the Authority's service area provides external operating assistance based on New York State Transportation Law Section 18B which requires that each member county of the Authority annually provide a fixed annual operating subsidy for public transportation services provided within their respective jurisdictions. The combined total of these annual subsidies is \$3.7 million for the 2014, 2013 and 2012 fiscal years.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)
Condensed schedule of revenue, expenses, and change in net position (Continued)

The last component of Authority revenue is provided for capital purchases and labeled capital contribution. The capital contribution is received from the Federal Government, New York State and the Authority. The standard share allocation is 80% Federal, 10% New York State, and 10% from the Authority. The capital contribution for the 2014 fiscal year increased by \$20.1 million over 2013, to \$52.5 million, 2013 fiscal year increased by approximately \$11.2 million, to \$32.4 million, these increases are a direct result of the aforementioned investment in infrastructure and the purchase of revenue vehicles. The following chart shows the use of the capital contributions for the fiscal years ended March 31:

| | 2014 | 2013 | 2012 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| Capital contribution for: | | | |
| Land | \$ - | \$ 1.3 | \$ - |
| Building and structures | 22.8 | 16.3 | 10.1 |
| Vehicles | 27.4 | 9.4 | 9.6 |
| Maintenance equip | 0.5 | 0.1 | 0.2 |
| Other equipment | 0.6 | 5.1 | 1.1 |
| Computer equip | 1.2 | 0.2 | 0.2 |
| Total capital contribution | <u>\$ 52.5</u> | <u>\$ 32.4</u> | <u>\$ 21.2</u> |

The Authority's operating expenses (excluding depreciation) for fiscal years 2014 were \$86.4 million and 2013 were \$83.9 million, an increase of \$2.5 million or 3.0% from the prior year. The primary reason for the overall increase in operating expense was in the area of salaries and benefits and was due to Union contract settlements, including a retroactive wage increase, and the increase in the actuarially determined liability for other postemployment benefits. The non-personnel component of operating expenses was essentially flat between fiscal years 2013 and 2012.

Operating expenses

The following chart breaks down the Authority's salaries and benefits expense for the fiscal year ended March 31:

| | 2014 | 2013 | 2012 |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Salaries and benefits: | | | |
| Wages | \$ 44.1 | \$ 41.6 | \$ 40.3 |
| Benefits: | | | |
| FICA and Medicare | 3.3 | 3.1 | 3.0 |
| Health, Dental and Vision | 14.0 | 14.4 | 12.3 |
| Pension | 1.5 | 1.2 | 0.9 |
| Workers' Comp | 1.4 | 1.3 | 1.8 |
| Other | 0.7 | 1.1 | 1.1 |
| Total Benefits | <u>20.8</u> | <u>21.1</u> | <u>19.1</u> |
| Total salaries and benefits | <u>\$ 64.9</u> | <u>\$ 62.7</u> | <u>\$ 59.4</u> |

The Authority's wages for the 2014 fiscal year increased by \$2.5 million to \$44.1 million, in 2013 wages increased by \$1.3 million to \$41.6 million from the 2012 fiscal year. The wage increase was driven by two factors (1) a cost of living adjustment for non-union employees and (2) negotiated contracts with all of our Union contracts.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)
Condensed schedule of revenue, expenses, and change in net position (Continued)

The Authority's employee benefits costs decreased in 2014 by approximately \$0.3 million to \$20.8 million and in 2013 increased by approximately \$2.0 million from fiscal year 2012. The primary reason for this decrease in 2014 was due to changes in Health Insurance based on the Union contract settlements in the prior year offset by the additional expense as part of the actuarial determined liability for other postemployment benefits in our continuing compliance with GASB Statement No. 45 which will continue into the foreseeable future.

The following chart breaks down the Authority's non-personnel expenses for the fiscal year ended March 31:

| | 2014 | 2013 | 2012 |
|----------------------------|----------------|----------------|----------------|
| Non-personnel: | | | |
| Services | \$ 5.2 | \$ 5.8 | \$ 4.7 |
| Materials and supplies | 11.9 | 12.0 | 12.0 |
| Utilities | 0.9 | 0.8 | 0.8 |
| Casualty and Liability | | | |
| Insurance claims | 1.7 | 1.2 | 2.1 |
| Miscellaneous | 1.8 | 1.4 | 1.5 |
| Total non-personnel | \$ 21.5 | \$ 21.2 | \$ 21.1 |

The Authority's non-personnel expenses include a variety of categories, such as materials and supplies which includes fuel and lubricants, bus parts and shop supplies; contracted services; utilities; casualty and liability insurance cost; and miscellaneous items. The Authority's non-personnel expense of \$21.5 million for the 2014 fiscal year increased by \$0.4 million from 2013 due to one-time expenses mainly associated with a re-branding initiative undertaken by the Authority, in 2013 non-personnel expenses totaled \$21.2 million and increased by \$0.1 million from the 2012 fiscal year.

CAPITAL ASSETS

The Authority's capital assets, net of depreciation, are presented in the chart below for the years ended March 31:

| | 2014 | 2013 | 2012 |
|----------------------------------|-----------------|-----------------|----------------|
| Capital assets, net: | | | |
| Land and improvements | \$ 4.3 | \$ 4.3 | \$ 2.9 |
| Construction in process | 45.1 | 22.4 | 16.4 |
| Building and structures | 16.2 | 14.3 | 2.8 |
| Revenue vehicles | 70.7 | 49.5 | 46.1 |
| Non-revenue vehicles | 0.2 | 0.1 | 0.2 |
| Maintenance | 2.2 | 2.0 | 2.1 |
| Other | 13.6 | 15.4 | 12.3 |
| Leasehold improve. | 1.4 | 1.4 | 1.5 |
| Computer | 2.7 | 2.7 | 3.0 |
| Total capital assets, net | \$ 156.5 | \$ 112.1 | \$ 87.3 |

CAPITAL ASSETS (Continued)

The Authority highlighted earlier in the MD&A the most significant changes in capital assets. Additional information for the Authority's capital assets may be found in the notes to the basic financial statements as Note 4.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

The Authority as a component of the comprehensive plan develops a multi-year budget projection to alert the Authority's Board of Commissioners, customers, and the community at large of the future challenges and opportunities that may impact the Authority's ability to meet its mission and vision.

The current version of the multi-year budget projection contemplates continued slow economic recovery impacting both revenue and expense projections over the next four years. The multi-year budget projection includes the inherent structural imbalance that public transportation faces with the fiscal challenges of both our federal and state governments along with expense growth required to maintain service levels equal to today.

However, even with these challenges surrounding public transportation funding and the public's need for transportation the Authority's current fiscal strength in the form of unrestricted net position of approximately \$9.1 million allows the Authority to close these gaps through the fiscal year ended March 31, 2017. The Authority's Comprehensive Plan provides greater details on the future budgetary projections as well as the overall strategic plan and can be reviewed by contacting the Authority's Financial Management as noted below.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This MD&A and condensed financial information is designed to provide our customers, taxpayers, citizens of our service area, investors and creditors with a general overview of the Authority's finances and demonstrate the Authority's accountability for the funds it receives. If you have any questions about this report, please contact Scott M. Adair, Chief Financial Officer, Rochester Genesee Regional Transportation Authority, 1372 East Main Street, Rochester, New York 14609 or sadair@rgta.com.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

STATEMENTS OF NET POSITION
MARCH 31, 2014 AND 2013

| | 2014 | 2013 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and equivalents | \$ 15,691,115 | \$ 18,730,686 |
| Current portion of investments | 14,585,656 | 19,953,548 |
| Receivables: | | |
| Trade, net | 3,650,348 | 6,182,928 |
| Mortgage tax | 399,655 | 633,417 |
| Capital grants | 5,438,935 | 8,789,603 |
| Operating assistance | 3,002,593 | 117,530 |
| Interest | 122,911 | 130,605 |
| Materials and supplies inventory, net | 430,017 | 412,140 |
| Prepaid expenses and other current assets | 178,316 | 237,652 |
| Inter-entity receivable | - | - |
| Total current assets | <u>43,499,546</u> | <u>55,188,109</u> |
| NONCURRENT ASSETS: | | |
| Capital assets, net | 156,405,078 | 112,120,683 |
| Fixed price fuel swap asset | 90,713 | 194,318 |
| Investments, net of current portion | 16,796,764 | 14,153,932 |
| Investments in consolidated component unit entities | - | - |
| Total noncurrent assets | <u>173,292,555</u> | <u>126,468,933</u> |
| TOTAL ASSETS | <u><u>\$ 216,792,101</u></u> | <u><u>\$ 181,657,042</u></u> |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 6,611,851 | \$ 11,660,719 |
| Accrued wages, vacation, pension and payroll taxes | 4,404,158 | 4,029,856 |
| Current portion of soil remediation liability | 109,450 | 132,000 |
| Current portion of capital lease obligation | 44,315 | 44,315 |
| Reserve for litigated and unlitigated claims | 1,485,832 | 2,453,190 |
| Workers' compensation reserve | 3,020,000 | 3,490,002 |
| Deferred revenue | 343,311 | 3,939 |
| Inter-entity payable | - | - |
| Total current liabilities | <u>16,018,917</u> | <u>21,814,021</u> |
| LONG-TERM LIABILITIES: | | |
| Other postemployment benefits | 33,874,888 | 29,326,888 |
| Capital lease obligation, net of current portion | 44,315 | 88,631 |
| Soil remediation liability, net of current portion | 1,358,611 | 525,251 |
| Total long-term liabilities | <u>35,277,814</u> | <u>29,940,770</u> |
| TOTAL LIABILITIES | <u>51,296,731</u> | <u>51,754,791</u> |
| DEFERRED INFLOWS - | | |
| Accumulated increase in fair value of fixed price fuel swap | <u>90,713</u> | <u>194,318</u> |
| NET POSITION: | | |
| Net investment in capital assets | 156,316,448 | 111,987,737 |
| Unrestricted | 9,088,209 | 17,720,196 |
| Total net position | <u>165,404,657</u> | <u>129,707,933</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | <u><u>\$ 216,792,101</u></u> | <u><u>\$ 181,657,042</u></u> |

The accompanying notes are an integral part of these statements.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

| | 2014 | 2013 |
|---|-----------------------|-----------------------|
| OPERATING REVENUE: | | |
| Customer fares | \$ 11,630,129 | \$ 11,245,293 |
| Special transit fares | 16,027,774 | 15,827,185 |
| Reimbursement and recovery | 1,408,810 | 1,116,899 |
| Other | <u>1,368,339</u> | <u>1,266,748</u> |
| Total operating revenue | <u>30,435,052</u> | <u>29,456,125</u> |
| OPERATING EXPENSES AND DEPRECIATION: | | |
| Operating expenses - | | |
| Salaries and wages | 44,134,818 | 41,588,402 |
| Employee benefits | 20,801,837 | 21,140,171 |
| Inter-entity cost allocations | - | - |
| Materials and supplies | 11,864,828 | 12,018,527 |
| Services | 5,164,946 | 5,783,379 |
| Utilities | 902,817 | 810,883 |
| Casualty and liability insurance claims | 1,671,269 | 1,202,691 |
| Other | <u>1,868,830</u> | <u>1,369,464</u> |
| Total operating expenses | <u>86,409,345</u> | <u>83,913,517</u> |
| Depreciation - | | |
| Locally funded | 1,371,523 | 1,087,951 |
| Grant funded | <u>12,681,481</u> | <u>9,964,813</u> |
| Total depreciation | <u>14,053,004</u> | <u>11,052,764</u> |
| Total operating expenses and depreciation | <u>100,462,349</u> | <u>94,966,281</u> |
| LOSS FROM OPERATIONS | <u>(70,027,297)</u> | <u>(65,510,156)</u> |
| NONOPERATING INCOME (EXPENSE): | | |
| Investment income, net | 175,394 | 330,034 |
| Mortgage recording tax | 7,193,267 | 8,110,462 |
| Subrecipient grant revenue | 110,434 | 81,022 |
| Subrecipient grant expense | (110,434) | (81,022) |
| Loss on impairment of capital assets | - | (431,225) |
| Change in soil remediation liability | (815,317) | (37,978) |
| Realized gain on fuel swap, net | 45,959 | 32,114 |
| Gain on disposal of capital assets, net | 96,944 | 46,626 |
| Authority subsidies | - | - |
| Write-off of inter-entity accounts | <u>-</u> | <u>-</u> |
| Total nonoperating income (expense) | <u>6,696,247</u> | <u>8,050,033</u> |
| EXTERNAL OPERATING ASSISTANCE SUBSIDIES: | | |
| Federal | 9,370,351 | 7,689,592 |
| State | 33,405,263 | 33,303,235 |
| Local governments | <u>3,726,000</u> | <u>3,726,000</u> |
| Total external operating assistance subsidies | <u>46,501,614</u> | <u>44,718,827</u> |
| CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS | <u>(16,829,436)</u> | <u>(12,741,296)</u> |
| CAPITAL CONTRIBUTIONS: | | |
| Federal | 45,060,946 | 28,708,099 |
| State | 7,465,214 | 3,673,209 |
| Authority | <u>-</u> | <u>-</u> |
| Total capital contributions | <u>52,526,160</u> | <u>32,381,308</u> |
| CHANGE IN NET POSITION | 35,696,724 | 19,640,012 |
| NET POSITION - beginning of year | <u>129,707,933</u> | <u>110,067,921</u> |
| NET POSITION - end of year | <u>\$ 165,404,657</u> | <u>\$ 129,707,933</u> |

The accompanying notes are an integral part of these statements.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

| | 2014 | 2013 |
|--|-----------------------------|-----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 30,529,857 | \$ 25,365,389 |
| Other operating receipts | 2,777,149 | 2,867,126 |
| Payments to vendors and suppliers for goods and services | (13,827,476) | (18,757,558) |
| Payments to employees for services | (64,562,353) | (58,383,105) |
| Payments for insurance and risk management | (3,108,629) | (1,740,595) |
| Other operating payments | <u>(1,868,830)</u> | <u>(1,498,449)</u> |
| Net cash flow from operating activities | <u>(50,060,282)</u> | <u>(52,147,192)</u> |
| CASH FLOW FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Mortgage tax receipts | 7,427,029 | 8,051,494 |
| Operating assistance receipts (payments), net | <u>43,616,551</u> | <u>47,589,684</u> |
| Net cash flow from noncapital and related financing activities | <u>51,043,580</u> | <u>55,641,178</u> |
| CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital contributions | 55,876,828 | 26,809,171 |
| Purchases of capital assets | (62,968,616) | (31,188,740) |
| Payments of capital lease obligations | (44,315) | (44,315) |
| Payments for soil remediation | (4,507) | (23,678) |
| Proceeds from sales of capital assets | <u>96,944</u> | <u>79,498</u> |
| Net cash flow from capital and related financing activities | <u>(7,043,666)</u> | <u>(4,368,064)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Investments | (5,876,100) | (3,758,474) |
| Interest earnings | 30,235 | 100,373 |
| Sales or maturities of Investments | 8,717,098 | 2,927,547 |
| Receipts for fixed price fuel swap, net | <u>149,564</u> | <u>164,327</u> |
| Net cash flow from investing activities | <u>3,020,797</u> | <u>(566,227)</u> |
| CHANGE IN CASH AND EQUIVALENTS | (3,039,571) | (1,440,305) |
| CASH AND EQUIVALENTS - beginning of year | <u>18,730,686</u> | <u>20,170,991</u> |
| CASH AND EQUIVALENTS - end of year | <u>\$ 15,691,115</u> | <u>\$ 18,730,686</u> |
| SUPPLEMENTAL NON-CASH CAPITAL AND RELATED FINANCING TRANSACTIONS: | | |
| Assets acquired with capital lease obligations | <u>\$ -</u> | <u>\$ 177,261</u> |

(Continued)

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

(Continued)

| | 2014 | 2013 |
|---|------------------------|------------------------|
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Loss from operations | \$ (70,027,297) | \$ (65,510,156) |
| Adjustments to reconcile change in net assets to net cash flow from operating activities: | | |
| Depreciation - locally funded | 1,371,523 | 1,087,952 |
| Depreciation - grant funded | 12,681,481 | 9,964,813 |
| Changes in: | | |
| Trade receivable | 2,532,582 | (1,224,540) |
| Materials and supplies inventory | (17,877) | 39,207 |
| Prepaid expenses and other current assets | 59,336 | 2,241 |
| Accounts payable | (484,344) | (312,965) |
| Accrued wages, vacation, pension and payroll taxes | 374,302 | (120,638) |
| Reserve for litigated and unlitigated claims | (967,358) | (90,147) |
| Workers' compensation reserve | (470,002) | (449,998) |
| Other postemployment benefits | 4,548,000 | 4,466,106 |
| Inventory reserve | - | - |
| Deferred revenue | <u>339,372</u> | <u>933</u> |
| Net cash flow from operating activities | <u>\$ (50,060,282)</u> | <u>\$ (52,147,192)</u> |

The accompanying notes are an integral part of these statements.

**ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)**

**NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014 AND 2013**

1. THE ORGANIZATION

The Rochester-Genesee Regional Transportation Authority (the Authority or RGRTA) was created in 1969 by an act of the New York State Legislature to provide for the continuance, further development and improvement of public transportation and other related services within the Genesee-Finger Lakes Region. The Authority is subject to regulation by the Comptroller and Department of Transportation of the State of New York with respect to the maintenance of its accounting records. The Authority is considered a component unit of New York State because of the significance of its operational and financial relationship with New York State. The Authority's 13-member Board of Commissioners is recommended by the respective local governing body, appointed by the governor of New York State, and confirmed by the New York State Senate. Financial support from New York State includes annual appropriations to help meet operating expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

The financial statements of the Authority include the accounts of RGRTA, and its nine (9) blended component units for which the Authority is financially accountable. The Authority's 13-member Board of Commissioners is comprised of individuals from each member county. The Board of Commissioners oversees public transportation for its member counties: Monroe, Genesee, Livingston, Orleans, Seneca, Wayne and Wyoming Counties. The Authority's Board also serves as the board for Genesee Transportation Council Staff, Inc. (GTCS) an entity which serves as the administrative host agency for the Genesee Transportation Council (GTC), which is the metropolitan transportation planning organization for the Genesee-Finger Lakes Region; GTCS is reported herein as a blended component unit. The nine component units are legally separate organizations and are collectively referred to as "the Organizations."

Based on the foregoing criteria, RGRTA and the following component units are included in the financial statements:

- Regional Transit Service, Inc. (RTS)
- Lift Line, Inc. (Lift Line)
- Batavia Bus Service, Inc. (BBS)
- Livingston Area Transportation Service, Inc. (LATS)
- Orleans Transit Service, Inc. (OTS)
- Seneca Transit Service, Inc. (STS)
- Wayne Area Transportation Service, Inc. (WATS)
- Wyoming Transit Service, Inc. (WYTS)
- Genesee Transportation Council Staff, Inc. (GTCS)

Significant inter-entity accounts and transactions have been eliminated in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board.

Recent Accounting Pronouncements

In June 2012, GASB issued GASB statement No. 67 "*Financial Reporting For Pension Plans – an amendment of GASB Statement No. 25.*" The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB No. 67 enhances note disclosures and required supplementary information ("RSI") for both defined benefit and defined contribution pension plans. GASB No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in GASB No. 67 are effective for financial statements for periods beginning after June 15, 2013. The Authority is currently evaluating the impact of this statement.

In June 2012, GASB issued GASB statement No. 68 "*Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27.*" This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB No. 68 are effective for fiscal years beginning after June 15, 2014. The Authority is currently evaluating the impact of this statement.

Basis of Presentation

GASB requires the classification of net position into three components – net investment in capital assets; restricted and unrestricted. The Authority has no restricted net position as of March 31, 2014 and 2013. The classifications the Authority has are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Cash and Equivalents

Cash and equivalents includes cash on hand, money market accounts, and certificates of deposit with an initial term of three months or less not reserved for a board designated purpose.

Accounts Receivable

Accounts receivable consist primarily of amounts due from customers for services provided and for advertising. Management records an allowance for doubtful accounts based on past collection experience and an analysis of outstanding amounts. When appropriate collection efforts are exhausted, the account is written off. Management has established an allowance for doubtful accounts for the years ended March 31, 2014 and 2013 in the total amount of \$242,011 and \$19,905, respectively. Allowances for doubtful accounts have been recorded in the component units for RTS, BBS, LATS, STS, WATS and WYTS of \$200,000, \$111, \$11, \$451, \$162, and \$41,276, respectively, for the year ended March 31, 2014. For the year ended March 31, 2013 the component units, BBS, LATS, STS, WATS and WYTS, recorded allowances of \$123, \$262, \$515, \$305, and \$18,700, respectively.

Mortgage Recording Tax

The Authority receives a portion of mortgage recording tax equal to \$.25 for every \$100 of borrowings in the form of new mortgages and the refinancing of existing mortgages from the counties in which the component units conduct operations, not including mortgages of tax-exempt organizations. The amounts earned during the year have been recorded as mortgage recording tax in the accompanying statements of revenue, expenses and changes in net position. Any amounts due but not yet collected have been recorded as mortgage tax receivable in the accompanying statements of net position. Management considers the mortgage tax receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Operating Assistance and Capital Grants

The Authority and the Organizations receives operating and capital assistance subsidies and grants from the U.S. Department of Transportation under operating and capital assistance grant contracts. The Organizations also receive operating and capital assistance from the New York State Department of Transportation and local counties based on legislated awards. The amounts received or contractually receivable under such grants have been recorded as external operating assistance subsidies in the accompanying statements of revenue, expenses and changes in net position. These amounts are obtained on an annual basis. Management considers operating and capital assistance receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Continued operations depend upon receipt of such subsidies in future years.

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of replacement parts for buses and is recorded at the lower of cost determined on a weighted average cost basis or market. An allowance for obsolete inventory is maintained based on historical experience and a review of inventory on hand. Management has recorded an allowance for obsolete inventory, at RTS only, of \$10,172 and \$139,661 at March 31, 2014 and 2013, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost if purchased, or fair value, if donated. The Authority and the Organizations capitalize all expenditures for capital assets in excess of \$5,000 and which have useful lives greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives as follows:

| | |
|--------------------------|--------------|
| Land improvements | 5 - 10 years |
| Buildings and structures | 2 - 40 years |
| Revenue vehicles | 4 - 12 years |
| Non-revenue vehicles | 2 - 5 years |
| Maintenance equipment | 4 - 10 years |
| Other equipment | 2 - 10 years |
| Computer equipment | 3 - 10 years |

Leasehold improvements are amortized over the shorter of the remaining lease term or the asset's estimated useful life.

Investments

Investments in government securities are recorded at their fair value based on quoted market prices and valuations provided by external parties. Unrealized gains or losses on such investments result from differences between the cost and fair value of investments on a specified valuation date. Gains and losses in the fair value are reported in the statements of revenue, expenses and changes in net position. Investment income is recognized on the accrual basis; dividends are recorded on the ex-dividend date.

The Authority has classified certain investments as current assets on the accompanying statement of net position as it is reasonably expected that they will be utilized in the next fiscal year.

Inter-Entity Cost Allocations

RGRTA, RTS and Lift Line allocate costs to each other and the other Organizations based on estimates of time incurred to reflect the portion of salaries and benefits of RGRTA, RTS, and Lift Line employees who perform administrative functions for RGRTA and the Organizations.

Authority Subsidies

Annually, RGRTA subsidizes the operations of the Organizations, except for GTCS, based on each respective Organization's operating results. In order to determine the annual subsidy, operating and certain non-operating revenues and external operating subsidies are reduced by operating and certain non-operating expenses and locally funded depreciation. If the result is a deficit, that amount will be recorded as operating subsidy at the respective Organization. Operating surpluses are reflected as negative subsidies or re-allocations, back to RGRTA. No cash is ever transferred to or from the Organizations related to these subsidies. Therefore, each year the value of the receivable/payable recorded at year-end is recorded as a write-off of inter-entity accounts and ultimately eliminated for reporting on the accompanying statements of revenue, expense and changes in net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses

Amounts reported as operating expenses are from providing services in connection with the Authority's and Organizations' ongoing transportation operations. The principal operating expenses of the Authority and the Organizations include salaries, employee benefits, material and supplies, outside services, casualty and insurance claims, utilities and depreciation. All expenses not meeting this definition are reported as nonoperating expenses.

Revenues

Amounts reported as operating revenue are from providing services in connection with the Authority's and the Organizations' ongoing transportation operations. The principal operating revenues of the Organizations include customer fares, special transit fares, advertising, and various other recoveries and reimbursements. All revenues not meeting this definition are reported as nonoperating revenues.

Capital Contributions

The United States Government and New York State provide funds for a significant portion of the cost of capital purchases made by the Organizations. When these capital assets are recorded, the government's portion of the funding is reflected in the accompanying statements of revenue, expenses and changes in net position as federal and state capital contributions.

Income Taxes

The Authority and the Organizations are public benefit corporations and are exempt from federal and state income taxes, as well as state and local property and sales taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform with the current year presentation.

3. CASH AND INVESTMENTS

Cash and equivalents

The Authority's cash and equivalents are comprised of the following as of March 31:

| | <u>2014</u> | | <u>2013</u> | |
|----------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | <u>Carrying Amount</u> | <u>Bank Balance</u> | <u>Carrying Amount</u> | <u>Bank Balance</u> |
| Bank demand deposits | \$ 1,116,054 | \$ 5,928,104 | \$ 307,333 | \$ 6,886,741 |
| Money market funds | <u>12,481,598</u> | <u>12,481,598</u> | <u>18,421,103</u> | <u>18,421,103</u> |
| | <u>\$ 13,597,652</u> | <u>18,409,703</u> | <u>\$ 18,728,436</u> | <u>\$ 25,307,844</u> |

Collateral

As of March 31, 2014 and 2013, the reported amount of the Authority's collateral balance was \$23,690,986 and \$32,330,806, respectively, and the bank balance was \$23,318,240 and \$29,541,462, respectively, which included \$4,908,536 and \$4,233,618, respectively, of money market funds held for investment. As of March 31, 2014 and 2013 the collateral, \$598,730 and \$501,309, respectively, was covered by federal depository insurance and \$23,092,256 and \$31,829,497, respectively, was covered by collateral held by pledging bank or a third-party custodian in the Authority's name. The Authority's investments in government securities are secured by a guarantee from the United States Treasury Department.

Inter-Entity Borrowings

Due to the centralized nature of RGRTA and the Organizations' cash management functions, RGRTA and the Organizations periodically advance funds to one another as cash flow needs arise. At March 31, 2014, the following represents amounts due to (from) RGRTA, RTS, GTCS, Lift Line and LATS:

| | <u>RGRTA</u> | <u>RTS</u> | <u>GTCS</u> | <u>Lift Line</u> | <u>LATS</u> | <u>Total</u> |
|-------------------|---------------------|-------------------|---------------------|------------------|-------------|----------------|
| RGRTA | \$ - | \$ - | \$ 284,187 | \$ 2 | \$ 1 | \$ 284,190 |
| RTS | - | - | (441,695) | - | - | (441,695) |
| Lift Line | - | - | - | - | - | - |
| LATS | - | - | - | - | - | - |
| GTCS | <u>(284,190)</u> | <u>441,695</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>157,505</u> |
| Net due to (from) | <u>\$ (284,190)</u> | <u>\$ 441,695</u> | <u>\$ (157,508)</u> | <u>\$ 2</u> | <u>\$ 1</u> | <u>\$ -</u> |

3. CASH AND INVESTMENTS (Continued)

Inter-Entity Borrowings (Continued)

At March 31, 2013, the following represents amounts due to (from) RGRTA, RTS, BBS, LATS and GTCS:

| | <u>RGRTA</u> | <u>RTS</u> | <u>GTCS</u> | <u>BBS</u> | <u>LATS</u> | <u>Total</u> |
|-------|-----------------|----------------|-------------|------------|-------------|----------------|
| RGRTA | \$ - | \$ - | \$ 77,634 | \$ - | \$ - | \$ 77,634 |
| RTS | - | - | (298,723) | - | - | (298,723) |
| BBS | - | - | (570) | - | - | (570) |
| LATS | - | - | (285) | - | - | (285) |
| GTCS | <u>(77,634)</u> | <u>298,723</u> | <u>-</u> | <u>570</u> | <u>285</u> | <u>221,944</u> |

Net due
to (from) \$ (77,634) \$ 298,723 \$ (221,944) \$ 570 \$ 285 \$ -

In 2014 and 2013, RGRTA and Organizations wrote-off current year inter-entity receivable (payable) balances that were not expected to be paid as well as prior year inter-entity receivable (payable) balances which are set forth in the statements of revenue, expenses and changes in net position as write-off of inter-entity accounts.

3. CASH AND INVESTMENTS (Continued)

Investments

The Authority's investments are made in compliance with New York Public Authorities Law Sections 2856, 2890, 2925, 122-gg(4) and 1299-II, and Office of the State Comptroller Investment Guidelines for Public Authorities and State Agencies at 2NCYRR Part 201. In accordance with this law and its own Investment Policy, the following is a list of investments the Authority is permitted to invest in:

- Certificates of Deposit with commercial banks or trust companies doing business in New York State and which are also Members of the Federal Deposit Insurance Corporation.
- Time Deposit, Demand Deposit, and Deposits in "Money Market" accounts of commercial banks or trust companies authorized to do business in New York State and which are also members of the Federal Deposit Insurance Corporation.
- Obligations of New York State or the United States Government or obligations that the principal and interest of which are guaranteed by the New York State or the United States Government and which have a liquid market with a readily determinable value equal at all times to the amount of the investment.
- Repurchase Agreements for no more than 90 days involving the purchase and sale of direct obligations of the United States of America. The purchase price shall be the present market value of the securities and not the face value. Securities purchased through a Repurchase Agreement shall be valued to market at least weekly.

As of March 31, 2014, the Authority's investments in government securities consisted of the following:

| | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | |
|--|---------------------|---|----------------------|------------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>Greater than 10</u> |
| New York State Municipal Securities | \$2,324,678 | \$ - | \$ 2,324,678 | \$ - |
| United States Treasury Notes | 18,229,683 | - | 18,229,683 | - |
| Government National Mortgage Association | <u>8,009,653</u> | <u>-</u> | <u>-</u> | <u>8,009,653</u> |
| | <u>\$28,564,014</u> | <u>\$ -</u> | <u>\$ 20,554,361</u> | <u>\$ 8,009,653</u> |

3. CASH AND INVESTMENTS (Continued)

Investments (Continued)

As of March 31, 2013, the Authority's investments in government securities consisted of the following:

| | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | |
|--|----------------------|---|----------------------|------------------------|
| | | <u>Less Than 1</u> | <u>1-5</u> | <u>Greater than 10</u> |
| New York State Municipal Securities | \$ 2,419,783 | \$ 2,419,783 | \$ - | \$ - |
| United States Treasury Notes | 16,699,489 | - | 16,699,489 | - |
| Government National Mortgage Association | <u>10,754,590</u> | <u>-</u> | <u>-</u> | <u>10,754,590</u> |
| | <u>\$ 29,873,862</u> | <u>\$ 2,419,783</u> | <u>\$ 16,699,489</u> | <u>\$ 10,754,590</u> |

Accrued interest on investments of \$122,911 and \$130,605 is included in interest receivable on the statement of net position for 2014 and 2013, respectively.

Increases in Fair Value

The net increase/(decrease) in the fair value of investments during 2014 and 2013 was \$(1,309,123) and \$8,068,786, respectively. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized net loss on investments held at March 31, 2014 and 2013 was \$121,453 and \$325,898, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned. The Authority's investment policy requires that deposits which exceed the amount insured by the FDIC be collateralized by obligations of the United States, or obligations of Federal Agency's, the principal and interest of which are guaranteed by the United States or obligations of New York State. As of March 31, 2014 and 2013, the Authority's investments in United States Treasury Notes and Government National Mortgage Association bonds were all rated AAA by a nationally recognized rating organization. As of March 31, 2014 and 2013, the Authority's investments in New York State Municipal Securities were all rated AA by a nationally recognized rating organization.

3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Authority's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy states that the Authority is to consider protection of principal, then cash flow requirements, and finally yield requirements. The Authority has the ability to liquidate its investments daily for United States Treasury Notes and New York State Municipal Securities and with up to a twenty day notice for its mortgage backed asset securities. In addition, the Authority looks to invest in securities that have a history of making prepayments of interest prior to maturity to ensure a consistent stream of cash flows.

Concentration of Credit Risk

The Investment Policy places no limit on the amount the Authority may invest in any one issuer. As of March 31, 2014 and 2013, all of the Authority's money market funds were held with M&T Bank and JPMorgan Chase. As of March 31, 2014 and 2013, the Authority's investments were 63.9% and 55.9%, respectively, invested in United States Treasury Notes, 28.0% and 36.0%, respectively, invested in mortgage backed asset securities and 8.1% and 8.1%, respectively, invested in New York State Municipal Securities.

Designations

The Authority's money market funds and government securities amounts are reserved by the Board of Commissioners for working capital, self-insurance, capital, other postemployment benefits and para transit. The Authority's money market funds and government securities were reserved as of March 31, 2014 as follows:

| | <u>Money Market Funds</u> | <u>Government Securities</u> | <u>Total</u> |
|-------------------------------|-------------------------------|----------------------------------|----------------------|
| Working capital | \$ 12,481,598 | \$ 13,955,786 | \$ 26,437,384 |
| Self-insurance | 256,337 | 3,377,816 | 3,634,153 |
| Para transit | 225,284 | 2,865,304 | 3,090,588 |
| Other postemployment benefits | <u>4,426,916</u> | <u>8,365,108</u> | <u>12,792,024</u> |
| Total | <u>\$ 17,390,135</u> | <u>\$ 28,564,014</u> | <u>\$ 45,954,149</u> |

The Authority's money market funds and government securities were reserved as of March 31, 2013 as follows:

| | <u>Money Market Funds</u> | <u>Government Securities</u> | <u>Total</u> |
|-------------------------------|-------------------------------|----------------------------------|----------------------|
| Working capital | \$ 18,421,103 | \$ 14,595,909 | \$ 33,017,012 |
| Self-insurance | 1,503,331 | 3,533,557 | 5,036,888 |
| Capital | 2,637,640 | - | 2,637,640 |
| Para transit | 92,647 | 2,997,337 | 3,089,984 |
| Other postemployment benefits | <u>-</u> | <u>8,747,059</u> | <u>8,747,059</u> |
| Total | <u>\$ 22,654,721</u> | <u>\$ 29,873,862</u> | <u>\$ 52,528,583</u> |

4. CAPITAL ASSETS

Capital assets consisted of the following as of March 31, 2014 and 2013:

| | April 1, 2013 | Additions | Impairments and Retirements | Transfers | March 31, 2014 |
|---|----------------------|---------------------|-----------------------------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,176,369 | \$ - | \$ - | \$ - | \$ 4,176,369 |
| Construction-in-process | <u>22,408,214</u> | <u>54,564,871</u> | <u>(49,635)</u> | <u>(31,837,237)</u> | <u>45,086,213</u> |
| Total capital assets not being depreciated | <u>26,584,583</u> | <u>54,564,871</u> | <u>(49,635)</u> | <u>(31,837,237)</u> | <u>49,262,582</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 3,235,852 | 1 | - | - | 3,235,853 |
| Buildings and structures | 32,583,352 | 10,389 | (501,193) | 2,996,943 | 35,089,491 |
| Revenue vehicles | 105,412,473 | 3,634,586 | (7,233,301) | 26,816,195 | 128,629,953 |
| Non-revenue vehicles | 1,469,863 | 149,524 | (52,585) | - | 1,566,802 |
| Maintenance equipment | 4,550,348 | 44,719 | - | 367,795 | 4,962,862 |
| Other equipment | 24,074,582 | - | (34,088) | 960,431 | 25,000,925 |
| Computer equipment | 6,832,694 | - | (17,846) | 695,873 | 7,510,721 |
| Leasehold improvements | <u>2,274,978</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,274,978</u> |
| Total capital assets being depreciated | <u>180,434,142</u> | <u>3,839,219</u> | <u>(7,839,013)</u> | <u>31,837,237</u> | <u>208,271,585</u> |
| Accumulated depreciation of capital assets: | | | | | |
| Land improvements | (3,090,868) | (39,435) | - | - | (3,130,303) |
| Buildings and structures | (18,265,259) | (1,123,183) | 501,034 | - | (18,887,408) |
| Revenue vehicles | (55,982,038) | (9,178,156) | 7,232,939 | - | (57,927,255) |
| Non-revenue vehicles | (1,344,969) | (90,847) | 52,587 | - | (1,383,229) |
| Maintenance equipment | (2,514,694) | (312,231) | (1) | - | (2,826,926) |
| Other equipment | (8,742,599) | (2,660,828) | 34,089 | - | (11,369,338) |
| Computer equipment | (4,109,588) | (587,506) | (2,131) | - | (4,699,225) |
| Leasehold improvements | <u>(848,027)</u> | <u>(60,818)</u> | <u>3,440</u> | <u>-</u> | <u>(905,405)</u> |
| Total accumulated depreciation | <u>(94,898,042)</u> | <u>(14,053,004)</u> | <u>7,821,957</u> | <u>-</u> | <u>(101,129,089)</u> |
| Total capital assets being depreciated, net | <u>85,536,100</u> | <u>(10,213,785)</u> | <u>(17,056)</u> | <u>31,837,237</u> | <u>107,142,496</u> |
| Total capital assets | <u>\$112,120,683</u> | <u>\$44,351,086</u> | <u>\$ (66,691)</u> | <u>\$ -</u> | <u>\$156,405,078</u> |

4. CAPITAL ASSETS (Continued)

| | April 1, 2012 | Additions | Impairments and Retirements | Transfers | March 31, 2013 |
|---|----------------------|---------------------|-----------------------------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 2,748,877 | \$ 1,450,774 | \$ (23,282) | \$ - | \$ 4,176,369 |
| Construction-in-process | <u>16,362,804</u> | <u>33,594,438</u> | <u>(500,957)</u> | <u>(27,048,071)</u> | <u>22,408,214</u> |
| Total capital assets not being depreciated | <u>19,111,681</u> | <u>35,045,212</u> | <u>(524,239)</u> | <u>(27,048,071)</u> | <u>26,584,583</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 3,235,852 | - | - | - | 3,235,852 |
| Buildings and structures | 22,603,613 | - | (2,286,614) | 12,266,353 | 32,583,352 |
| Revenue vehicles | 96,771,735 | 1,184,285 | (1,911,117) | 9,367,570 | 105,412,473 |
| Non-revenue vehicles | 1,496,321 | 16,333 | (42,791) | - | 1,469,863 |
| Maintenance equipment | 4,345,411 | 52,643 | - | 152,294 | 4,550,348 |
| Other equipment | 22,611,810 | 25,320 | (3,511,327) | 4,948,779 | 24,074,582 |
| Computer equipment | 6,699,957 | 197,247 | (377,585) | 313,075 | 6,832,694 |
| Leasehold improvements | <u>2,268,988</u> | <u>5,990</u> | <u>-</u> | <u>-</u> | <u>2,274,978</u> |
| Total capital assets being depreciated | <u>160,033,687</u> | <u>1,481,818</u> | <u>(8,129,434)</u> | <u>27,048,071</u> | <u>180,434,142</u> |
| Accumulated depreciation of capital assets: | | | | | |
| Land improvements | (3,051,182) | (39,686) | - | - | (3,090,868) |
| Buildings and structures | (19,803,674) | (747,999) | 2,286,414 | - | (18,265,259) |
| Revenue vehicles | (50,644,624) | (7,248,530) | 1,911,116 | - | (55,982,038) |
| Non-revenue vehicles | (1,264,807) | (122,954) | 42,792 | - | (1,344,969) |
| Maintenance equipment | (2,272,270) | (242,424) | - | - | (2,514,694) |
| Other equipment | (10,290,017) | (1,921,700) | 3,469,118 | - | (8,742,599) |
| Computer equipment | (3,747,046) | (665,731) | 303,189 | - | (4,109,588) |
| Leasehold improvements | <u>(784,286)</u> | <u>(63,741)</u> | <u>-</u> | <u>-</u> | <u>(848,027)</u> |
| Total accumulated depreciation | <u>(91,857,906)</u> | <u>(11,052,765)</u> | <u>8,012,629</u> | <u>-</u> | <u>(94,898,042)</u> |
| Total capital assets being depreciated, net | <u>68,175,781</u> | <u>(9,570,947)</u> | <u>(116,805)</u> | <u>27,048,071</u> | <u>85,536,100</u> |
| Total capital assets | <u>\$ 87,287,462</u> | <u>\$25,474,265</u> | <u>\$ (641,044)</u> | <u>\$ -</u> | <u>\$112,120,683</u> |

5. INTER-ENTITY COST ALLOCATION

During 2014, RGRTA, RTS, and Lift Line allocated certain administrative personnel costs each other and the other Organizations. The amounts are reported as other operating revenue and as inter-entity cost allocations of the Authority's component units. These amounts are eliminated for presentation of the statement of revenues, expenses and change in net position.

| | <u>RGRTA</u> | <u>RTS</u> | <u>Lift Line</u> | <u>Total</u> |
|-----------|-------------------|---------------------|------------------|---------------------|
| RGRTA | \$ - | \$ 634,301 | \$ - | \$ 634,301 |
| RTS | 673,941 | - | - | 673,941 |
| Lift Line | 61,688 | 457,212 | - | 518,900 |
| BBS | 15,010 | 164,683 | 2,848 | 182,541 |
| LATS | 58,036 | 156,812 | 2,848 | 217,696 |
| OTS | 15,010 | 157,319 | 2,848 | 175,177 |
| STS | 15,010 | 193,738 | 2,848 | 211,596 |
| WATS | 15,010 | 156,351 | 2,849 | 174,210 |
| WYTS | 54,002 | 157,319 | 2,849 | 214,170 |
| GTC | - | 23,141 | - | 23,141 |
| Total | <u>\$ 907,707</u> | <u>\$ 2,100,876</u> | <u>\$ 17,090</u> | <u>\$ 3,025,673</u> |

For 2013, these amounts were eliminated for presentation of the statement of revenues, expenses and change in net position.

| | <u>RGRTA</u> | <u>RTS</u> | <u>Lift Line</u> | <u>Total</u> |
|-----------|-------------------|---------------------|------------------|---------------------|
| RGRTA | \$ - | \$ 544,554 | \$ - | \$ 544,554 |
| RTS | 612,714 | - | - | 612,714 |
| Lift Line | 58,011 | 533,575 | - | 591,586 |
| BBS | 19,983 | 126,283 | 8,212 | 154,478 |
| LATS | 56,614 | 128,657 | 8,212 | 193,483 |
| OTS | 19,983 | 126,173 | 8,212 | 154,368 |
| STS | 19,983 | 124,294 | 8,212 | 152,489 |
| WATS | 19,983 | 124,294 | 8,212 | 152,489 |
| WYTS | 52,606 | 126,173 | 8,212 | 186,991 |
| GTC | - | 20,202 | - | 20,202 |
| Total | <u>\$ 859,877</u> | <u>\$ 1,854,205</u> | <u>\$ 49,272</u> | <u>\$ 2,763,354</u> |

6. CAPITAL LEASE OBLIGATION

During 2013, the Authority entered into a four-year capital lease for computer storage area network equipment. The capital lease is non-interest bearing with annual lease payments of \$44,315 for a total cost of \$177,261.

As of March 31, 2014 and 2013 the lease outstanding totaled \$88,630 and \$132,946, respectively. Accumulated amortization of assets under this capital lease was \$88,630 and \$44,315 as of March 31, 2014 and March 31, 2013, respectively.

7. PENSION PLANS

New York State and Local Employees' Retirement System

Plan Description

All of the employees of the RGRTA (11) and GTCS (7) participate in the New York State and Local Employees' Retirement System (the System). The System is a cost-sharing multiple-employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). 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 administration and transactions of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Governor Alfred E. Smith Office Building, Albany, New York, 12244.

The total payroll for the Authority's employees covered by the System for the years ended March 31, 2014 and 2013 was \$1,287,594 and \$1,500,498, respectively. The GTCS payroll for employees covered by the System for the years ended March 31, 2014 and 2013 was \$491,775 and \$513,031, respectively.

Funding Policy

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement Systems and are as follows:

Tier 1 - Those persons who last became members before July 1, 1973.

Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 - Generally, except for corrections officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.

Tier 6 - Those persons who last became members on or after April 1, 2012.

7. PENSION PLANS (Continued)

New York State and Local Employees' Retirement System (Continued)

Tier 3 and Tier 4 members are required to contribute 3% of their wages to the plan for 10 years. Tier 5 members are required to contribute 3% of their salary for the length of their employment. Beginning April 1, 2013, the contribution rate for the Tier 6 members will vary based on each member's annual compensation varying between 3% and 6%. The plan cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York Legislature. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as a percentage of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Authority and GTCS contributions for fiscal years 2014, 2013, and 2012 were equal to the required contributions for the year, and were recorded as expense as follows:

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------|-------------------|-------------------|-------------------|
| RGRTA | \$ 77,403 | \$ 302,463 | \$ 319,275 |
| GTCS | <u>109,683</u> | <u>102,154</u> | <u>67,115</u> |
| | <u>\$ 187,086</u> | <u>\$ 404,617</u> | <u>\$ 386,390</u> |

Effective May 14, 2003, the System's billings require a minimum employer contribution of 4.5% annually of the fund value at April 1 of the previous fiscal year.

Single Employer Pension Plans

Plan Description

The Authority is the sponsor of four single employer defined benefit pension plans. These plans provide retirement benefits for approximately 1,066 active and inactive plan participants as of March 31, 2014.

- Retirement Plan for Union Employees of Regional Transit Service, Inc. (RTS Union Plan)
- Retirement Plan for General Administrative and Supervisory (Non-Union) Employees of Regional Transit Service, Inc. (RTS Non-Union Plan)
- Retirement Plan for Union Employees of Lift Line, Inc. (Lift Line Union Plan)
- Retirement Plan for Non-Union Employees of Lift Line, Inc. and Rural Properties (Lift Line and Regional Entities Non-Union Plan)

Each plan provides retirement, disability and death benefits to plan members and beneficiaries. The Board of Commissioners and the Union, if applicable, have the authority to establish and amend the contribution requirements and benefit provisions of each retirement plan.

In addition to providing pension benefits, the RTS Non-Union Plan provides certain postretirement health care and life insurance benefits. In accordance with the RTS Non-Union Plan document, the RTS Non-Union Plan is not required to contribute a portion of the cost if the plan is not funded greater than 120%. During fiscal years 2014 and 2013, the RTS Non-Union Plan was not funded greater than 120%; therefore, the Plan did not fund this expense.

Participants of the RTS and Lift Line Union Plans are represented by Amalgamated Transit Union, Local 282, AFL-CIO and are eligible for coverage on their dates of hire for full-time employment. The Authority is contractually obligated to make contributions on behalf of both the RTS and Lift Line Union Plans. In certain years the contractual obligation could exceed the actuarially calculated annual required contribution.

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Funding Policy and Annual Pension Cost

The Organizations' annual pension cost for the current year and related information for each plan is as follows:

| | RTS Union Plan | RTS Non-Union Plan | Lift Line Union Plan | Lift Line and Regional Entities Non-Union Plan |
|---|---|---|---|---|
| Plan type | Single Employer Defined Benefit Plan |
| Date of actuarial valuation: | 11/1/2013 | 4/1/2013 | 4/1/2013 | 5/1/2013 |
| Contribution rates: | | | | |
| Employer | 1.5%(a) | (b) | 3.0% | (b) |
| Plan members | 1.5%(a) | 0.0% | 3.0% | 3.0% |
| Normal retirement age | 65 | 62 | 65 | 65 |
| Benefits provided | Monthly benefit equal to 1.85% of the average of the five highest years' W-2 earnings (subject to a minimum of \$300 per month and a maximum of \$53 per month multiplied by years of credited service. (d) | Monthly benefit calculated based on average compensation, as defined by plan, for three highest consecutive years multiplied by years of credited service times 1.75%. (e) | Monthly benefit calculated based on the employee's yearly compensation multiplied by years of credited service times 1.3%. (f) | Monthly benefit calculated based on the employee's yearly compensation multiplied by years of credited service times 1.45%. |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit | Unprojected Unit Credit | Unprojected Unit Credit |
| Amortization method (c) | Level Dollar Method | Level Dollar Method | Level Dollar Method | Level Dollar Method |
| Amortization period | Closed - 10 years |
| Asset valuation method | Rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments at the valuation interest rate, and adding 20% of the difference between the reported market value and the expected actuarial value. | Rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments at the valuation interest rate, and adding 20% of the difference between the reported market value and the expected actuarial value. | Rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments at the valuation interest rate, and adding 20% of the difference between the reported market value and the expected actuarial value. | Rolling forward prior year's actuarial value with contributions, disbursements, and expected return on investments at the valuation interest rate, and adding 20% of the difference between the reported market value and the expected actuarial value. |
| Actuarial assumptions: | | | | |
| Investment rate of return, net | 8.0% | 7.1% | 8.0% | 7.1% |
| Projected salary increases | 5.0% | 4.0% | 5.0% | 5.0% |
| Annual pension cost (APC) | \$ 1,397,782 | \$ 240,344 | \$ 72,148 | \$ 232,761 |
| APC contributed | 100% | 100% | 100% | 100% |
| Annual required contribution | \$ 1,397,782 | \$ 240,344 | \$ 72,148 | \$ 232,761 |
| Amortization of unfunded actuarial liability (asset) - including interest | \$ 107,156 | \$ (234,950) | \$ (109,331) | \$ 50,044 |
| Adjustment for net pension obligation | \$ - | \$ - | \$ - | \$ - |
| Ending balance of net pension obligation | \$ 1,482,747 | \$ - | \$ - | \$ 285,247 |
| Number of members (Active and Inactive) | 730 | 181 | 65 | 80 |

- (a) If additional contributions are required to fund the benefits of the plan, plan members are required to contribute up to 0.5% of their salaries to fund the additional contribution. If further additional contributions are required, they are split equally between plan members and RTS.
- (b) RTS' policy is to contribute annually an amount equal to the net employer normal cost (ARC).
- (c) The amortization method used for all plans incorporates equal payments of principal and interest.
- (d) Effective for the RTS Union Plan, after January 1, 2014, the monthly benefit maximum will increase to \$55 per month multiplied by the years of credited service.
- (e) The percentage used is increased, as defined in the plan, for employees with more than 20 years of credited service with the employer.
- (f) Effective June 6, 2013, the pension benefit multiplier for the LL Union Plan increased from 1.3% to 1.65% for all compensation earned each year including prior years.

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Trend Information:

| Plan Year Ended | Annual Required Contribution (1) | Amount Contributed | Percentage Contributed |
|---|--|-----------------------|---------------------------|
| RTS UNION PLAN | | | |
| October 31, 2013 | \$ 1,572,818 | \$ 1,572,818 | 100.0% |
| October 31, 2012 | \$ 1,112,120 | \$ 1,112,120 | 100.0% |
| October 31, 2011 | \$ 949,924 | \$ 949,924 | 100.0% |
| October 31, 2010 | \$ 992,251 | \$ 992,251 | 100.0% |
| October 31, 2009 | \$ 616,245 | \$ 616,245 | 100.0% |
| October 31, 2008 | \$ 686,499 | \$ 686,499 | 100.0% |
| RTS NON-UNION PLAN | | | |
| March 31, 2013 | \$ 286,474 | \$ 286,474 | 100.0% |
| March 31, 2012 | \$ - | \$ - | N/A |
| March 31, 2011 | \$ - | \$ - | N/A |
| March 31, 2010 | \$ - | \$ - | N/A |
| March 31, 2009 | \$ - | \$ - | N/A |
| March 31, 2008 | \$ - | \$ - | N/A |
| LIFT LINE UNION PLAN | | | |
| March 31, 2013 | \$ 72,516 | \$ 72,516 | 100.0% |
| March 31, 2012 | \$ 82,045 | \$ 82,045 | 100.0% |
| March 31, 2011 | \$ 77,722 | \$ 77,722 | 100.0% |
| March 31, 2010 | \$ 70,941 | \$ 70,941 | 100.0% |
| March 31, 2009 | \$ 110,960 | \$ 110,960 | 100.0% |
| March 31, 2008 | \$ 73,743 | \$ 73,743 | 100.0% |
| LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN | | | |
| April 30, 2013 | \$ 129,936 | \$ 129,936 | 100.0% |
| April 30, 2012 | \$ 69,463 | \$ 69,463 | 100.0% |
| April 30, 2011 | \$ 67,470 | \$ 67,470 | 100.0% |
| April 30, 2010 | \$ 60,404 | \$ 60,404 | 100.0% |
| April 30, 2009 | \$ 42,065 | \$ 42,065 | 100.0% |
| April 30, 2008 | \$ 32,849 | \$ 32,849 | 100.0% |

(1) The annual required contribution for the RTS Union and Lift Line Union Plans has been adjusted to be based on the same measure of payroll and contractual obligations as the contributions recognized as additions in the statements of revenue, expenses and changes in net position.

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Schedule of Pension Funding Progress:

| Actuarial Report as of: | Actuarial Valuation of Plan Assets | Actuarial Accrued Liability (AAL) | Percentage Funded | Excess (Deficiency) of Assets Over AAL | Annual Covered Payroll | Excess (Deficiency) as a Percentage of Covered Payroll |
|---|--|--|----------------------|---|------------------------------|---|
| RTS UNION PLAN | | | | | | |
| (\$ In Millions) | | | | | | |
| November 1, 2013 | \$ 45.1 | \$ 46.6 | 96.8% | \$ (1.5) | \$ 22.3 | -6.7% |
| November 1, 2012 | \$ 42.4 | \$ 45.1 | 94.0% | \$ (2.7) | \$ 22.4 | -12.1% |
| November 1, 2011 | \$ 40.5 | \$ 38.9 | 104.1% | \$ 1.6 | \$ 20.0 | 8.0% |
| November 1, 2010 | \$ 39.2 | \$ 38.2 | 102.6% | \$ 1.0 | \$ 18.9 | 5.3% |
| November 1, 2009 | \$ 39.0 | \$ 36.9 | 105.7% | \$ 2.1 | \$ 18.6 | 11.3% |
| November 1, 2008 | \$ 39.5 | \$ 37.2 | 106.2% | \$ 2.3 | \$ 18.4 | 12.5% |
| RTS NON-UNION PLAN | | | | | | |
| (\$ In Millions) | | | | | | |
| April 1, 2013 | \$ 18.9 | \$ 18.1 | 104.4% | \$ 0.8 | \$ 4.2 | 19.0% |
| April 1, 2012 | \$ 18.2 | \$ 17.4 | 104.6% | \$ 0.8 | \$ 4.1 | 19.5% |
| April 1, 2011 | \$ 17.7 | \$ 15.0 | 118.0% | \$ 2.7 | \$ 3.9 | 69.2% |
| April 1, 2010 | \$ 17.2 | \$ 14.5 | 118.6% | \$ 2.7 | \$ 3.8 | 71.1% |
| April 1, 2009 | \$ 16.6 | \$ 13.8 | 120.3% | \$ 2.7 | \$ 3.5 | 77.1% |
| April 1, 2008 | \$ 19.2 | \$ 13.0 | 147.7% | \$ 6.2 | \$ 3.3 | 187.9% |
| LIFT LINE UNION PLAN | | | | | | |
| (\$ In Thousands) | | | | | | |
| April 1, 2013 | \$ 2,366.6 | \$ 1,695.4 | 139.6% | \$ 671.2 | \$ 2,312.4 | 29.0% |
| April 1, 2012 | \$ 2,079.8 | \$ 1,175.1 | 177.0% | \$ 904.7 | \$ 2,552.4 | 35.4% |
| April 1, 2011 | \$ 1,835.2 | \$ 1,124.6 | 163.2% | \$ 710.6 | \$ 1,868.7 | 38.0% |
| April 1, 2010 | \$ 1,621.5 | \$ 864.6 | 187.5% | \$ 756.9 | \$ 1,919.0 | 39.4% |
| April 1, 2009 | \$ 1,398.2 | \$ 779.1 | 179.5% | \$ 619.1 | \$ 1,831.0 | 33.8% |
| April 1, 2008 | \$ 1,323.5 | \$ 717.0 | 184.6% | \$ 606.5 | \$ 1,917.0 | 31.6% |
| LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN | | | | | | |
| (\$ In Thousands) | | | | | | |
| May 1, 2013 | \$ 1,434.9 | \$ 1,720.1 | 83.4% | \$ (285.2) | \$ 2,545.9 | -11.2% |
| May 1, 2012 | \$ 1,232.2 | \$ 1,545.3 | 79.7% | \$ (313.1) | \$ 2,270.3 | -13.8% |
| May 1, 2011 | \$ 1,097.9 | \$ 1,238.1 | 88.7% | \$ (140.2) | \$ 1,904.1 | -7.4% |
| May 1, 2010 | \$ 951.4 | \$ 1,114.5 | 85.4% | \$ (163.1) | \$ 1,829.8 | -8.9% |
| May 1, 2009 | \$ 864.5 | \$ 1,036.5 | 83.4% | \$ (172.0) | \$ 1,756.9 | -9.8% |
| May 1, 2008 | \$ 931.9 | \$ 940.5 | 99.1% | \$ (8.6) | \$ 1,585.4 | -0.5% |

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides certain postemployment insurance benefits to retired RTS union employees and non-union employees of RTS and RGRTA. These benefits are provided based upon collective bargaining agreements as well as established practices which together constitute a substantive plan (the Plan). The Authority combines the two plans and administers as a single employer defined benefit other postemployment benefit (OPEB) Plan.

Employees are eligible to participate if they meet the criteria for normal retirement (age 65 and minimum 10 years of service for union, and age 62 and minimum 10 years of service for non-union), disability retirement (15 years of service for union and non-union) or early retirement (age 55 and minimum 25 years of service for union, age 55 and minimum 15 years of service for non-union). The plan has 551 active participants as of March 31, 2013. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

Currently, the Plan is funded by the Authority on a pay-as-you-go basis. As of the date of these financial statements, New York State has not yet adopted legislation that would enable government entities to establish a Governmental Accounting Standards Board (GASB) qualifying trust for the purpose of funding OPEB benefits. Pending such legislation, the Authority established an OPEB reserve fund in 2007.

Annual OPEB Cost and Net OPEB Obligation

In fiscal 2013 the Authority retained an independent actuarial firm to perform a calculation of the expected value of the Plan's OPEB obligation. This valuation report provides the Authority's obligations for fiscal 2013 in accordance with GASB Statement No. 45, *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."* The valuation was performed using census data as of November 1, 2012 and plan provisions as of April 1, 2012. The valuation was performed as of April 1, 2012. While there is not a requirement to fund the obligation, the Authority has established a reserve fund to provide funding for a dedicated OPEB trust account when permitted to do so by state legislation.

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Authority's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus the amortization of the unfunded actuarial accrued liability (UAAL) over a 30 year period. The following tables set forth the components of the RGRTA and RTS' OPEB expense for the 2014 and 2013 fiscal years, the amount actually contributed to the Plan, and the changes in the net OPEB obligation:

| | RGRTA | RTS | TOTAL |
|--|-------------------|----------------------|----------------------|
| Annual required contribution before interest | \$ 108,000 | \$ 6,617,000 | \$ 6,725,000 |
| Interest on net OPEB obligation | 14,000 | 853,000 | 867,000 |
| Amortization of UAAL | <u>(22,000)</u> | <u>(1,326,000)</u> | <u>(1,348,000)</u> |
| Annual OPEB cost | 100,000 | 6,144,000 | 6,244,000 |
| Contributions made | <u>(37,000)</u> | <u>(1,659,000)</u> | <u>(1,696,000)</u> |
| Increase in net OPEB obligation | 63,000 | 4,485,000 | 4,548,000 |
| Net OPEB Obligation – April 1, 2013 | <u>459,779</u> | <u>28,867,109</u> | <u>29,326,888</u> |
| Net OPEB Obligation – March 31, 2014 | <u>\$ 522,779</u> | <u>\$ 33,352,109</u> | <u>\$ 33,874,888</u> |

| | RGRTA | RTS | TOTAL |
|--|-------------------|----------------------|----------------------|
| Annual required contribution before interest | \$ 108,000 | \$ 6,617,000 | \$ 6,725,000 |
| Interest on net OPEB obligation | 14,000 | 853,000 | 867,000 |
| Amortization of UAAL | <u>(22,000)</u> | <u>(1,326,000)</u> | <u>(1,348,000)</u> |
| Annual OPEB cost | 100,000 | 6,144,000 | 6,244,000 |
| Contributions made | <u>(37,000)</u> | <u>(1,659,000)</u> | <u>(1,696,000)</u> |
| Increase in net OPEB obligation | 63,000 | 4,485,000 | 4,548,000 |
| Net OPEB Obligation – April 1, 2012 | <u>396,779</u> | <u>24,382,109</u> | <u>24,778,888</u> |
| Net OPEB Obligation – March 31, 2013 | <u>\$ 459,779</u> | <u>\$ 28,867,109</u> | <u>\$ 29,326,888</u> |

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Percentage of Annual OPEB Cost

Schedule of OPEB Cost Contributed

| <u>Actuarial Valuation Date</u> | <u>Annual OPEB Cost</u> | <u>% of OPEB Cost Contributed</u> | <u>Contribution (ARC)</u> | <u>% of ARC Contributed</u> | <u>Net OPEB Obligation</u> |
|---------------------------------|-------------------------|-----------------------------------|---------------------------|-----------------------------|----------------------------|
| 4/1/09 | \$ 5,190,700 | 55.5% | \$ 5,491,800 | 52.4% | \$22,352,659 |
| 4/1/11 | \$ 5,190,000 | 53.3% | \$ 5,491,800 | 50.3% | \$24,778,888 |
| 4/1/12 | \$ 6,244,000 | 27.2% | \$ 6,725,000 | 25.2% | \$29,326,888 |
| 4/1/13 | \$ 6,244,000 | 27.2% | \$ 6,725,000 | 25.2% | \$33,874,888 |

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of 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.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and 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 following methods and assumptions were used:

| | |
|------------------------------|--|
| Actuarial Cost Method | Projected Unit Credit |
| Rate of Inflation | 2.5% per annum, compounded annually |
| Discount Rate* | 3.5% |
| Medical Care Cost Trend Rate | 7.5% pre-Medicare and 6.0% post-Medicare in 2013, decreasing gradually until the ultimate post-Medicare rate of 5.05% in 2047. |

Unfunded Actuarial Accrued Liability:

| | |
|---------------------|--------------|
| Amortization Period | 30 years |
| Amortization Method | Level Dollar |
| Amortization Basis | Closed |

* As the plan is unfunded, the assumed discount rate considers that the Authority's investment assets are short term in nature, such as money market funds.

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for the Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a % of covered Payroll (b)-(a)/(c) |
|--------------------------|-------------------------------|---------------------------------------|-------------------------------|----------------------|---------------------|--|
| 4/1/09 | \$ - | \$ 66,176,500 | \$ 66,176,500 | 0.0% | \$ 24,344,939 | 271.8% |
| 4/1/10 | \$ - | \$ 66,844,000 | \$ 66,844,000 | 0.0% | \$ 27,219,358 | 245.6% |
| 4/1/12 | \$ - | \$ 59,578,000 | \$ 59,578,000 | 0.0% | \$ 30,315,164 | 196.5% |

9. SELF-INSURANCE

The Authority is self-insured up to \$1,500,000 per incident for automobile liability, and is self-insured for workers' compensation, environmental claims, and certain forms of property damage. In addition, the Authority maintains excess automobile liability insurance coverage of \$15,000,000 with outside insurance carriers. The Authority has set aside assets for claim settlement and servicing. All component units of the Authority are covered by these assets.

Claims liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Annually, the Authority engages an actuary to perform a study to estimate the potential exposure related to incurred but not reported claims for workers' compensation. The information below summarizes the workers' compensation activity for the years ended March 31, 2014 and 2013:

| | Balance - April 1, 2013 | Current Year Claims and Changes in Estimates | Claims Payments | Balance - March 31, 2014 |
|-----------|-------------------------|--|---------------------|--------------------------|
| Authority | \$ 300 | \$ 16 | \$ (316) | \$ - |
| RTS | 2,918,222 | 166,954 | (548,048) | 2,537,128 |
| Lift Line | 377,599 | (27,658) | (139,411) | 210,530 |
| BBS | 129,652 | 92,245 | (24,220) | 197,677 |
| LATS | 24,652 | (579) | (8,386) | 15,687 |
| OTS | 4,493 | (1,014) | (342) | 3,137 |
| STS | 353 | 183 | (536) | - |
| WATS | 546 | 9,405 | (2,081) | 7,870 |
| WYTS | 33,586 | 19,133 | (5,196) | 47,523 |
| GTCS | 599 | (151) | - | 448 |
| Total | <u>\$ 3,490,002</u> | <u>\$ 258,534</u> | <u>\$ (728,536)</u> | <u>\$ 3,020,000</u> |

9. SELF-INSURANCE (Continued)

| | <u>Balance - April 1, 2012</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance - March 31, 2013</u> |
|--------------|------------------------------------|---|----------------------------|-------------------------------------|
| Authority | \$ - | \$ 939 | \$ (639) | \$ 300 |
| RTS | 3,331,590 | 182,345 | (595,713) | 2,918,222 |
| Lift Line | 352,602 | 86,744 | (61,747) | 377,599 |
| BBS | 190,788 | 16,214 | (77,350) | 129,652 |
| LATS | 33,721 | 175 | (9,244) | 24,652 |
| OTS | - | 5,266 | (773) | 4,493 |
| STS | 353 | 406 | (406) | 353 |
| WATS | - | 4,298 | (3,752) | 546 |
| WYTS | 30,946 | 7,215 | (4,575) | 33,586 |
| GTCS | - | 599 | - | 599 |
| Total | <u>\$ 3,940,000</u> | <u>\$ 304,201</u> | <u>\$ (754,199)</u> | <u>\$ 3,490,002</u> |

The information below summarizes the reserve for litigated and unlitigated claims activity for the years ended March 31, 2014 and 2013:

| | <u>Balance - April 1, 2013</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims (Payments)/ Recoupments</u> | <u>Balance - March 31, 2014</u> |
|--------------|------------------------------------|---|---|-------------------------------------|
| RTS | \$ 1,819,050 | \$ 437,027 | \$ (1,546,746) | \$ 709,331 |
| Lift Line | 518,236 | 231,552 | (34,639) | 715,149 |
| LATS | 46,101 | 171,019 | (211,190) | 5,930 |
| STS | 4,598 | (398) | - | 4,200 |
| WATS | 65,205 | (17,999) | (984) | 46,222 |
| WYTS | - | 250 | (250) | - |
| GTCS | - | 5,000 | - | 5,000 |
| Total | <u>\$ 2,453,190</u> | <u>\$ 826,451</u> | <u>\$ (1,793,809)</u> | <u>\$ 1,485,832</u> |

| | <u>Balance - April 1, 2012</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims (Payments)/ Recoupments</u> | <u>Balance - March 31, 2013</u> |
|--------------|------------------------------------|---|---|-------------------------------------|
| RTS | \$ 1,822,804 | \$ 357,492 | \$ (361,246) | \$ 1,819,050 |
| Lift Line | 571,571 | (26,331) | (27,004) | 518,236 |
| LATS | 39,102 | 18,371 | (11,372) | 46,101 |
| STS | 2,000 | 9,071 | (6,473) | 4,598 |
| WATS | 37,008 | 14,954 | 13,243 | 65,205 |
| WYTS | 399 | (399) | - | - |
| GTCS | - | - | - | - |
| Total | <u>\$ 2,472,884</u> | <u>\$ 373,158</u> | <u>\$ (392,852)</u> | <u>\$ 2,453,190</u> |

9. SELF-INSURANCE (Continued)

Changes in investments designated for self-insurance during fiscal 2014 are as follows:

| | |
|------------------------------------|---------------------|
| Balance - beginning of year | \$ 5,036,888 |
| Uses of self-insurance investments | (1,421,182) |
| Investments earnings, net | <u>18,447</u> |
| Balance - end of year | <u>\$ 3,634,153</u> |

In 2013, investments designated for self-insurance had a beginning balance of \$5,002,545 and investment earnings of \$34,343 resulting in an end of year balance of \$5,036,888.

The amount of assets segregated for self-insurance has been estimated by the Authority based upon past experience and consideration of current outstanding issues and is not the result of an actuarially-determined methodology.

10. CAPITAL RESERVE FUND

In fiscal 1999, the Board of Commissioners authorized the establishment of a capital reserve fund to accumulate resources for future capital purchases. The capital reserve was funded initially from unrestricted net assets. During fiscal 2000 and 2007, \$1,200,000 and \$1,000,000, respectively, was added to the capital reserve fund from additional New York State Operating Assistance (STOA) funding. Otherwise, the capital reserve fund has been funded with amounts budgeted for local depreciation, to the extent practicable.

Changes in the investments designated for capital reserve for the years ended March 31 are as follows:

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|--------------------|
| Balance -- beginning of the year | \$2,637,640 | \$4,316,372 |
| Additional funding from unrestricted net position | 1,876,100 | 1,204,700 |
| Temporary funding from working capital | 2,090,131 | |
| Investment earnings | 936 | 7,181 |
| Local share of capital purchases | <u>(6,604,807)</u> | <u>(2,890,613)</u> |
| Balance -- end of year | <u>\$ -</u> | <u>\$2,637,640</u> |

11. COMMITMENTS

Leases

The Authority leases property for its Customer Service Center under a non-cancelable operating lease agreement expiring April 2014, with annual rent of approximately \$40,000. Rent expense at Lift Line and RTS combined under the terms of this agreement was \$ 39,456 and \$42,647 for the years ended March 31, 2014 and 2013, respectively. This lease was allowed to expire in April of 2014.

WYTS leases property for administration and operations under a non-cancelable operating lease agreement expiring April 2016, with annual rent expense of \$20,415 and \$19,800 for the years ended March 31, 2014 and 2013, respectively.

12. FIXED PRICE FUEL SWAP

Fuel Swap

In May 2012, the Authority entered into two transactions with Cargill, Incorporated (Cargill) pursuant to the September 2011 master agreement to mitigate the volatile risk of diesel fuel costs for budgetary and cost control purposes as discussed below for the period June 1, 2012 through March 31, 2015.

Hedge Effectiveness

The Authority used the consistent critical terms method to evaluate the hedge effectiveness of the fuel swap contract. This method evaluates effectiveness by qualitative consideration of the critical terms of the hedgeable item (i.e., diesel fuel) and the potential hedging derivative instrument. Under the consistent critical terms method, if the critical terms of the hedgeable item and the potential hedging derivative instrument are the same, or similar, the changes in cash flows of the potential hedging derivative instrument will offset substantially the changes in cash flows of the hedgeable item. The Authority considered the fuel swap contract to be effective due to the fact that the changes in cash flow from the price of diesel fuel substantially offset the changes in price of the fuel swap contract.

Objectives

RTS entered into the fuel swap contract to reduce the risk of price volatility for diesel fuel supply. The swap contract for fiscal year ended March 31, 2014 and 2013 covered approximately 65.8% and 58%, respectively, of total fuel establishing a cap on fuel cost per gallon for that portion of fuel needs. The balance of RTS' fuel supply needs were purchased via spot market to take advantage of market prices that fall below the fixed price swap amount per gallon.

12. FIXED PRICE FUEL SWAP (Continued)

Terms

The terms of the RTS fuel swap contract were as follows:

| <u>Notional Amount</u> | <u>Counter-Party Credit Rating *</u> | <u>Effective Date</u> | <u>Maturity Date</u> | <u>Terms</u> |
|--|--------------------------------------|-----------------------|----------------------|--|
| 120,000 Gallons of Diesel Fuel per month | A | 6/1/2012 | 3/31/2013 | Pay \$3.0650 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back. |
| 85,000 Gallons of Diesel Fuel per month | A | 4/1/2013 | 3/31/2014 | Pay \$3.0325 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back. |
| 34,000 Gallons of Diesel Fuel per month | A | 4/1/2013 | 3/31/2014 | Pay \$2.8250 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back. |
| 85,000 Gallons of Diesel Fuel per month | A | 4/1/2014 | 3/31/2015 | Pay \$2.8275 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back. |

* As noted by Standard and Poors.

During 2014, RTS received \$45,959, in cash net payments from Cargill. During 2013, RTS received \$32,114, in cash net payments from Cargill.

Credit Risk

RTS is exposed to credit risk related to the fuel swap contract when it is in an asset position. To mitigate that risk, the total amount of the fuel swap contract asset as of March 31, 2014 and 2013 is the maximum loss that would have been recognized at the reporting date if Cargill failed to perform.

RTS has entered into a collateral support agreement with Cargill to mitigate the risk of non-performance during the period the fuel swap contract is in effect.

The collateral agreement requires that if the performance exposure and, the position market value of the fuel swap contract, were to exceed \$7,500,000, then either party may demand the other party transfer collateral at least equal to the excess exposure. The collateral shall be in the form of U.S. dollars and held in a bank account in the United States.

12. FIXED PRICE FUEL SWAP (Continued)

Basis Risk

RTS is not exposed to basis risk on the fuel swap contract because the expected commodity purchase being hedged will price based on U.S. spot price, at the pricing point that is the same as the pricing point at which the forward contract is expected to settle.

Termination Risk

The fuel swap contract could terminate at any time if certain events occur that result in one party not performing in accordance with the agreement. The fuel swap contract may terminate due to illegality, a credit event upon merger, or an event of default and illegality. If the fuel swap contract is in a liability position at the time of termination, RTS would be liable for a payment equal to the liability.

13. CONTINGENCIES

The Authority and certain of the Organizations are defendants in various personal injury, property damage liability and labor dispute lawsuits. It is not possible at this time to predict the outcome of the legal actions currently in process or pending against the Authority and the Organizations. In the opinion of management, however, the disposition of the lawsuits will not have a material adverse effect on the financial position of the Authority and the Organizations.

14. SOIL REMEDIATION LIABILITY

Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events takes place:

- An imminent threat to public health due to pollution exists,
- The Authority is in violation of a pollution prevention-related permit or license,
- The Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation,
- The Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- The Authority voluntarily commences or legally obligates itself to commence remediation efforts.

In 2009, RTS identified and estimated costs related to a remediation obligation. RTS recorded a non-operating expense and corresponding liability for soil contamination remediation obligations.

During 2014, RTS recognized a loss on change in soil remediation liability of \$815,317 and has increased its soil remediation liability to \$1,468,061 as of March 31, 2014, using the cash flow technique.

14. SOIL REMEDIATION LIABILITY (Continued)

The Authority had the following activity related to soil remediation for the years ended March 31:

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|-------------------|
| Soil remediation liability beginning of year | \$ 657,251 | \$ 642,951 |
| Expected additional future outlays, increasing liability | | |
| Estimates | 815,317 | 37,978 |
| Payments for soil remediation | (4,507) | (23,678) |
| Reduction in liability estimates | <u>-</u> | <u>-</u> |
| | | |
| Soil remediation liability end of year | 1,468,061 | 657,251 |
| Less: Current portion | <u>(109,450)</u> | <u>(132,000)</u> |
| Long-term soil remediation liability | <u>\$ 1,358,611</u> | <u>\$ 525,251</u> |

RTS has estimated it will expend approximately \$109,450 in fiscal 2015 and has recorded this amount as a current liability.

The soil remediation liability consists of future and present activities associated with the decontamination of the soil at the RTS operations headquarters. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

15. CONDENSED FINANCIAL INFORMATION

The financial statements of the Authority include the accounts of RGRTA, and its nine (9) blended component units for which the Authority is financially accountable, more completely described in Note 2. GASB Statement #61 requires the following condensed financial information for each of these entities as of March 31, 2014:

**Condensed statement of net position (in millions)
As of March 31, 2014**

| | RGRTA | RTS | Lift Line |
|----------------------------|-----------------------|------------------------|----------------------|
| Assets: | | | |
| Current | \$ 35.1 | \$ 7.1 | \$ 0.2 |
| Capital | - | 146.4 | 3.7 |
| Other | <u>62.5</u> | <u>0.1</u> | <u>-</u> |
| Total assets | <u><u>97.6</u></u> | <u><u>153.6</u></u> | <u><u>3.9</u></u> |
| | | | |
| Liabilities: | | | |
| Current | 3.7 | 9.8 | 1.4 |
| Long-term | <u>0.5</u> | <u>34.8</u> | <u>-</u> |
| Total Liabilities | <u><u>4.2</u></u> | <u><u>44.6</u></u> | <u><u>1.4</u></u> |
| | | | |
| Net Position: | | | |
| Invested in capital assets | - | 146.3 | 3.7 |
| Unrestricted | <u>93.4</u> | <u>(37.3)</u> | <u>(1.2)</u> |
| Total net position | <u><u>\$ 93.4</u></u> | <u><u>\$ 109.0</u></u> | <u><u>\$ 2.5</u></u> |

15. CONDENSED FINANCIAL INFORMATION (Continued)
Condensed statement of net position (in millions)
As of March 31, 2014

| | BBS | LATS | OTS |
|----------------------------|----------------------|----------------------|----------------------|
| Assets: | | | |
| Current | \$ 0.1 | \$ 0.2 | \$ 0.1 |
| Capital | 0.4 | 3.0 | 0.1 |
| Other | - | - | - |
| Total assets | <u>0.5</u> | <u>3.2</u> | <u>0.2</u> |
| Liabilities: | | | |
| Current | 0.3 | 0.2 | 0.1 |
| Long-term | - | - | - |
| Total Liabilities | <u>0.3</u> | <u>0.2</u> | <u>0.1</u> |
| Net Position: | | | |
| Invested in capital assets | 0.4 | 3.0 | 0.1 |
| Unrestricted | (0.2) | - | - |
| Total net position | <u>\$ 0.2</u> | <u>\$ 3.0</u> | <u>\$ 0.1</u> |

| | STS | WATS | WYTS |
|----------------------------|----------------------|----------------------|----------------------|
| Assets: | | | |
| Current | \$ 0.1 | \$ 0.3 | \$ 0.1 |
| Capital | 0.2 | 1.9 | 0.8 |
| Other | - | - | - |
| Total assets | <u>0.3</u> | <u>2.2</u> | <u>0.9</u> |
| Liabilities: | | | |
| Current | 0.1 | 0.3 | 0.2 |
| Long-term | - | - | - |
| Total Liabilities | <u>0.1</u> | <u>0.3</u> | <u>0.2</u> |
| Net Position: | | | |
| Invested in capital assets | 0.2 | 1.9 | 0.8 |
| Unrestricted | - | - | (0.1) |
| Total net position | <u>\$ 0.2</u> | <u>\$ 1.9</u> | <u>\$ 0.7</u> |

| | GTCS |
|----------------------------|----------------------|
| Assets: | |
| Current | \$ 0.6 |
| Capital | - |
| Other | - |
| Total assets | <u>0.6</u> |
| Liabilities: | |
| Current | 0.5 |
| Long-term | - |
| Total Liabilities | <u>0.5</u> |
| Net Position: | |
| Invested in capital assets | - |
| Unrestricted | 0.1 |
| Total net position | <u>\$ 0.1</u> |

15. **CONDENSED FINANCIAL INFORMATION (Continued)**

**Condensed statement of revenues, expenses and changes in net position (in millions)
For the year ended March 31, 2014**

| | RGRTA | RTS | Lift Line |
|----------------------------------|-----------------------|------------------------|----------------------|
| Operating revenues | \$ 0.9 | \$ 28.5 | \$ 0.4 |
| Operating expenses | 2.9 | 69.9 | 7.3 |
| Depreciation | <u>-</u> | <u>11.8</u> | <u>0.9</u> |
| Operating income (loss) | <u>(2.0)</u> | <u>(53.2)</u> | <u>(7.8)</u> |
| Nonoperating revenues (expenses) | 1.6 | (3.6) | 4.8 |
| Capital contributions | - | 53.3 | 2.0 |
| Operating assistance | <u>0.1</u> | <u>41.0</u> | <u>2.0</u> |
| Change in net position | (0.3) | 37.5 | 1.0 |
| Beginning net position | 93.7 | 71.5 | 1.5 |
| Ending net position | <u>\$ 93.4</u> | <u>\$ 109.0</u> | <u>\$ 2.5</u> |

| | BBS | LATS | OTS |
|----------------------------------|----------------------|----------------------|----------------------|
| Operating revenues | \$ 0.2 | \$ 0.8 | \$ 0.1 |
| Operating expenses | 1.0 | 1.9 | 0.7 |
| Depreciation | <u>0.1</u> | <u>0.4</u> | <u>0.1</u> |
| Operating income (loss) | <u>(0.9)</u> | <u>(1.5)</u> | <u>(0.7)</u> |
| Nonoperating revenues (expenses) | 0.6 | 1.0 | 0.5 |
| Capital contributions | 0.3 | 0.8 | 0.1 |
| Operating assistance | <u>0.2</u> | <u>0.2</u> | <u>0.1</u> |
| Change in net position | 0.2 | 0.5 | - |
| Beginning net position | - | 2.4 | 0.1 |
| Ending net position | <u>\$ 0.2</u> | <u>\$ 2.9</u> | <u>\$ 0.1</u> |

15. **CONDENSED FINANCIAL INFORMATION (Continued)**

**Condensed statement of revenues, expenses and changes in net position (in millions)
For the year ended March 31, 2014**

| | STS | WATS | WYTS |
|----------------------------------|----------------------|----------------------|----------------------|
| Operating revenues | \$ 0.3 | \$ 1.5 | \$ 0.3 |
| Operating expenses | 0.9 | 2.0 | 1.3 |
| Depreciation | <u>0.1</u> | <u>0.4</u> | <u>0.2</u> |
| Operating income (loss) | <u>(0.7)</u> | <u>(0.9)</u> | <u>(1.2)</u> |
| Nonoperating revenues (expenses) | 0.5 | 0.4 | 0.9 |
| Capital contributions | - | 1.4 | 0.6 |
| Operating assistance | <u>0.1</u> | <u>0.2</u> | <u>0.1</u> |
| Change in net position | (0.1) | 1.1 | 0.4 |
| Beginning net position | <u>0.3</u> | <u>0.8</u> | <u>0.3</u> |
| Ending net position | <u>\$ 0.2</u> | <u>\$ 1.9</u> | <u>\$ 0.7</u> |

| | GTCS |
|----------------------------------|----------------------|
| Operating revenues | \$ 0.6 |
| Operating expenses | 1.6 |
| Depreciation | <u>-</u> |
| Operating income (loss) | <u>(1.0)</u> |
| Nonoperating revenues (expenses) | - |
| Capital contributions | - |
| Operating assistance | <u>2.5</u> |
| Change in net position | 1.5 |
| Beginning net position | <u>(1.4)</u> |
| Ending net position | <u>\$ 0.1</u> |

15. CONDENSED FINANCIAL INFORMATION (Continued)

Condensed statement of cash flows (In millions)
For the year ended March 31, 2014

| | RGRTA | RTS | Lift Line |
|--|----------------|---------------|-------------|
| Cash provided by (used for): | | | |
| Operating activities | \$ (1.6) | \$ (34.8) | \$ (6.8) |
| Noncapital financing activities | (3.9) | 40.8 | 7.0 |
| Capital and related financing activities | (1.2) | (5.3) | (0.2) |
| Investing activities | <u>2.9</u> | <u>0.1</u> | <u>-</u> |
| Net change | (3.8) | 0.8 | - |
| Beginning cash and equivalents | <u>18.4</u> | <u>0.3</u> | <u>-</u> |
| Ending cash and equivalents | \$ 14.6 | \$ 1.1 | \$ - |
| | BBS | LATS | OTS |
| Cash provided by (used for): | | | |
| Operating activities | \$ (0.7) | \$ (1.1) | \$ (0.6) |
| Noncapital financing activities | 0.7 | 1.2 | 0.6 |
| Capital and related financing activities | - | (0.1) | - |
| Investing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change | - | - | - |
| Beginning cash and equivalents | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending cash and equivalents | \$ - | \$ - | \$ - |
| | STS | WATS | WYTS |
| Cash provided by (used for): | | | |
| Operating activities | \$ (0.6) | \$ (0.5) | \$ (0.9) |
| Noncapital financing activities | 0.6 | 0.6 | 1.0 |
| Capital and related financing activities | - | (0.1) | (0.1) |
| Investing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change | - | - | - |
| Beginning cash and equivalents | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending cash and equivalents | \$ - | \$ - | \$ - |

15. CONDENSED FINANCIAL INFORMATION (Continued)

**Condensed statement of cash flows (in millions)
For the year ended March 31, 2014**

| | GTCS |
|--|--------------------|
| Cash provided by (used for): | |
| Operating activities | \$ (2.4) |
| Noncapital financing activities | 2.4 |
| Capital and related financing activities | - |
| Investing activities | - |
| Net change | <u>-</u> |
| | |
| Beginning cash and equivalents | <u>-</u> |
| | |
| Ending cash and equivalents | <u><u>\$ -</u></u> |

The condensed financial information for each of the component units is not provided for the year ended March 31, 2013 as this information was not required until GASB Statement No. 61 was adopted in this year's financial statements.

16. SUBSEQUENT EVENT

In May 2014, the Ontario County Board of Supervisors approved the required resolutions to join the Authority. Effective August 1, 2014 a new, yet to be named organization, will join the Authority's other legally separate organizations and provide public transportation to the residents of Ontario County. The new entity will be provided financial support in the same manner and fashion as all the other regional organizations of the Authority. The Authority and Ontario County are currently preparing for the transfer of assets and the necessary operating agreements for execution to meet the start of operations date of August 1, 2014.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 24, 2014

To the Commissioners of the
Rochester-Genesee Regional Transportation Authority:

We have audited, in accordance with the 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, the financial statements of Rochester-Genesee Regional Transportation Authority (the Authority), as of March 31, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2014

| | RGRTA | RTS | Lift Line | BBS | LATS | OTS | STS | WATS | WYTS | GTCS | Eliminations | Total |
|---|----------------------|-----------------------|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|------------------------|-----------------------|
| ASSETS | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | |
| Cash and equivalents | \$ 14,571,737 | \$ 1,064,717 | \$ 6,680 | \$ 697 | \$ 1,902 | \$ 775 | \$ 737 | \$ 5,573 | \$ 3,396 | \$ 34,901 | \$ - | \$ 15,691,115 |
| Current portion of investments | 14,585,656 | - | - | - | - | - | - | - | - | - | - | 14,585,656 |
| Receivables: | | | | | | | | | | | | |
| Trade, net | - | 2,775,913 | 17,871 | 24,279 | 54,648 | 4,088 | 26,471 | 181,518 | 20,538 | 545,022 | - | 3,650,348 |
| Mortgage tax | 399,655 | - | - | - | - | - | - | - | - | - | - | 399,655 |
| Capital grants | 5,438,935 | - | - | - | - | - | - | - | - | - | - | 5,438,935 |
| Operating assistance | - | 2,403,652 | 112,500 | 82,500 | 93,800 | 53,000 | 51,841 | 121,100 | 84,200 | - | - | 3,002,593 |
| Interest | 122,911 | - | - | - | - | - | - | - | - | - | - | 122,911 |
| Materials and supplies inventory, net | - | 319,738 | 110,279 | - | - | - | - | - | - | - | - | 430,017 |
| Prepaid expenses and other current assets | 28,007 | 129,717 | 6,989 | 631 | 3,344 | 1,122 | 1,171 | 3,623 | 2,129 | 1,583 | - | 178,316 |
| Inter-entity receivable | - | 441,695 | 2 | - | 1 | - | - | - | - | - | (441,698) | - |
| Total current assets | <u>35,146,901</u> | <u>7,135,432</u> | <u>254,321</u> | <u>108,107</u> | <u>153,695</u> | <u>58,985</u> | <u>80,220</u> | <u>311,814</u> | <u>110,263</u> | <u>581,506</u> | <u>(441,698)</u> | <u>43,499,546</u> |
| NONCURRENT ASSETS: | | | | | | | | | | | | |
| Capital assets, net | - | 146,427,737 | 3,707,858 | 346,930 | 2,955,266 | 126,552 | 163,369 | 1,923,539 | 751,524 | 2,303 | - | 156,405,078 |
| Fixed price fuel swap asset | - | 90,713 | - | - | - | - | - | - | - | - | - | 90,713 |
| Investments, net of current portion | 16,796,764 | - | - | - | - | - | - | - | - | - | - | 16,796,764 |
| Investments in consolidated component unit entities | 45,678,736 | - | - | - | - | - | - | - | - | - | (45,678,736) | - |
| Total noncurrent assets | <u>62,475,500</u> | <u>146,518,450</u> | <u>3,707,858</u> | <u>346,930</u> | <u>2,955,266</u> | <u>126,552</u> | <u>163,369</u> | <u>1,923,539</u> | <u>751,524</u> | <u>2,303</u> | <u>(45,678,736)</u> | <u>173,292,555</u> |
| TOTAL ASSETS | \$ 97,622,401 | \$ 153,653,882 | \$ 3,962,179 | \$ 455,037 | \$ 3,108,961 | \$ 185,537 | \$ 243,589 | \$ 2,235,353 | \$ 861,787 | \$ 583,809 | \$ (46,120,434) | \$ 216,792,101 |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | | | |
| Accounts payable | 3,110,017 | 2,697,119 | 182,004 | 82,792 | 63,344 | 46,117 | 19,863 | 108,873 | 57,290 | 244,432 | - | 6,611,851 |
| Accrued wages, vacation, pension and payroll taxes | 276,164 | 3,350,788 | 306,974 | 27,515 | 97,440 | 26,201 | 45,525 | 115,035 | 62,577 | 95,939 | - | 4,404,158 |
| Current portion of soil remediation liability | - | 109,450 | - | - | - | - | - | - | - | - | - | 109,450 |
| Current portion of capital lease obligation | - | 44,315 | - | - | - | - | - | - | - | - | - | 44,315 |
| Reserve for litigated and unlitigated claims | - | 709,331 | 715,149 | - | 5,930 | - | 4,200 | 46,222 | - | 5,000 | - | 1,485,832 |
| Workers' compensation reserve | - | 2,537,128 | 210,530 | 197,677 | 15,687 | 3,137 | - | 7,870 | 47,523 | 448 | - | 3,020,000 |
| Deferred revenue | - | 341,769 | 1,542 | - | - | - | - | - | - | - | - | 343,311 |
| Inter-entity payable | 284,190 | - | - | - | - | - | - | - | - | 157,508 | (441,698) | - |
| Total current liabilities | <u>3,670,371</u> | <u>9,789,900</u> | <u>1,416,199</u> | <u>307,984</u> | <u>182,401</u> | <u>75,455</u> | <u>69,588</u> | <u>278,000</u> | <u>167,390</u> | <u>503,327</u> | <u>(441,698)</u> | <u>16,018,917</u> |
| LONG-TERM LIABILITIES: | | | | | | | | | | | | |
| Other postemployment benefits | 522,779 | 33,352,109 | - | - | - | - | - | - | - | - | - | 33,874,888 |
| Capital lease obligation, net of current portion | - | 44,315 | - | - | - | - | - | - | - | - | - | 44,315 |
| Soil remediation liability, net of current portion | - | 1,338,611 | 20,000 | - | - | - | - | - | - | - | - | 1,358,611 |
| Total long-term liabilities | <u>522,779</u> | <u>34,735,035</u> | <u>20,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,277,814</u> |
| TOTAL LIABILITIES | 4,193,150 | 44,524,935 | 1,436,199 | 307,984 | 182,401 | 75,455 | 69,588 | 278,000 | 167,390 | 503,327 | (441,698) | 51,296,731 |
| DEFERRED INFLOWS - | | | | | | | | | | | | |
| Accumulated increase in fair value of fixed price fuel swap | - | 90,713 | - | - | - | - | - | - | - | - | - | 90,713 |
| NET POSITION: | | | | | | | | | | | | |
| Net investment in capital assets | - | 146,339,108 | 3,707,858 | 346,929 | 2,955,265 | 126,552 | 163,369 | 1,923,540 | 751,524 | 2,303 | - | 156,316,448 |
| Unrestricted | 93,429,251 | (37,300,874) | (1,181,878) | (199,876) | (28,705) | (16,470) | 10,632 | 33,813 | (57,127) | 78,179 | (45,678,736) | 9,088,209 |
| Total net position | <u>93,429,251</u> | <u>109,038,234</u> | <u>2,525,980</u> | <u>147,053</u> | <u>2,926,560</u> | <u>110,082</u> | <u>174,001</u> | <u>1,957,353</u> | <u>694,397</u> | <u>80,482</u> | <u>(45,678,736)</u> | <u>165,404,657</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 97,622,401 | \$ 153,653,882 | \$ 3,962,179 | \$ 455,037 | \$ 3,108,961 | \$ 185,537 | \$ 243,589 | \$ 2,235,353 | \$ 861,787 | \$ 583,809 | \$ (46,120,434) | \$ 216,792,101 |

The accompanying notes are an integral part of these statements.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2014

| | RGRTA | RTS | Lift Line | BBS | LATS | OTS | STS | WATS | WYTS | GTCS | Eliminations | Total |
|--|----------------------|-----------------------|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|--------------------|--------------------|------------------------|-----------------------|
| OPERATING REVENUE: | | | | | | | | | | | | |
| Customer fares | \$ - | \$ 10,984,529 | \$ 343,571 | \$ 42,815 | \$ 27,051 | \$ 48,175 | \$ 51,928 | \$ 81,250 | \$ 50,810 | \$ - | \$ - | \$ 11,630,129 |
| Special transit fares | - | 13,240,031 | - | 142,076 | 755,532 | 1,215 | 216,078 | 1,447,628 | 225,214 | - | - | 16,027,774 |
| Reimbursement and recovery | - | 1,380,916 | 26,457 | - | - | - | - | 1,437 | - | - | - | 1,408,810 |
| Other | 910,310 | 2,846,986 | 38,396 | 42 | 237 | 33 | 88 | 470 | 224 | 597,226 | (3,025,673) | 1,368,339 |
| Total operating revenue | 910,310 | 28,452,462 | 408,424 | 184,933 | 782,820 | 49,423 | 268,094 | 1,530,785 | 276,248 | 597,226 | (3,025,673) | 30,435,052 |
| OPERATING EXPENSES AND DEPRECIATION: | | | | | | | | | | | | |
| Operating expenses - | | | | | | | | | | | | |
| Salaries and wages | 1,365,530 | 35,186,617 | 3,790,169 | 408,445 | 705,281 | 268,831 | 355,275 | 1,034,629 | 531,562 | 488,479 | - | 44,134,818 |
| Employee benefits | 478,991 | 17,734,167 | 1,301,393 | 248,762 | 231,955 | 59,141 | 99,239 | 232,608 | 171,900 | 243,681 | - | 20,801,837 |
| Inter-entire cost allocations | 634,301 | 673,941 | 518,900 | 182,541 | 217,696 | 175,177 | 211,596 | 174,210 | 214,170 | 23,141 | (3,025,673) | - |
| Materials and supplies | - | 9,799,410 | 969,509 | 70,483 | 256,463 | 71,027 | 93,971 | 409,949 | 188,727 | 5,289 | - | 11,864,828 |
| Services | 118,831 | 3,370,186 | 270,119 | 31,518 | 197,433 | 42,348 | 46,629 | 160,314 | 98,527 | 829,041 | - | 5,164,946 |
| Utilities | - | 797,915 | 53,499 | 3,030 | 25,316 | 3,298 | 8,248 | 3,604 | 4,427 | 3,480 | - | 902,817 |
| Casualty and liability insurance claims | 1,222 | 1,028,899 | 329,502 | 8,889 | 210,194 | 11,392 | 15,499 | 31,472 | 28,316 | 6,084 | - | 1,671,269 |
| Other | 282,522 | 1,274,448 | 57,220 | 23,627 | 43,987 | 36,493 | 36,493 | 23,817 | 76,864 | 21,218 | - | 1,868,830 |
| Total operating expenses | 2,881,397 | 69,865,583 | 7,290,311 | 977,095 | 1,872,972 | 675,201 | 866,950 | 2,070,603 | 1,314,493 | 1,620,413 | (3,025,673) | 86,409,345 |
| Depreciation - | | | | | | | | | | | | |
| Locally funded | - | 1,208,097 | 88,796 | 11,881 | 23,411 | 800 | 7,576 | 19,209 | 11,753 | - | - | 1,371,523 |
| Grant funded | - | 10,580,143 | 819,710 | 119,039 | 361,740 | 81,282 | 122,943 | 370,832 | 223,933 | 1,859 | - | 12,681,481 |
| Total depreciation | - | 11,788,240 | 908,506 | 130,920 | 385,151 | 82,082 | 130,519 | 390,041 | 235,686 | 1,859 | - | 14,053,004 |
| Total operating expenses and depreciation | 2,881,397 | 81,653,823 | 8,198,817 | 1,108,015 | 2,258,123 | 757,283 | 997,469 | 2,460,644 | 1,550,179 | 1,622,272 | (3,025,673) | 100,462,349 |
| LOSS FROM OPERATIONS | (1,971,087) | (53,201,361) | (7,790,393) | (923,082) | (1,475,303) | (707,860) | (729,375) | (929,859) | (1,273,931) | (1,025,046) | - | (70,027,297) |
| NONOPERATING INCOME (EXPENSE): | | | | | | | | | | | | |
| Investment income, net | 175,394 | - | - | - | - | - | - | - | - | - | - | 175,394 |
| Mortgage recording tax | 7,193,267 | - | - | - | - | - | - | - | - | - | - | 7,193,267 |
| Subrecipient grant revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Subrecipient grant expense | - | - | - | - | - | - | - | - | - | - | - | - |
| Loss on impairment of capital assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in soil remediation liability | - | (795,317) | (20,000) | - | - | - | - | - | - | - | - | (815,317) |
| Realized gain on fuel swap, net | - | 45,959 | - | - | - | - | - | - | - | - | - | 45,959 |
| Gain (loss) on disposal of capital assets, net | - | 90,778 | 2,722 | - | - | 1,622 | - | 811 | 1,011 | - | - | 96,944 |
| Authority subsidies | (11,062,201) | 2,249,635 | 4,963,534 | 614,981 | 949,715 | 511,592 | 510,902 | 337,294 | 924,548 | - | - | - |
| Write-off of inter-entire accounts | 5,279,345 | (5,231,483) | (185,350) | 33,621 | 41,047 | 1,132 | 20,716 | 99,527 | (59,410) | 855 | - | - |
| Total nonoperating income (expense) | 1,585,805 | (3,640,428) | 4,760,906 | 648,602 | 990,762 | 514,346 | 531,618 | 437,632 | 866,149 | 855 | - | 6,696,247 |
| EXTERNAL OPERATING ASSISTANCE SUBSIDIES: | | | | | | | | | | | | |
| Federal | 57,561 | 6,206,002 | 121,255 | 82,500 | 93,800 | 53,000 | 45,600 | 144,166 | 84,200 | 2,482,267 | - | 9,370,351 |
| State | - | 31,300,145 | 1,903,169 | 53,282 | 35,024 | 30,181 | 24,964 | 38,378 | 20,120 | - | - | 33,405,263 |
| Local governments | - | 3,524,051 | - | 53,282 | 35,024 | 30,181 | 24,964 | 38,378 | 20,120 | - | - | 3,726,000 |
| Total external operating assistance subsidies | 57,561 | 41,030,198 | 2,024,424 | 189,064 | 163,848 | 113,362 | 95,528 | 220,922 | 124,440 | 2,482,267 | - | 46,501,614 |
| CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS | (327,721) | (15,811,591) | (1,005,063) | (85,416) | (320,693) | (80,152) | (102,229) | (271,305) | (283,342) | 1,458,076 | - | (16,829,436) |
| CAPITAL CONTRIBUTIONS: | | | | | | | | | | | | |
| Federal | - | 40,960,840 | 1,554,385 | 209,612 | 636,522 | 41,381 | 20,430 | 1,135,474 | 502,302 | - | - | 45,060,946 |
| State | - | 6,925,820 | 233,657 | 24,800 | 75,585 | 1,495 | - | 141,857 | 62,000 | - | - | 7,465,214 |
| Authority | - | 5,367,021 | 196,040 | 26,542 | 77,326 | 12,559 | 1,742 | 143,599 | 63,742 | - | (5,888,571) | - |
| Total capital contributions | - | 53,253,681 | 1,984,082 | 260,954 | 789,433 | 55,435 | 22,172 | 1,420,930 | 628,044 | - | (5,888,571) | 52,526,160 |
| CHANGE IN NET POSITION | (327,721) | 37,442,090 | 979,019 | 175,538 | 468,740 | (24,717) | (80,057) | 1,149,625 | 344,702 | 1,458,076 | (5,888,571) | 35,696,724 |
| NET POSITION - beginning of year | 93,756,972 | 71,598,144 | 1,546,961 | (28,485) | 2,457,820 | 134,799 | 254,058 | 807,728 | 349,695 | (1,377,594) | (39,790,165) | 129,707,933 |
| NET POSITION - end of year | \$ 93,429,251 | \$ 109,038,234 | \$ 2,525,980 | \$ 147,053 | \$ 2,926,560 | \$ 110,082 | \$ 174,001 | \$ 1,957,353 | \$ 694,397 | \$ 80,482 | \$ (45,678,736) | \$ 165,404,657 |

The accompanying notes are an integral part of these statements.



Rochester Genesee Regional Transportation Authority

A Component Unit of the State of New York

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