

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

**Financial Statements as of  
March 31, 2015 and 2014  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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

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## INDEPENDENT AUDITOR'S REPORT

June 23, 2015

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, 2015 and 2014, 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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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Opinions***

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, 2015 and 2014, and the respective 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 11 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.

(Continued)

## 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 23, 2015, 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, 2015 AND 2014**

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This Management's Discussion and Analysis (MD&A) of the Rochester-Genesee Regional Transportation Authority (the Authority) financial statements provides an overview of the Authority's financial activity for the years ended March 31, 2015 and 2014. 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, 2015 and 2014. 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, 2015 and 2014. 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, 2015 and 2014.

### **FINANCIAL HIGHLIGHTS**

- The 2015 fiscal year ended with a decrease to net position of approximately \$8.7 million compared with increases of \$35.7 million in 2014 and \$19.6 million in 2013. This decrease was mainly due to decreased federal and state capital contributions received by the Authority in fiscal 2015 as the construction of the new downtown transit center was completed and purchases of revenue vehicles decreased from the prior year. This decrease in net position was preceded by increases to net position in both fiscal 2014 and 2013, the primary cause of which was the additional federal and state capital contributions received by the Authority for both the transit center and campus wide improvement projects.
- The Authority's single most significant asset classification is capital assets. The Authority reports capital assets, net of depreciation, totaling approximately \$153.7 million for the fiscal 2015, \$156.4 million for the fiscal 2014 and \$112.1 million for fiscal 2013. The overall growth in capital assets during this time span has been impacted by:
  - 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 \$8.3 million during fiscal 2015 compared to \$23.1 million during fiscal year 2014. The transit center opened in November 2014, five months ahead of schedule.
  - Building and improving the Authority's main campus located on Main Street in the City of Rochester added capital assets of approximately \$1.7 million during fiscal 2015 compared to \$1.4 million during fiscal 2014. These improvements to the Authority's main campus will provide the internal infrastructure necessary to support operations for the foreseeable future.
- The Authority's single most significant liability classification is Other Postemployment Benefits (OPEB). The Authority's net OPEB obligation was \$39.7 million, \$33.9 million and \$29.3 million for fiscal years 2015, 2014 and 2013, 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.

**FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE**  
**Financial Highlights (Continued)**

- The Authority's unrestricted net position has decreased from the fiscal year 2014 by approximately \$5.4 million and from the fiscal year 2013 by approximately \$8.6 million. The Authority's unrestricted net position was \$3.7 million, \$9.1 million and \$17.7 million for fiscal years 2015, 2014 and 2013, respectively.

**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;

	2015	2014	2013
<b>Assets:</b>			
<b>Current and other</b>	\$ 61.7	\$ 60.4	\$ 69.6
<b>Capital, net of accumulated depreciation</b>	153.7	156.4	112.1
<b>Total assets</b>	<b>215.4</b>	<b>216.8</b>	<b>181.7</b>
<b>Deferred outflows</b>	<b>1.2</b>	-	-
<b>Liabilities:</b>			
<b>Current</b>	17.7	16.0	21.8
<b>Long-term</b>	41.5	35.3	30.0
<b>Total liabilities</b>	<b>59.2</b>	<b>51.3</b>	<b>51.8</b>
<b>Deferred inflows</b>	-	<b>0.1</b>	<b>0.2</b>
<b>Net Position:</b>			
<b>Net investment in capital assets</b>	153.7	156.3	112.0
<b>Unrestricted</b>	3.7	9.1	17.7
<b>Total net position</b>	<b>\$ 157.4</b>	<b>\$ 165.4</b>	<b>\$ 129.7</b>

The condensed statement of net position for the years ended March 31, 2015, 2014 and 2013 demonstrates the Authority's continued investment into infrastructure and an overall increase in net position based on this investment over that span of time. 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, 2015 measured \$215.4 million, decreasing \$1.4 million from 2014 mainly as a result of a decrease in our capital assets due to ongoing depreciation expense, offset by a small increase in current and other assets. In fiscal 2014, total assets measured \$216.8 million, increasing \$35.1 million from 2013. This increase was seen primarily in the capital assets category, as noted previously, driven by the investment of the Authority in infrastructure between the downtown transit center and campus improvement projects.

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

Broken down by category:

- Current and other assets totaled \$61.7 million in fiscal 2015, increasing by \$1.3 million from \$60.4 million in 2014, and decreasing by \$9.2 million from \$69.6 million in 2013.
- Capital assets, net of accumulated depreciation, finished the 2015 year at \$153.7 million, 2014 year at \$156.4 million and 2013 at \$112.1 million, showing a decrease of \$2.7 million compared to 2014 and an increase of \$44.3 million compared to fiscal 2013.

Total liabilities at year end, both current and long-term, were \$59.2 million, \$51.3 million and \$51.8 million for the fiscal years ended March 31, 2015, 2014 and 2013, respectively. In 2015, total liabilities increased by \$7.9 million as a result of an increase in the actuarially determined liability for other postemployment benefits and the Authority's reserve for casualty and liability claims. In 2014, total liabilities decreased by \$0.5 million from 2013. When broken down between current and long-term:

- Current liabilities totaled \$17.7 million, up \$1.7 million from 2014 as a result of Authority's increased reserve for casualty and liability claims. Current liabilities totaled \$16.0 million for 2014, down \$5.8 million from 2013 driven by the accounts payable for infrastructure improvements being reduced due to continued progress in completing the downtown transit center.
- Long-term liabilities increased by \$6.3 million and \$5.3 million from the fiscal years ended March 31, 2015 and 2014, respectively, almost exclusively due to the increase to other postemployment benefits highlighted earlier in this MD&A.

The overall net position of the Authority decreased by \$8.7 million for fiscal year 2015 after experiencing increases of \$35.7 million and \$19.6 million for fiscal 2014 and 2013, respectively, when compared with the same prior year periods. The overall improvement in the Authority's net position over this time span is reflected 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".

## FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)

### 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:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Operating revenue:</b>			
Customer fares	\$ 12.0	\$ 11.6	\$ 11.3
Special fares	16.5	16.0	15.8
Other	1.5	2.8	2.4
<b>Total operating revenue</b>	<b><u>30.0</u></b>	<b><u>30.4</u></b>	<b><u>29.5</u></b>
<b>Operating expenses:</b>			
Salaries and benefits	69.9	64.9	62.7
Non-personnel	23.5	21.5	21.2
<b>Total operating expenses</b>	<b><u>93.4</u></b>	<b><u>86.4</u></b>	<b><u>83.9</u></b>
<b>Depreciation</b>	<b><u>16.6</u></b>	<b><u>14.0</u></b>	<b><u>11.1</u></b>
<b>Loss from operations</b>	<b><u>(80.0)</u></b>	<b><u>(70.0)</u></b>	<b><u>(65.5)</u></b>
<b>Nonoperating income (expenses):</b>			
Investment income	0.6	0.2	0.3
Mortgage recording tax	7.7	7.2	8.1
Other	(0.2)	(0.7)	(0.4)
<b>Total nonoperating income (expenses)</b>	<b><u>8.1</u></b>	<b><u>6.7</u></b>	<b><u>8.0</u></b>
<b>External operating assistance</b>	<b><u>51.5</u></b>	<b><u>46.5</u></b>	<b><u>44.7</u></b>
<b>Capital contributions</b>	<b><u>11.7</u></b>	<b><u>52.5</u></b>	<b><u>32.4</u></b>
<b>Change in net position</b>	<b><u>(8.7)</u></b>	<b><u>35.7</u></b>	<b><u>19.6</u></b>
<b>Special Item - Transfer of Ontario County operations</b>	<b>0.7</b>	<b>-</b>	<b>-</b>
Net position, beginning of year	165.4	129.7	110.1
<b>Net position, end of year</b>	<b><u>\$ 157.4</u></b>	<b><u>\$ 165.4</u></b>	<b><u>\$ 129.7</u></b>

The Authority's operating revenue for the 2015 totals \$30.0 million, decreasing by \$0.4 million from the 2014 fiscal year which totaled \$30.4 million, an increase of \$0.9 million from the 2013 fiscal year total of \$29.5 million. The Authority has two sources of operating revenue:

- Customer fare revenue increased by \$0.4 million and \$0.3 million in 2015 and 2014, respectively, primarily driven by increased multi-day pass sales. 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.
- Special fare revenue increased by \$0.5 million and \$0.2 million in 2015 and 2014, respectively, primarily driven by the Authority's continued focus on growing this revenue source. Continued growth in special fare revenue is something that the Authority is extremely proud of, as it has assisted us to be less reliant on contributions from both the Federal and New York State governments.

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

- Other revenue decreased by \$1.3 million in 2015 and increased by \$0.4 million in 2014. Other revenue consists of reimbursements and recoveries in the areas of warranty and liability claims, among others, and fluctuates based on the variable nature of these items from year-to-year.

The Authority also has non-operating income (expense), the major components of which are investment earnings, mortgage recording tax and other items such as gains and losses from various financial transactions. Specifically for fiscal 2015 and 2014 when compared with the same prior year periods:

- The Authority experienced an increase in non-operating income for fiscal 2015, primarily driven by \$0.7 million in mortgage recording tax from Ontario County as a result of public transportation operations in that geographic area being transferred to the Authority in August 2014, along with increased income on our investments as a result of favorable market fluctuations.
- The Authority's non-operating income for the 2014 fiscal year decreased compared with fiscal 2013, 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 Authority receives external operating assistance subsidies from the Federal Government, the State of New York and each of our county service areas.

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 federal operating assistance received during the fiscal year 2015 and 2014 increased by approximately \$2.3 million and \$1.7 million, respectively, in both cases based on a preventive maintenance allocation.

The largest single source of external operating assistance is provided by the State of New York in the form of Statewide Mass Transit Operating Assistance (STOA). STOA is provided to the Authority based on a variety of funding formulas and through New York State taxes, primarily the Petroleum Business Tax. The Authority's 2015 saw a \$2.3 million increase in STOA from the \$32.7 million received during the fiscal 2014 fiscal year, which saw a small increase of approximately \$0.1 million compared with the \$32.6 million in STOA received for the 2013 fiscal year.

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 \$3.8 million for fiscal 2015 and \$3.7 million for each of the 2014 and 2013 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 2015 fiscal year decreased by \$40.8 million from the 2014 fiscal year, largely as a result of the November 2014 completion of the downtown transit center. The capital contribution for the 2014 fiscal year, \$52.5 million, represented a \$20.1 million increase over the \$32.4 million capital contribution for the 2013 fiscal year. The comparative increases in fiscal 2014 and 2013 are the direct result as a result of investments in our infrastructure and the purchase of revenue vehicles.

The following chart shows the use of the capital contributions for the fiscal years ended March 31:

	2015	2014	2013
<b>Capital contribution for:</b>			
Land	\$ -	\$ -	\$ 1.3
Building and structures	9.3	22.8	16.3
Vehicles	0.1	27.4	9.4
Maintenance equipment	-	0.5	0.1
Other equipment	0.3	0.6	5.1
Computer equipment	2.0	1.2	0.2
<b>Total capital contribution</b>	<b><u>\$ 11.7</u></b>	<b><u>\$ 52.5</u></b>	<b><u>\$ 32.4</u></b>

The Authority's operating expenses (excluding depreciation) for fiscal year 2015 were \$93.4 million and for 2014 were \$86.4 million, an increase of \$7.0 million or 8.1% from the prior year. The overall increase in operating expense was primarily driven by wage increases as a result of a cost of living adjustment for employees, the August 2014 addition of public transportation operations in Ontario County, an increase in the actuarially determined liability for other postemployment benefits and increases associated with casualty and liability claims.

**Operating expenses**

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

	2015	2014	2013
<b>Salaries and benefits:</b>			
Wages	\$ 46.5	\$ 44.1	\$ 41.6
<b>Benefits:</b>			
FICA and Medicare	3.4	3.3	3.1
Health, dental and vision	15.6	14.0	14.4
Pension	1.8	1.5	1.2
Workers' compensation	1.6	1.4	1.3
Other	1.0	0.6	1.1
<b>Total benefits</b>	<b><u>23.4</u></b>	<b><u>20.8</u></b>	<b><u>21.1</u></b>
<b>Total salaries and benefits</b>	<b><u>\$ 69.9</u></b>	<b><u>\$ 64.9</u></b>	<b><u>\$ 62.7</u></b>

The Authority's wages for the 2015 fiscal year increased by \$2.4 million to \$46.5 million, mainly as a result of a cost of living adjustment for employees and the August 2014 addition of public transportation operations in Ontario County. For the 2014 fiscal year, wages increased by \$2.5 million to \$44.1 million, mainly as a result of a cost of living adjustment for employees and 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 increased in 2015 by \$2.6 million compared to \$20.8 million in 2014. The primary reasons for this increase were an increase in the actuarially determined liability for other postemployment benefits and the addition of our public transportation operations in Ontario County. Employee benefits costs decreased in 2014 by approximately \$0.3 million compared to fiscal 2013. 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.

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Non-personnel:</b>			
Materials and supplies	\$ 11.3	\$ 11.9	12.0
Services	6.5	5.2	5.8
Utilities	0.8	0.9	0.8
Casualty and liability insurance claims	3.2	1.7	1.2
Miscellaneous	1.7	1.8	1.4
<b>Total non-personnel</b>	<b>\$ 23.5</b>	<b>\$ 21.5</b>	<b>\$ 21.2</b>

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 \$23.5 million increased by \$2.0 million from 2014 mainly as a result of increases associated with casualty and liability claims, the remainder of one-time expenses associated with a re-branding initiative undertaken by the Authority and the August 2014 addition of public transportation operations in Ontario County, partially offset by decreased fuel costs. The Authority's non-personnel expense of \$21.5 million for the 2014 fiscal year increased by \$0.3 million from 2013 due to one-time expenses mainly associated with a re-branding initiative undertaken by the Authority.

## FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (Continued)

### CAPITAL ASSETS

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

	2015	2014	2013
<b>Capital assets, net:</b>			
Land and improvements	\$ 4.8	\$ 4.3	\$ 4.3
Construction in process	6.0	45.1	22.4
Building and structures	60.1	16.2	14.3
Revenue vehicles	61.3	70.7	49.5
Non-revenue vehicles	0.3	0.2	0.1
Maintenance	2.8	2.2	2.0
Other	12.4	13.6	15.4
Leasehold improvements	1.3	1.4	1.4
Computer equipment	4.7	2.7	2.7
<b>Total capital assets, net</b>	<b>\$ 153.7</b>	<b>\$ 156.4</b>	<b>\$ 112.1</b>

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 its unrestricted net position and available reserve funds allows the Authority to close these gaps through the fiscal year ended March 31, 2018. 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@myrts.com](mailto:sadair@myrts.com).

# **Basic Financial Statements**

**For the years ended March 31, 2015 and 2014**

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

**STATEMENTS OF NET POSITION**  
**MARCH 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
CURRENT ASSETS:		
Cash and equivalents	\$ 12,503,023	\$ 15,691,115
Current portion of investments	13,532,509	14,585,656
Receivables:		
Trade, net	4,659,723	3,650,348
Mortgage tax	708,810	399,655
Capital grants	1,723,462	5,438,935
Operating assistance	12,053,862	3,002,593
Interest	115,543	122,911
Materials and supplies inventory, net	425,288	430,017
Prepaid expenses and other current assets	181,130	178,316
Inter-entity receivable	-	-
Total current assets	<u>45,903,350</u>	<u>43,499,546</u>
NONCURRENT ASSETS:		
Capital assets, net	153,654,559	156,405,078
Fixed price fuel swap asset	-	90,713
Investments, net of current portion	15,791,132	16,796,764
Investments in consolidated component unit entities	-	-
Total noncurrent assets	<u>169,445,691</u>	<u>173,292,555</u>
TOTAL ASSETS	<u>215,349,041</u>	<u>216,792,101</u>
DEFERRED OUTFLOWS:		
Accumulated decreases in fair value of fixed price fuel swap	<u>1,225,362</u>	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 216,574,403</u>	<u>\$ 216,792,101</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,275,575	\$ 6,611,851
Accrued wages, vacation, pension and payroll taxes	4,890,035	4,404,158
Current portion of soil remediation liability	852,958	109,450
Current portion of capital lease obligation	44,315	44,315
Reserve for litigated and unlitigated claims	3,591,151	1,485,832
Workers' compensation reserve	2,700,000	3,020,000
Deferred revenue	311,667	343,311
Inter-entity payable	-	-
Total current liabilities	<u>17,665,701</u>	<u>16,018,917</u>
LONG-TERM LIABILITIES:		
Other postemployment benefits	39,698,888	33,874,888
Capital lease obligation, net of current portion	-	44,315
Soil remediation liability, net of current portion	604,349	1,358,611
Fixed price fuel swap liability	<u>1,225,362</u>	-
Total long-term liabilities	<u>41,528,599</u>	<u>35,277,814</u>
TOTAL LIABILITIES	<u>59,194,300</u>	<u>51,296,731</u>
DEFERRED INFLOWS:		
Accumulated increase in fair value of fixed price fuel swap	-	90,713
NET POSITION:		
Net investment in capital assets	153,722,140	156,316,448
Unrestricted	<u>3,657,963</u>	<u>9,088,209</u>
Total net position	<u>157,380,103</u>	<u>165,404,657</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 216,574,403</u>	<u>\$ 216,792,101</u>

The accompanying notes to the financial statements 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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUE:</b>		
Customer fares	\$ 12,033,161	\$ 11,630,129
Special transit fares	16,503,741	16,027,774
Reimbursement and recovery	991,196	1,408,810
Other	<u>531,835</u>	<u>1,368,339</u>
Total operating revenue	<u>30,059,933</u>	<u>30,435,052</u>
<b>OPERATING EXPENSES AND DEPRECIATION:</b>		
Operating expenses -		
Salaries and wages	46,467,142	44,134,818
Employee benefits	23,387,563	20,801,837
Materials and supplies	11,339,551	11,864,828
Services	6,521,557	5,164,946
Utilities	838,340	902,817
Casualty and liability insurance claims	3,174,146	1,671,269
Other	<u>1,666,103</u>	<u>1,868,830</u>
Total operating expenses	<u>93,394,402</u>	<u>86,409,345</u>
Depreciation -		
Locally funded	1,603,884	1,371,523
Grant funded	<u>15,053,946</u>	<u>12,681,481</u>
Total depreciation	<u>16,657,830</u>	<u>14,053,004</u>
Total operating expenses and depreciation	<u>110,052,232</u>	<u>100,462,349</u>
LOSS FROM OPERATIONS	<u>(79,992,299)</u>	<u>(70,027,297)</u>
<b>NONOPERATING INCOME (EXPENSE):</b>		
Investment income, net	646,203	175,394
Mortgage recording tax	7,702,424	7,193,267
Subrecipient grant revenue	83,652	110,434
Subrecipient grant expense	(83,652)	(110,434)
Change in soil remediation liability	9,625	(815,317)
Realized gain (loss) on fuel swap, net	(349,051)	45,959
Gain on disposal of capital assets, net	57,082	96,944
Authority subsidies	-	-
Write-off of inter-entity accounts	<u>-</u>	<u>-</u>
Total nonoperating income (expense)	<u>8,066,283</u>	<u>6,696,247</u>
<b>EXTERNAL OPERATING ASSISTANCE SUBSIDIES:</b>		
Federal	11,643,318	9,370,351
State	36,020,796	33,405,263
Local governments	<u>3,844,585</u>	<u>3,726,000</u>
Total external operating assistance subsidies	<u>51,508,699</u>	<u>46,501,614</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>(20,417,317)</u>	<u>(16,829,436)</u>
<b>CAPITAL CONTRIBUTIONS:</b>		
Federal	10,428,164	45,060,946
State	1,294,296	7,465,214
Authority	<u>-</u>	<u>-</u>
Total capital contributions	<u>11,722,460</u>	<u>52,526,160</u>
CHANGE IN NET POSITION	<u>(8,694,857)</u>	<u>35,696,724</u>
SPECIAL ITEM - Transfer of Ontario County public transportation operations	<u>670,303</u>	<u>-</u>
NET POSITION - beginning of year	<u>165,404,657</u>	<u>129,707,933</u>
NET POSITION - end of year	<u>\$ 157,380,103</u>	<u>\$ 165,404,657</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 27,495,883	\$ 30,529,857
Other operating receipts	1,523,031	2,777,149
Payments to vendors and suppliers for goods and services	(13,056,346)	(13,827,476)
Payments to employees for services	(69,368,828)	(64,562,353)
Payments for insurance and risk management	(1,388,827)	(3,108,629)
Other operating payments	<u>(1,666,103)</u>	<u>(1,868,830)</u>
Net cash flow from operating activities	<u>(56,461,190)</u>	<u>(50,060,282)</u>
CASH FLOW FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Mortgage tax receipts	7,393,269	7,427,029
Operating assistance receipts	<u>42,457,430</u>	<u>43,616,551</u>
Net cash flow from noncapital and related financing activities	<u>49,850,699</u>	<u>51,043,580</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	15,437,933	55,876,828
Purchases of capital assets	(14,399,031)	(62,968,616)
Payments of capital lease obligations	(44,315)	(44,315)
Payments for soil remediation	(1,129)	(4,507)
Proceeds from sales of capital assets	<u>57,082</u>	<u>96,944</u>
Net cash flow from capital and related financing activities	<u>1,050,540</u>	<u>(7,043,666)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(5,876,100)
Interest earnings	13,074	30,235
Sales or maturities of investments	1,391,761	8,717,098
Receipts for fixed price fuel swap, net	<u>967,024</u>	<u>149,564</u>
Net cash flow from investing activities	<u>2,371,859</u>	<u>3,020,797</u>
CHANGE IN CASH AND EQUIVALENTS	(3,188,092)	(3,039,571)
CASH AND EQUIVALENTS - beginning of year	<u>15,691,115</u>	<u>18,730,686</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 12,503,023</u>	<u>\$ 15,691,115</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, 2015 AND 2014**  
(Continued)

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Loss from operations	\$ (79,992,299)	\$ (70,027,297)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation - locally funded	1,603,884	1,371,523
Depreciation - grant funded	15,053,946	12,681,481
Changes in:		
Trade receivable	(1,009,373)	2,532,582
Materials and supplies inventory	4,729	(17,877)
Prepaid expenses and other current assets	(2,814)	59,336
Accounts payable	(182,815)	(484,344)
Accrued wages, vacation, pension and payroll taxes	485,877	374,302
Reserve for litigated and unlitigated claims	2,105,319	(967,358)
Workers' compensation reserve	(320,000)	(470,002)
Other postemployment benefits	5,824,000	4,548,000
Deferred revenue	<u>(31,644)</u>	<u>339,372</u>
Net cash flow from operating activities	<u>\$ (56,461,190)</u>	<u>\$ (50,060,282)</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, 2015 AND 2014**

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### **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 ten (10) blended component units for which the Authority is financially and operationally 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, Ontario, Orleans, Seneca, Wayne and Wyoming Counties. The Authority's Board also serves as the board for Genesee Transportation Council Staff, Inc., an entity which serves as the administrative host agency for the Genesee Transportation Council, which is the metropolitan transportation planning organization for the Genesee-Finger Lakes Region; GTCS is reported herein as a blended component unit. The ten 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 have been audited and are included in the financial statements:

- Regional Transit Service, Inc., d/b/a RTS (RTS)
- Lift Line, Inc., d/b/a RTS Access (Access)
- Batavia Bus Service, Inc., d/b/a RTS Genesee (Genesee)
- Livingston Area Transportation Service, Inc., d/b/a RTS Livingston (Livingston)
- Ontario County Area Transit Service, Inc., d/b/a RTS Ontario (Ontario)
- Orleans Transit Service, Inc., d/b/a RTS Orleans (Orleans)
- Seneca Transit Service, Inc., d/b/a RTS Seneca (Seneca)
- Wayne Area Transportation Service, Inc., d/b/a RTS Wayne (Wayne)
- Wyoming Transit Service, Inc., d/b/a RTS Wyoming (Wyoming)
- Genesee Transportation Council Staff, Inc.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Transfer of Operations

In May 2014, the Ontario County Board of Supervisors approved the required resolutions to join the Authority. Effective August 1, 2014, Ontario County Area Transit Service joined the Authority's other legally separate organizations and will provide public transportation to the residents of Ontario County. Ontario is supported in the same manner and fashion as all other regional organizations of the Authority.

On August 1, 2014, Ontario County transferred the assets comprising its public transportation operations to the Authority. As a result of the transfer, the Authority recognized the following assets and net position:

	<u>Carrying Values</u>
<b>Transferred Assets (Net)</b>	
Buildings and structures	\$ 38,200
Revenue vehicles	575,111
Other equipment	17,916
Computer equipment	<u>39,076</u>
Total capital assets	<u>\$ 670,303</u>
<b>Net Position of Transferred Operations</b>	
Net investment in capital assets	<u><u>\$ 670,303</u></u>

The net position transferred, \$670,303, is recognized as a special item in the Authority's statement of revenue, expenses and changes in net position for the year ended March 31, 2015.

### Basis of Accounting

The Authority's and the Organizations' 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 (GASB).

### Recent Accounting Pronouncements

In June 2012, GASB issued GASB statement No. 67, *Financial Reporting For Pension Plans – an amendment of GASB Statement No. 25* (GASB No. 67). This 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 Authority adopted GASB No. 67 on April 1, 2014 and experienced no financial statement impact, as adoption required only additional footnote disclosures, all of which are included in Note 7, "Pension Plans", below.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Recent Accounting Pronouncements (Continued)

In June 2012, GASB issued GASB statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27* (GASB No. 68). 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.

In January 2013, GASB issued GASB statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB No. 69). This statement requires the use of carrying values to measure the assets and liabilities in a government merger and requires measurements of assets acquired and liabilities assumed generally to be based on their acquisition values. GASB No. 69 also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. GASB No. 69 provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold, and requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The Authority adopted GASB No. 69 on April 1, 2014, and applied its provisions in connection with the transfer of public transportation operations from Ontario County in August 2014, as further described above under “Transfer of Operations”.

In November 2013, GASB issued GASB statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB No. 71). The objective of GASB No. 71 is to address an issue regarding application of the transition provisions of GASB No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The requirements of this statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB No. 68 in the financial statements of employers and non-employer contributing entities. This benefit will be achieved without the benefit of significant costs. The requirements of this statement should be applied simultaneously with the provisions of GASB No. 68 and accordingly, are effective for fiscal years beginning after June 15, 2014. The Authority is currently evaluating the impact of this statement.

In February 2015, GASB issued GASB statement No. 72, *Fair Value Measurement and Application* (GASB No. 72). This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under GASB No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which are generally measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and present service capacity of which are solely based on their ability to generate cash or to be sold to generate cash. The provisions in GASB No. 72 are effective for financial statements for periods beginning after June 15, 2015. The Authority is currently evaluating the impact of this statement.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Basis of Presentation**

GASB requires the classification of net position into three components – net investment in capital assets; restricted and unrestricted. The Authority does not have a restricted net position as of March 31, 2015 or 2014. 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.
- Unrestricted - This component of net position consists of net position that do 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, 2015 and 2014 in the amount of \$370,967 and \$242,011, respectively. For the year ended March 31, 2015, allowances for doubtful accounts have been recorded in the component units for RTS, Genesee, Livingston, Seneca, Wayne and Wyoming of \$367,683, \$247, \$432, \$898, \$851 and \$856. For the year ended March 31, 2014, the component units RTS, Genesee, Livingston, Seneca, Wayne and Wyoming recorded allowances of \$200,000, \$111, \$11, \$451, \$162 and \$41,276, 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Operating Assistance and Capital Grants

The Authority and the Organizations receive 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 first in, first out 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 for 2015 and 2014.

### 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 could be utilized in the next fiscal year.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Inter-Entity Cost Allocations**

RGRTA, RTS, Access and, from time to time, Genesee, Livingston, Ontario and Seneca, allocate costs to the Authority and the Organizations based on estimates of time incurred to reflect the portion of salaries and benefits of RGRTA, RTS and Access employees who perform administrative functions for the RGRTA and the Organizations.

### **Authority Subsidies**

Annually, RGRTA subsidizes the operations of the Organizations, except for GTCS, based on each respective Organizations' 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 the Authority.

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 on the accompanying statements of revenue, expense and changes in net position.

### **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 non-operating 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 non-operating 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 governments' 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.

### 3. CASH AND INVESTMENTS

#### Cash and Equivalents

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

	<u>2015</u>		<u>2014</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Bank demand deposits	\$ 1,085,576	\$ 2,180,797	\$ 1,116,054	\$ 5,928,104
Money market funds	<u>7,866,612</u>	<u>7,866,612</u>	<u>12,481,598</u>	<u>12,481,598</u>
	<u>\$ 8,952,188</u>	<u>\$ 10,047,409</u>	<u>\$ 13,597,652</u>	<u>\$ 18,409,702</u>

#### Collateral

As of March 31, 2015 and 2014, the reported amount of the Authority's collateral balance was \$16,455,097 and \$23,690,986, respectively, and the bank balance was \$16,145,595 and \$23,318,240, respectively, which included \$6,098,160 and \$4,908,536, respectively, of money market funds held for investment. As of March 31, 2015 and 2014, the collateral, \$714,920 and \$598,730, was covered by federal depository insurance and \$15,740,177 and \$23,092,256, 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, 2015, the following represents amounts due to (from) RGRTA, RTS and GTCS:

	<u>RGRTA</u>	<u>RTS</u>	<u>GTCS</u>	<u>Total</u>
RGRTA	\$ -	\$ -	\$ 207,687	\$ 207,687
RTS	-	-	(546,078)	(546,078)
GTCS	<u>(207,687)</u>	<u>546,078</u>	<u>-</u>	<u>338,391</u>
Net due to (from)	<u>\$ (207,687)</u>	<u>\$ 546,078</u>	<u>\$ (338,391)</u>	<u>\$ -</u>

At March 31, 2014, the following represents amounts due to (from) RGRTA, RTS and GTCS:

	<u>RGRTA</u>	<u>RTS</u>	<u>GTCS</u>	<u>Total</u>
RGRTA	\$ -	\$ -	\$ 284,190	\$ 284,190
RTS	-	-	(441,695)	(441,695)
GTCS	<u>(284,190)</u>	<u>441,695</u>	<u>-</u>	<u>157,505</u>
Net due to (from)	<u>\$ (284,190)</u>	<u>\$ 441,695</u>	<u>\$ (157,505)</u>	<u>\$ -</u>

### 3. CASH AND INVESTMENTS (Continued)

#### Inter-Entity Borrowings (Continued)

In 2015 and 2014, RGRTA and the 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.

#### 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 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, 2015, the Authority's investments in government securities consisted of the following:

		<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>Greater than 10</u>
New York State Municipal Securities	\$ 2,322,795	\$ -	\$ 2,322,795	\$ -
United States Treasury Notes	18,132,203	6,456,687	11,675,516	-
Government National Mortgage Association	<u>6,358,075</u>	<u>-</u>	<u>-</u>	<u>6,358,075</u>
	<u>\$ 26,813,073</u>	<u>\$ 6,456,687</u>	<u>\$ 13,998,311</u>	<u>\$ 6,358,075</u>

### 3. CASH AND INVESTMENTS (Continued)

#### Investments (Continued)

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

		<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</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>

Accrued interest on investments of \$115,543 and \$122,911 is included in interest receivable on the statement of net position for 2015 and 2014, respectively.

#### Changes in Fair Value

The net decrease in the fair value of investments during 2015 and 2014 was \$1,750,941 and \$1,309,123, 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, 2015 and 2014 was \$151,202 and \$121,453, 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, 2015 and 2014, 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, 2015 and 2014, the Authority's investments in New York State Municipal Securities were all rated AA by a nationally recognized rating organization.

#### 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 twenty days 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.

### 3. CASH AND INVESTMENTS (Continued)

#### 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, 2015, all of the Authority's money market funds were held with M&T Bank and as of March 31, 2014, were held with M&T Bank and JPMorgan Chase. As of March 31, 2015 and 2014, the Authority's investments were 67.6%% and 63.8%, respectively, invested in United States Treasury Notes, 23.7% and 28.0%, respectively, invested in mortgage backed asset securities and 8.7% 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 expenditures, other postemployment benefits and para transit.

The Authority's money market funds and government securities were reserved as of March 31, 2015:

	Money Market Funds	Government Securities	Total
Working capital	\$ 11,454,204	\$ 13,100,101	\$ 24,554,305
Self-insurance reserve fund	541,016	3,169,630	3,710,646
Para transit reserve fund	428,720	2,688,809	3,117,529
Other postemployment benefits reserve fund	<u>5,128,424</u>	<u>7,854,533</u>	<u>12,982,957</u>
Total	<u>\$ 17,552,364</u>	<u>\$ 26,813,073</u>	<u>\$ 44,365,437</u>

The Authority's money market funds and government securities were reserved as of March 31, 2014:

	Money Market Funds	Government Securities	Total
Working capital	\$ 12,481,598	\$ 13,955,786	\$ 26,437,384
Self-insurance reserve fund	256,337	3,377,816	3,634,153
Para transit reserve fund	225,284	2,865,304	3,090,588
Other postemployment benefits reserve fund	<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>

#### 4. CAPITAL ASSETS

Capital assets consisted of the following as of March 31, 2015 and 2014:

	April 1, 2014	Additions *	Impairments and Retirements	Transfers	March 31, 2015
Capital assets not being depreciated:					
Land	\$ 4,176,369	\$ -	\$ -	\$ -	\$ 4,176,369
Construction-in-process	45,086,213	13,217,936	(7,560)	(52,272,879)	6,023,710
Total capital assets not being depreciated	<u>49,262,582</u>	<u>13,217,936</u>	<u>(7,560)</u>	<u>(52,272,879)</u>	<u>10,200,079</u>
Capital assets being depreciated:					
Land improvements	3,235,853	-	-	516,016	3,751,869
Buildings and structures	35,089,491	51,654	-	45,521,304	80,662,449
Revenue vehicles	128,629,953	2,532,953	(8,726,893)	18,636	122,454,649
Non-revenue vehicles	1,566,802	-	(22,374)	202,868	1,747,296
Maintenance equipment	4,962,862	12,663	-	1,455,236	6,430,761
Other equipment	25,000,925	43,832	-	1,037,976	26,082,733
Computer equipment	7,510,721	195,380	(7,355)	3,520,843	11,219,589
Leasehold improvements	2,274,978	-	(134,645)	-	2,140,333
Total capital assets being depreciated	<u>208,271,585</u>	<u>2,836,482</u>	<u>(8,891,267)</u>	<u>52,272,879</u>	<u>254,489,679</u>
Accumulated depreciation of capital assets:					
Land improvements	(3,130,303)	(29,584)	-	-	(3,159,887)
Buildings and structures	(18,887,408)	(1,680,042)	-	-	(20,567,450)
Revenue vehicles	(57,927,255)	(11,975,203)	8,726,893	-	(61,175,565)
Non-revenue vehicles	(1,383,229)	(106,794)	22,374	-	(1,467,649)
Maintenance equipment	(2,826,926)	(431,375)	-	-	(3,258,301)
Other equipment	(11,369,338)	(2,722,578)	-	-	(14,091,916)
Computer equipment	(4,699,225)	(1,786,518)	7,355	-	(6,478,388)
Leasehold improvements	(905,405)	(65,283)	134,645	-	(836,043)
Total accumulated depreciation	<u>(101,129,089)</u>	<u>(18,797,377)</u>	<u>8,891,267</u>	<u>-</u>	<u>(111,035,199)</u>
Total capital assets being depreciated, net	<u>107,142,496</u>	<u>(15,960,895)</u>	<u>-</u>	<u>52,272,879</u>	<u>143,454,480</u>
Total capital assets	<u>\$ 156,405,078</u>	<u>\$ (2,742,959)</u>	<u>\$ (7,560)</u>	<u>\$ -</u>	<u>\$ 153,654,559</u>

\* See Note 2, Summary of Significant Accounting Policies - Transfer of Operations, for further discussion regarding the impact to Additions as a result of the August 2014 transfer of public transportation operations in Ontario County to the Authority.

4. CAPITAL ASSETS (Continued)

	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>

## 5. INTER-ENTITY COST ALLOCATION

During 2015, RGRTA, RTS, Access, Genesee, Livingston, Ontario and Seneca allocated certain administrative personnel costs to the Authority's component units. 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 changes in net position.

	<u>RGRTA</u>	<u>RTS</u>	<u>Access</u>	<u>Genesee</u>	<u>Livingston</u>	<u>Ontario</u>	<u>Seneca</u>	<u>Total</u>
RGRTA	\$ -	\$ 661,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,030
RTS	695,567	-	-	-	-	-	-	695,567
Lift Line	64,033	443,398	-	-	-	-	-	507,431
BBS	36,244	166,356	19,514	-	-	-	-	222,114
LATS	38,633	156,456	5,803	-	-	-	-	200,892
CATS	-	-	33,353	-	-	-	24,265	57,618
OTS	36,244	157,147	12,331	45,460	-	-	-	251,182
STS	15,495	160,050	7,275	-	-	2,688	-	185,508
WATS	15,495	160,050	-	-	-	-	-	175,545
WYTS	34,518	157,147	-	-	16,102	-	-	207,767
GTC	-	21,134	-	-	-	-	-	21,134
Total	<u>\$ 936,229</u>	<u>\$ 2,082,768</u>	<u>\$ 78,276</u>	<u>\$ 45,460</u>	<u>\$ 16,102</u>	<u>\$ 2,688</u>	<u>\$ 24,265</u>	<u>\$ 3,185,788</u>

For 2014, RGRTA, RTS and Access allocated certain administrative personnel costs to the Authority's component units. These amounts were eliminated for presentation of the statement of revenues, expenses and changes in net position.

	<u>RGRTA</u>	<u>RTS</u>	<u>Access</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>

## 6. CAPITAL LEASE OBLIGATION

During fiscal 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, 2015 and 2014, the lease outstanding totaled \$44,315 and \$88,630, respectively. Accumulated amortization of assets under this capital lease was \$132,945 and \$88,630 as of March 31, 2015 and March 31, 2014, 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, 2015 and 2014 was \$1,330,673 and \$1,287,594, respectively. The GTCS payroll for employees covered by the System for the years ended March 31, 2015 and 2014 was \$472,328 and \$491,775, 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.

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

## 7. PENSION PLANS (Continued)

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

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 2015, 2014 and 2013 were equal to the required contributions for the year, and were recorded as expense as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
RGRTA	\$ 284,994	\$ 77,403	\$ 302,463
GTCS	<u>94,334</u>	<u>109,683</u>	<u>102,154</u>
	<u>\$ 379,328</u>	<u>\$ 187,086</u>	<u>\$ 404,617</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, specifically:

- 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), and
- Retirement Plan for Non-Union Employees of Lift Line, Inc. and Rural Properties (Lift Line and Regional Entities Non-Union Plan).

These plans provide retirement benefits for approximately 1,110 active and inactive plan participants as of March 31, 2015.

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 2015 and 2014, 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:	11/1/2014	4/1/2014	4/1/2014	5/1/2014
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 1.65% 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%. (g)	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)	\$ 542,572	\$ 390,675	\$ 76,402	\$ 86,071
APC contributed	100%	0%	100%	100%
Annual required contribution (f)	\$ 1,397,782	\$ 390,675	\$ 20,750	\$ 128,410
Amortization of unfunded actuarial liability (asset) - including interest	\$ 143,128	\$ (193,501)	\$ (129,688)	\$ 42,339
Adjustment for net pension obligation	\$ -	\$ -	\$ -	\$ -
Ending balance of net pension obligation	\$ -	\$ -	\$ -	\$ 209,371
Number of members (Active and Inactive)	758	196	63	93

(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 generally 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) 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.

(g) Effective for the Lift Line Union Plan, for participants that retire after February 3, 2011 the pension benefit multiplier increased from 1.075% to 1.3% retroactive for compensation earned during each year subsequent to April 1, 1992.

## 7. PENSION PLANS (Continued)

### Single Employer Pension Plans (Continued)

#### Trend Information:

Plan Year Ended	Annual Required <u>Contribution (1)</u>	Amount <u>Contributed</u>	Percentage <u>Contributed</u>
RTS UNION PLAN			
October 31, 2014	\$ 1,397,782	\$ 1,397,782	100.0%
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
RTS NON-UNION PLAN			
March 31, 2014	\$ 240,344	\$ -	-%
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
LIFT LINE UNION PLAN			
March 31, 2014	\$ 72,642	\$ 72,642	100.0%
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
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN			
April 30, 2014	\$ 153,672	\$ 153,672	100.0%
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

- (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
<b>RTS UNION PLAN</b>						
(\$ In Millions)						
November 1, 2014	\$ 48.1	\$ 47.9	100.4%	\$ 0.2	\$ 23.8	0.8%
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
<b>RTS NON-UNION PLAN</b>						
(\$ In Millions)						
April 1, 2014	\$ 19.5	\$ 19.1	101.8%	\$ 0.3	\$ 5.1	6.8%
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
<b>LIFT LINE UNION PLAN</b>						
(\$ In Thousands)						
April 1, 2014	\$ 2,702.4	\$ 1,950.3	138.6%	\$ 752.1	\$ 2,373.0	31.7%
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
<b>LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN</b>						
(\$ In Thousands)						
May 1, 2014	\$ 1,683.8	\$ 1,893.2	88.9%	\$ (209.4)	\$ 2,411.1	(8.7%)
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)

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Net Pension Liability

The components of the net pension liability were as follows:

	RTS Union Plan	RTS Non-Union Plan	Lift Line Union Plan	Lift Line and Regional Entities Non-Union Plan
Measurement date	October 31, 2014	March 31, 2015	March 31, 2015	April 30, 2014
Total pension liability	\$ 49,994,287	\$ 20,977,415	\$ 2,725,665	\$ 2,156,274
Plan fiduciary net position	(51,972,897)	(19,401,909)	(3,073,125)	(1,750,293)
Net pension liability	\$ (1,978,610)	\$ 1,575,506	\$ (347,460)	\$ 405,981
Plan fiduciary net position as a percentage of the total pension liability	103.96%	92.49%	112.75%	81.17%

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of November 1, 2013 rolled forward to October 31, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

	RTS Union Plan	RTS Non-Union Plan	Lift Line Union Plan	Lift Line and Regional Entities Non-Union Plan
<b>Inflation</b>	3.0%	3.0%	3.0%	3.0%
<b>Salary increases</b>	5.0% per year, including inflation	4.0% per year, including inflation	5.0% per year, including inflation	5.0% per year, including inflation
<b>Investment rate of return</b>	8.0%, net of pension plan investment expense (expenses not paid from plan assets), including inflation	7.1%, net of pension plan investment expense, including inflation	8.0%, net of pension plan investment expense (expenses not paid from plan assets), including inflation	7.1%, net of pension plan investment expense, including inflation
<b>Mortality</b>	For healthy participants and beneficiaries, the RP-2008 Healthy tables with generational projection by Scale AA. For disabled participants, the RP-2008 Disabled tables with generational projection by Scale AA.	For healthy participants and beneficiaries, the RP-2008 Healthy tables with generational projection by Scale AA. For disabled participants, the RP-2008 Disabled tables with generational projection by Scale AA.	For healthy participants and beneficiaries, the RP-2008 Healthy tables with generational projection by Scale AA. For disabled participants, the RP-2008 Disabled tables with generational projection by Scale AA.	For healthy participants and beneficiaries, the RP-2008 Healthy tables with generational projection by Scale AA. For disabled participants, the RP-2008 Disabled tables with generational projection by Scale AA.

The long-term expected rates of return on Plan investments noted above were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Basis of accounting:** The above-noted plans follow the accrual basis of accounting. Contributions are recognized in amounts determined by actuarial valuations. Plan member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the above-noted plans. The fair value of investments is determined by market price.

**Sensitivity of the net pension liability to changes in the discount rate**

Plan	Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
RTS Union Plan	8.0% \$ 2,516,913	\$ (1,978,610)	\$ (5,882,713)
RTS Non-Union Plan	7.1% \$ 3,889,892	\$ 1,575,506	\$ (384,806)
Lift Line Union	8.0% \$ (22,262)	\$ (347,460)	\$ (628,047)
Lift Line and Regional Entities Non-Union Plan	7.1% \$ 659,048	\$ 405,981	\$ 191,108

**7. PENSION PLANS (Continued)**

**Single Employer Pension Plans (Continued)**

**Discount Rate.** As noted above, discount rates of between 7.1-8.0% were used to measure the total pension liability for the plans. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability and Related Ratios**

(Dollar amounts in thousands)

	RTS Union Plan October 31, 2014	RTS Non- Union Plan March 31, 2015	Lift Line Union Plan March 31, 2015	Lift Line Non-Union and Regionals Plan April 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 979	\$ 532	\$ 161	\$ 162
Interest	3,746	1,386	192	150
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	-	(228)
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(3,124)	(915)	(43)	(85)
Net change in total pension liability	1,601	1,003	310	(1)
Total pension liability - beginning	48,393	19,975	2,415	2,156
Total pension liability - ending (a)	<u>\$ 49,994</u>	<u>\$ 20,978</u>	<u>\$ 2,725</u>	<u>\$ 2,155</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 631	\$ -	\$ 73	\$ 154
Contributions - member	1,042	-	73	73
Net investment income	4,821	623	125	182
Benefit payments, including refunds of member contributions	(3,124)	(915)	(43)	(85)
Administrative expense	(20)	(26)	-	(16)
Other	-	-	-	-
Net change in plan fiduciary net position	\$ 3,349	\$ (318)	\$ 228	\$ 308
Plan fiduciary net position - beginning	48,624	19,719	2,844	1,442
Plan fiduciary net position - ending (b)	<u>\$ 51,973</u>	<u>\$ 19,402</u>	<u>\$ 3,072</u>	<u>\$ 1,750</u>
Net pension liability - ending (a)-(b)	<u>\$ (1,979)</u>	<u>\$ 1,577</u>	<u>\$ (347)</u>	<u>\$ 405</u>
Plan fiduciary net position as a percentage of the total pension liability	103.96%	92.49%	112.75%	81.17%
Covered-employee payroll	\$ 26,133	\$ 9,678	\$ 2,394	\$ 3,817
Net pension liability as a percentage of covered-employee payroll	(7.57%)	16.28%	(14.51%)	10.63%
Expected average remaining service years of all participants	5	5	9	7
Actuarially determined contribution	\$ 521	\$ 614	\$ 73	\$ 154
Contributions in relation to the actuarially determined contribution	631	-	73	154
Contribution deficiency (excess)	<u>\$ (110)</u>	<u>\$ 614</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 26,133	\$ 9,678	\$ 2,394	\$ 3,817
Contributions as a percentage of covered employee payroll	2.41%	0.00%	3.05%	4.03%

## 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 580 active participants as of March 31, 2015. 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 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 2015, 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 2015 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, 2014 and plan provisions as of April 1, 2014. The valuation was performed as of April 1, 2014. While there is not a requirement to fund the obligation, the Board of Commissioners has designated funds to provide funding for a dedicated OPEB trust account when permitted to do so by state legislation.

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 2015 and 2014 fiscal years, the amount actually contributed to the Plan, and the changes in the net OPEB obligation:

**8. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB (Continued)**

	<u>RGRTA</u>	<u>RTS</u>	<u>Total</u>
Annual required contribution before interest	\$ 193,000	\$ 8,302,000	\$ 8,495,000
Interest on net OPEB obligation	18,000	1,167,000	1,185,000
Amortization of UAAL	<u>(30,000)</u>	<u>(1,888,000)</u>	<u>(1,918,000)</u>
Annual OPEB cost	181,000	7,581,000	7,762,000
Contributions made	<u>(55,000)</u>	<u>(1,883,000)</u>	<u>(1,938,000)</u>
Increase in Net OPEB Obligation	126,000	5,698,000	5,824,000
Net OPEB Obligation - April 1, 2014	<u>522,779</u>	<u>33,352,109</u>	<u>33,874,888</u>
Net OPEB Obligation - March 31, 2015	<u>\$ 648,779</u>	<u>\$ 39,050,109</u>	<u>\$ 39,698,888</u>
	<u>RGRTA</u>	<u>RTS</u>	<u>Total</u>
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>

**Percentage of Annual OPEB Cost**

**Schedule of OPEB Cost Contributed**

Actuarial Valuation Date	Annual OPEB Cost	% of OPEB Cost Contributed	Contribution (ARC)	% of ARC Contributed	Net OPEB Obligation
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
4/1/14	7,762,000	25.0	8,495,000	22.8	39,698,888

## 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### 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, 2014 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	7.0% pre-Medicare and 5.5% post-Medicare in 2014, decreasing gradually until the ultimate post-Medicare rate of 5.05% in 2047.

### Unfunded Actuarial Accrued Liability:

Amortization Period	28 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. 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	27,219,356	245.6
4/1/12	-	59,578,000	59,578,000	0.0	30,315,164	196.5
4/1/14	-	71,365,000	71,365,000	0.0	30,012,693	237.8

## 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, 2015 and 2014:

	Balance - April 1, 2014	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2015
Authority	\$ -	\$ 126	\$ -	\$ 126
RTS	2,537,128	257,427	(460,709)	2,333,846
Access	210,530	98,452	(194,853)	114,129
Genesee	197,677	(9,051)	(13,527)	175,099
Livingston	15,687	(5,475)	(1,790)	8,422
Ontario	-	2,674	(2,549)	125
Orleans	3,137	1,260	(2,892)	1,505
Seneca	-	826	(826)	-
Wayne	7,870	637	(3,871)	4,636
Wyoming	47,523	31,852	(17,515)	61,860
GTCS	448	745	(941)	252
Total	\$ 3,020,000	\$ 379,473	\$ (699,473)	\$ 2,700,000

**9. SELF-INSURANCE (Continued)**

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

The information below summarizes the reserve for litigated and unlitigated claims activity for the years ended March 31, 2015 and 2014:

	Balance - <u>April 1, 2014</u>	Current Year Claims and Changes in Estimates	Claims (Payments)/ Recoupments	Balance - <u>March 31, 2015</u>
RTS	\$ 709,331	\$ 2,133,387	\$ (58,296)	\$ 2,784,422
Access	715,149	(25,650)	35,535	725,034
Genesee	-	48,603	-	48,603
Livingston	5,930	(659)	(5,271)	-
Ontario	-	6,457	(3,557)	2,900
Seneca	4,200	62	(4,262)	-
Wayne	46,222	15,178	(40,708)	20,692
Wyoming	-	5,197	(697)	4,500
GTCS	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 1,485,832</u>	<u>\$ 2,182,575</u>	<u>\$ (77,256)</u>	<u>\$ 3,591,151</u>

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

## 9. SELF-INSURANCE (Continued)

Changes in the investments designated for self-insurance during the years ended March 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Balance - beginning of year	\$ 3,634,153	\$ 5,036,888
Uses of self-insurance investments	-	(1,421,182)
Earnings on self-insurance investments, net	<u>76,493</u>	<u>18,447</u>
Balance - end of year	<u>\$ 3,710,646</u>	<u>\$ 3,634,153</u>

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 Statewide Mass Transit 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 during the years ended March 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Balance – beginning of year	\$ -	\$ 2,637,640
Additional funding from unrestricted net position	-	1,876,100
Temporary funding from working capital	1,497,461	2,090,131
Investment earnings	-	936
Local share of capital purchases	<u>(1,497,461)</u>	<u>(6,604,807)</u>
Balance – end of year	<u>\$ -</u>	<u>\$ -</u>

## 11. COMMITMENTS

### Leases

The Authority leased property for its Customer Service Center under a non-cancelable operating lease agreement that expired April 2014, with annual rent of approximately \$40,000. Rent expense at Access and RTS combined under the terms of this agreement was \$39,456 and \$42,647 for the year ended March 31, 2014. 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 the \$25,827 and \$20,415 for the years ended March 31, 2015 and 2014, 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.

In October and December 2014, respectively, the Authority entered into two transactions with 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 periods April 1, 2015 through March 31, 2016 and April 1, 2016 through March 31, 2017, respectively.

### **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, 2015 and 2014 covered approximately 48% and 66%, 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 the 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>
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.
124,000 Gallons of Diesel Fuel per month	A	4/1/2015	3/31/2016	Pay \$2.5425 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back.
31,000 Gallons of Diesel Fuel per month	A	4/1/2016	3/31/2017	Pay \$2.3450 per gallon of diesel fuel receive floating price NY Harbor Ultra Low Sulfur Diesel Fuel price back.

\* As noted by Standard and Poors.

During 2015, RTS made \$349,097 in net cash payments to Cargill. During 2014, RTS received \$45,959 in net cash payments from Cargill.

### Credit Risk

RTS is exposed to credit risk related to the fuel swap contract when it is in an asset position. In such instances, the total amount of the fuel swap contract asset represents the maximum loss that would have been recognized at the reporting date if Cargill failed to perform.

## **12. FIXED PRICE FUEL SWAP (Continued)**

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.

### **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 commends or legally obligates itself to commence remediation efforts.

#### 14. SOIL REMEDIATION LIABILITY (Continued)

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 increased its soil remediation liability to \$1,468,061 as of March 31, 2014, using the cash flow technique.

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

	<u>2015</u>	<u>2014</u>
Soil remediation liability - beginning of year	\$ 1,468,061	\$ 657,251
Expected additional future outlays, increasing liability estimates	-	815,317
Payments for soil remediation	<u>(10,754)</u>	<u>(4,507)</u>
Soil remediation liability - end of year	1,457,307	1,468,061
Less: Current portion	<u>(852,958)</u>	<u>(109,450)</u>
Long-term soil remediation liability	<u>\$ 604,349</u>	<u>\$ 1,358,611</u>

RTS has estimated it will expend approximately \$852,958 in fiscal 2016 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 ten (10) blended component units for which the Authority is financially accountable, more completely described in Note 2. Condensed financial information for each of these entities as of March 31, 2015 is as follows:

### Condensed statement of net position (in millions) As of March 31, 2015

	RGRTA	RTS	Access
<b>Assets:</b>			
Current	\$ 29.2	\$ 14.3	\$ 0.9
Capital	-	144.9	3.2
Other	63.3	1.2	-
<b>Total assets</b>	<b>92.5</b>	<b>160.4</b>	<b>4.1</b>
<b>Liabilities:</b>			
Current	1.9	12.5	1.4
Long-term	0.7	40.9	-
<b>Total liabilities</b>	<b>2.6</b>	<b>53.4</b>	<b>1.4</b>
<b>Net Position:</b>			
Invested in capital assets	-	144.8	3.2
Unrestricted	89.9	(37.8)	(0.5)
<b>Total net position</b>	<b>\$ 89.9</b>	<b>\$ 107.0</b>	<b>\$ 2.7</b>
	<b>Genesee</b>	<b>Livingston</b>	<b>Ontario</b>
<b>Assets:</b>			
Current	\$ -	\$ 0.1	\$ 0.2
Capital	0.2	2.7	0.6
Other	-	-	-
<b>Total assets</b>	<b>0.2</b>	<b>2.8</b>	<b>0.8</b>
<b>Liabilities:</b>			
Current	0.3	0.2	0.3
Long-term	-	-	-
<b>Total liabilities</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>
<b>Net Position:</b>			
Invested in capital assets	0.2	2.7	0.7
Unrestricted	(0.3)	(0.1)	(0.2)
<b>Total net position</b>	<b>\$ (0.1)</b>	<b>\$ 2.6</b>	<b>\$ 0.5</b>

15. CONDENSED FINANCIAL INFORMATION (Continued)

Condensed statement of net position (in millions)  
As of March 31, 2015

	Orleans	Seneca	Wayne
<b>Assets:</b>			
Current	\$ -	\$ -	\$ 0.3
Capital	0.1	0.1	1.4
Other	-	-	-
<b>Total assets</b>	<u><u>0.1</u></u>	<u><u>0.1</u></u>	<u><u>1.7</u></u>
<b>Liabilities:</b>			
Current	0.1	0.1	0.3
Long-term	-	-	-
<b>Total liabilities</b>	<u><u>0.1</u></u>	<u><u>0.1</u></u>	<u><u>0.3</u></u>
<b>Net Position:</b>			
Invested in capital assets	0.1	0.1	1.4
Unrestricted	(0.1)	(0.1)	0.1
<b>Total net position</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1.5</u></u>
	<b>Wyoming</b>	<b>GTCS</b>	
<b>Assets:</b>			
Current	\$ -	\$ 1.3	
Capital	0.5	-	
Other	-	-	
<b>Total assets</b>	<u><u>0.5</u></u>	<u><u>1.3</u></u>	
<b>Liabilities:</b>			
Current	0.2	1.2	
Long-term	-	-	
<b>Total liabilities</b>	<u><u>0.2</u></u>	<u><u>1.2</u></u>	
<b>Net Position:</b>			
Invested in capital assets	0.5	-	
Unrestricted	(0.2)	0.1	
<b>Total net position</b>	<u><u>\$ 0.3</u></u>	<u><u>\$ 0.1</u></u>	

15. CONDENSED FINANCIAL INFORMATION (Continued)

Condensed statement of revenues, expenses and changes in net position (in millions)  
For the year ended March 31, 2015

	<b>RGRTA</b>	<b>RTS</b>	<b>Access</b>
Operating revenues	\$ 1.0	\$ 27.8	\$ 0.5
Operating expenses	3.1	74.5	7.1
Depreciation	<u>-</u>	<u>14.3</u>	<u>0.7</u>
<b>Operating income (loss)</b>	<b><u>(2.1)</u></b>	<b><u>(61.0)</u></b>	<b><u>(7.3)</u></b>
Non-operating revenues (expenses)	(1.6)	2.0	4.8
Capital contributions	-	12.7	0.2
Operating assistance	<u>0.2</u>	<u>44.3</u>	<u>2.5</u>
<b>Change in net position</b>	<b>(3.5)</b>	<b>(2.0)</b>	<b>0.2</b>
Beginning net position	93.4	109.0	2.5
<b>Ending net position</b>	<b><u>\$ 89.9</u></b>	<b><u>\$ 107.0</u></b>	<b><u>\$ 2.7</u></b>
	<b>Genesee</b>	<b>Livingston</b>	<b>Ontario</b>
Operating revenues	\$ 0.3	\$ 0.8	\$ 0.6
Operating expenses	1.0	1.6	2.4
Depreciation	<u>0.2</u>	<u>0.5</u>	<u>0.2</u>
<b>Operating income (loss)</b>	<b><u>(0.9)</u></b>	<b><u>(1.3)</u></b>	<b><u>(2.0)</u></b>
Nonoperating revenues (expenses)	0.4	0.6	0.1
Capital contributions	-	0.2	-
Operating assistance	<u>0.2</u>	<u>0.2</u>	<u>1.6</u>
<b>Change in net position</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(0.3)</b>
Beginning net position	0.2	2.9	0.7
<b>Ending net position</b>	<b><u>\$ (0.1)</u></b>	<b><u>\$ 2.6</u></b>	<b><u>\$ 0.4</u></b>

15. CONDENSED FINANCIAL INFORMATION (Continued)

Condensed statement of revenues, expenses and changes in net position (in millions)  
For the year ended March 31, 2015

	Orleans	Seneca	Wayne
Operating revenues	\$ 0.1	\$ 0.3	\$ 1.8
Operating expenses	0.7	0.9	2.2
Depreciation	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>
<b>Operating income (loss)</b>	<b><u>(0.7)</u></b>	<b><u>(0.7)</u></b>	<b><u>(0.9)</u></b>
Nonoperating revenues (expenses)	0.4	0.4	0.2
Capital contributions	0.1	-	-
Operating assistance	<u>0.1</u>	<u>0.1</u>	<u>0.3</u>
<b>Change in net position</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.4)</b>
Beginning net position	<u>0.1</u>	<u>0.2</u>	<u>1.9</u>
<b>Ending net position</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1.5</u></b>

	Wyoming	GTCS
Operating revenues	\$ 0.2	\$ -
Operating expenses	1.2	1.9
Depreciation	<u>0.2</u>	<u>-</u>
<b>Operating income (loss)</b>	<b><u>(1.2)</u></b>	<b><u>(1.9)</u></b>
Nonoperating revenues (expenses)	0.7	-
Capital contributions	-	-
Operating assistance	<u>0.1</u>	<u>1.9</u>
<b>Change in net position</b>	<b>(0.4)</b>	-
Beginning net position	<u>0.7</u>	<u>0.1</u>
<b>Ending net position</b>	<b><u>\$ 0.3</u></b>	<b><u>\$ 0.1</u></b>

15. CONDENSED FINANCIAL INFORMATION (Continued)

**Condensed statement of cash flows (in millions)**  
**For the year ended March 31, 2015**

	<b>RGRTA</b>	<b>RTS</b>	<b>Access</b>
<b>Cash provided by (used for):</b>			
Operating activities	\$ (4.4)	\$ (37.5)	\$ (6.5)
Noncapital financing activities	(2.9)	38.0	6.6
Capital and related financing activities	3.7	(2.6)	(0.1)
Investing activities	<u>1.4</u>	<u>1.0</u>	<u>-</u>
<b>Net change</b>	<b>(2.2)</b>	<b>(1.1)</b>	<b>-</b>
Beginning cash and equivalents	<u>14.6</u>	<u>1.1</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ 12.4</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
	<b>Genesee</b>	<b>Livingston</b>	<b>Ontario</b>
<b>Cash provided by (used for):</b>			
Operating activities	\$ (0.7)	\$ (0.9)	\$ (1.7)
Noncapital financing activities	0.7	0.9	1.7
Capital and related financing activities	-	-	-
Investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning cash and equivalents	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
	<b>Orleans</b>	<b>Seneca</b>	<b>Wayne</b>
<b>Cash provided by (used for):</b>			
Operating activities	\$ (0.6)	\$ (0.5)	\$ (0.5)
Noncapital financing activities	0.6	0.5	0.5
Capital and related financing activities	-	-	-
Investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning cash and equivalents	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

15. CONDENSED FINANCIAL INFORMATION (Continued)

**Condensed statement of cash flows (in millions)**  
**For the year ended March 31, 2015**

	Wyoming	GTCS
<b>Cash provided by (used for):</b>		
Operating activities	\$ (1.0)	\$ (2.1)
Noncapital financing activities	1.0	2.1
Capital and related financing activities	-	-
Investing activities	-	-
<b>Net change</b>	<u>-</u>	<u>-</u>
Beginning cash and equivalents	<u>-</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Condensed financial information for each of these entities as of March 31, 2014 is as follows:

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

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

	Genesee	Livingston	Orleans
<b>Assets:</b>			
Current	\$ 0.1	\$ 0.2	\$ 0.1
Capital	0.4	3.0	0.1
Other	-	-	-
<b>Total assets</b>	<u><u>0.5</u></u>	<u><u>3.2</u></u>	<u><u>0.2</u></u>
<b>Liabilities:</b>			
Current	0.3	0.2	0.1
Long-term	-	-	-
<b>Total liabilities</b>	<u><u>0.3</u></u>	<u><u>0.2</u></u>	<u><u>0.1</u></u>
<b>Net Position:</b>			
Invested in capital assets	0.4	3.0	0.1
Unrestricted	(0.2)	-	-
<b>Total net position</b>	<u><u>\$ 0.2</u></u>	<u><u>\$ 3.0</u></u>	<u><u>\$ 0.1</u></u>

	Seneca	Wayne	Wyoming
<b>Assets:</b>			
Current	\$ 0.1	\$ 0.3	\$ 0.1
Capital	0.2	1.9	0.8
Other	-	-	-
<b>Total assets</b>	<u><u>0.3</u></u>	<u><u>2.2</u></u>	<u><u>0.9</u></u>
<b>Liabilities:</b>			
Current	0.1	0.3	0.2
Long-term	-	-	-
<b>Total liabilities</b>	<u><u>0.1</u></u>	<u><u>0.3</u></u>	<u><u>0.2</u></u>
<b>Net Position:</b>			
Invested in capital assets	0.2	1.9	0.8
Unrestricted	-	-	(0.1)
<b>Total net position</b>	<u><u>\$ 0.2</u></u>	<u><u>\$ 1.9</u></u>	<u><u>\$ 0.7</u></u>

	GTCS
<b>Assets:</b>	
Current	\$ 0.6
Capital	-
Other	-
<b>Total assets</b>	<u><u>0.6</u></u>
<b>Liabilities:</b>	
Current	0.5
Long-term	-
<b>Total liabilities</b>	<u><u>0.5</u></u>
<b>Net Position:</b>	
Invested in capital assets	-
Unrestricted	0.1
<b>Total net position</b>	<u><u>\$ 0.1</u></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	Access
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>
<b>Operating income (loss)</b>	<b><u>(2.0)</u></b>	<b><u>(53.2)</u></b>	<b><u>(7.8)</u></b>
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>
<b>Change in net position</b>	<b>(0.3)</b>	<b>37.5</b>	<b>1.0</b>
Beginning net position	<u>93.7</u>	<u>71.5</u>	<u>1.5</u>
<b>Ending net position</b>	<b><u>\$ 93.4</u></b>	<b><u>\$ 109.0</u></b>	<b><u>\$ 2.5</u></b>
	<b>Genesee</b>	<b>Livingston</b>	<b>Orleans</b>
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>
<b>Operating income (loss)</b>	<b><u>(0.9)</u></b>	<b><u>(1.5)</u></b>	<b><u>(0.7)</u></b>
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>
<b>Change in net position</b>	<b>0.2</b>	<b>0.5</b>	<b>-</b>
Beginning net position	<u>-</u>	<u>2.4</u>	<u>0.1</u>
<b>Ending net position</b>	<b><u>\$ 0.2</u></b>	<b><u>\$ 2.9</u></b>	<b><u>\$ 0.1</u></b>

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

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

	<b>Seneca</b>	<b>Wayne</b>	<b>Wyoming</b>
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>
<b>Operating income (loss)</b>	<b><u>(0.7)</u></b>	<b><u>(0.9)</u></b>	<b><u>(1.2)</u></b>
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>
<b>Change in net position</b>	<b>(0.1)</b>	<b>1.1</b>	<b>0.4</b>
Beginning net position	<u>0.3</u>	<u>0.8</u>	<u>0.3</u>
<b>Ending net position</b>	<b><u><u>\$ 0.2</u></u></b>	<b><u><u>\$ 1.9</u></u></b>	<b><u><u>\$ 0.7</u></u></b>

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

15. CONDENSED FINANCIAL INFORMATION (Continued)

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

	<b>RGRTA</b>	<b>RTS</b>	<b>Access</b>
<b>Cash provided by (used for):</b>			
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>
<b>Net change</b>	<b>(3.8)</b>	<b>0.8</b>	<b>-</b>
Beginning cash and equivalents	<u>18.4</u>	<u>0.3</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ 14.6</u></b>	<b><u>\$ 1.1</u></b>	<b><u>\$ -</u></b>
	<b>Genesee</b>	<b>Livingston</b>	<b>Orleans</b>
<b>Cash provided by (used for):</b>			
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>
<b>Net change</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning cash and equivalents	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
	<b>Seneca</b>	<b>Wayne</b>	<b>Wyoming</b>
<b>Cash provided by (used for):</b>			
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>
<b>Net change</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning cash and equivalents	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending cash and equivalents</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

15. CONDENSED FINANCIAL INFORMATION (Continued)

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

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

**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 23, 2015

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 and for the year ended March 31, 2015, 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 23, 2015.

**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.

**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.

# **Combining Financial Information**

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

**COMBINING STATEMENT OF NET POSITION**  
**MARCH 31, 2015**

	<u>RGRTA</u>	<u>RTS</u>	<u>Access</u>	<u>Genesee</u>	<u>Livingston</u>	<u>Ontario</u>	<u>Orleans</u>	<u>Seneca</u>	<u>Wayne</u>	<u>Wyoming</u>	<u>GTCS</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>													
<b>CURRENT ASSETS:</b>													
Cash and equivalents	\$ 12,431,823	\$ 31,365	\$ 4,045	\$ 455	\$ 687	\$ 2,862	\$ 791	\$ 754	\$ 1,283	\$ 1,315	\$ 27,643	\$ -	\$ 12,503,023
Current portion of investments	13,532,509	-	-	-	-	-	-	-	-	-	-	-	13,532,509
Receivables:													
Trade, net	529,339	2,449,219	16,482	27,000	120,157	115,504	1,929	15,305	340,067	10,668	1,034,053	-	4,659,723
Mortgage tax	708,810	-	-	-	-	-	-	-	-	-	-	-	708,810
Capital grants	1,723,462	-	-	-	-	-	-	-	-	-	-	-	1,723,462
Operating assistance	485,772	10,825,277	742,813	-	-	-	-	-	-	-	-	-	12,053,862
Interest	115,543	-	-	-	-	-	-	-	-	-	-	-	115,543
Materials and supplies inventory, net	-	310,726	82,498	-	-	32,064	-	-	-	-	-	-	425,288
Prepaid expenses and other current assets	12,019	148,446	6,406	559	1,572	6,878	711	1,030	1,638	1,871	-	-	181,130
Inter-entirety receivable	-	546,078	-	-	-	-	-	-	-	-	207,687	(753,765)	-
Total current assets	<u>29,539,277</u>	<u>14,311,111</u>	<u>852,244</u>	<u>28,014</u>	<u>122,416</u>	<u>157,308</u>	<u>3,431</u>	<u>17,089</u>	<u>342,988</u>	<u>13,854</u>	<u>1,269,383</u>	<u>(753,765)</u>	<u>45,903,350</u>
<b>NONCURRENT ASSETS:</b>													
Capital assets, net	-	144,894,011	3,192,196	201,982	2,693,239	558,407	140,834	48,346	1,413,775	511,339	430	-	153,654,559
Investments, net of current portion	15,791,132	-	-	-	-	-	-	-	-	-	-	-	15,791,132
Investments in consolidated component unit entities	<u>47,170,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,170,942)</u>	<u>-</u>
Total noncurrent assets	<u>62,962,074</u>	<u>144,894,011</u>	<u>3,192,196</u>	<u>201,982</u>	<u>2,693,239</u>	<u>558,407</u>	<u>140,834</u>	<u>48,346</u>	<u>1,413,775</u>	<u>511,339</u>	<u>430</u>	<u>(47,170,942)</u>	<u>169,445,691</u>
<b>TOTAL ASSETS</b>	<u>92,501,351</u>	<u>159,205,122</u>	<u>4,044,440</u>	<u>229,996</u>	<u>2,815,655</u>	<u>715,715</u>	<u>144,265</u>	<u>65,435</u>	<u>1,756,763</u>	<u>525,193</u>	<u>1,269,813</u>	<u>(47,924,707)</u>	<u>215,349,041</u>
<b>DEFERRED OUTFLOWS:</b>													
Accumulated decreases in fair value of fixed price fuel swap	-	1,225,362	-	-	-	-	-	-	-	-	-	-	1,225,362
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 92,501,351</u>	<u>\$ 160,430,484</u>	<u>\$ 4,044,440</u>	<u>\$ 229,996</u>	<u>\$ 2,815,655</u>	<u>\$ 715,715</u>	<u>\$ 144,265</u>	<u>\$ 65,435</u>	<u>\$ 1,756,763</u>	<u>\$ 525,193</u>	<u>\$ 1,269,813</u>	<u>\$ (47,924,707)</u>	<u>\$ 216,574,403</u>
<b>LIABILITIES AND NET POSITION</b>													
<b>CURRENT LIABILITIES:</b>													
Accounts payable	\$ 1,447,721	\$ 2,669,431	\$ 187,409	\$ 78,157	\$ 38,770	\$ 191,499	\$ 40,395	\$ 16,645	\$ 68,064	\$ 21,747	\$ 515,737	\$ -	\$ 5,275,575
Accrued wages, vacation, pension and payroll taxes	276,562	3,513,545	351,933	38,067	125,343	110,549	33,689	56,288	200,595	82,232	101,232	-	4,890,035
Current portion of soil remediation liability	-	832,958	20,000	-	-	-	-	-	-	-	-	-	852,958
Current portion of capital lease obligation	-	44,315	-	-	-	-	-	-	-	-	-	-	44,315
Reserve for litigated and unlitigated claims	-	2,784,422	725,034	48,603	-	2,900	-	-	20,692	4,500	5,000	-	3,591,151
Workers' compensation reserve	126	2,333,846	114,129	175,099	8,422	125	1,505	-	4,636	61,860	252	-	2,700,000
Deferred revenue	-	311,667	-	-	-	-	-	-	-	-	-	-	311,667
Inter-entirety payable	<u>207,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,078</u>	<u>(753,765)</u>	<u>-</u>
Total current liabilities	<u>1,932,096</u>	<u>12,490,184</u>	<u>1,398,505</u>	<u>339,926</u>	<u>172,535</u>	<u>305,073</u>	<u>75,589</u>	<u>72,933</u>	<u>293,987</u>	<u>170,339</u>	<u>1,168,299</u>	<u>(753,765)</u>	<u>17,665,701</u>
<b>LONG-TERM LIABILITIES:</b>													
Other postemployment benefits	648,779	39,050,109	-	-	-	-	-	-	-	-	-	-	39,698,888
Soil remediation liability, net of current portion	-	604,349	-	-	-	-	-	-	-	-	-	-	604,349
Fixed price fuel swap liability	-	1,225,362	-	-	-	-	-	-	-	-	-	-	1,225,362
Total long-term liabilities	<u>648,779</u>	<u>40,879,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,528,599</u>
<b>TOTAL LIABILITIES</b>	<u>2,580,875</u>	<u>53,370,004</u>	<u>1,398,505</u>	<u>339,926</u>	<u>172,535</u>	<u>305,073</u>	<u>75,589</u>	<u>72,933</u>	<u>293,987</u>	<u>170,339</u>	<u>1,168,299</u>	<u>(753,765)</u>	<u>59,194,300</u>
<b>NET POSITION:</b>													
Net investment in capital assets	-	144,849,696	3,192,196	201,982	2,693,239	670,303	140,834	48,346	1,413,775	511,339	430	-	153,722,140
Unrestricted	89,920,476	(37,789,216)	(546,261)	(311,912)	(50,119)	(259,661)	(72,158)	(55,844)	49,001	(156,485)	101,084	(47,170,942)	3,657,963
Total net position	<u>89,920,476</u>	<u>107,060,480</u>	<u>2,645,935</u>	<u>(109,930)</u>	<u>2,643,120</u>	<u>410,642</u>	<u>68,676</u>	<u>(7,498)</u>	<u>1,462,776</u>	<u>354,854</u>	<u>101,514</u>	<u>(47,170,942)</u>	<u>157,380,103</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 92,501,351</u>	<u>\$ 160,430,484</u>	<u>\$ 4,044,440</u>	<u>\$ 229,996</u>	<u>\$ 2,815,655</u>	<u>\$ 715,715</u>	<u>\$ 144,265</u>	<u>\$ 65,435</u>	<u>\$ 1,756,763</u>	<u>\$ 525,193</u>	<u>\$ 1,269,813</u>	<u>\$ (47,924,707)</u>	<u>\$ 216,574,403</u>

The accompanying notes to the financial statements 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, 2015**

	RGRTA	RTS	Access	Genesee	Livingston	Ontario	Orleans	Seneca	Wayne	Wyoming	GTCS	Eliminations	Total
<b>OPERATING REVENUE:</b>													
Customer fares	\$ -	\$ 11,202,925	\$ 345,368	\$ 36,587	\$ 27,611	\$ 208,902	\$ 49,091	\$ 54,285	\$ 61,070	\$ 47,322	\$ -	\$ -	\$ 12,033,161
Special transit fares	-	13,142,142	-	173,639	763,076	349,899	585	243,351	1,700,596	130,453	-	-	16,503,741
Reimbursement and recovery	201	942,523	27,345	22	258	1,299	37	90	13,134	6,287	-	-	991,196
Other	969,733	2,501,831	79,428	53,591	16,102	4,064	-	24,352	913	-	67,609	(3,185,788)	531,835
Total operating revenue	969,934	27,789,421	452,141	263,839	807,047	564,164	49,713	322,078	1,775,713	184,062	67,609	(3,185,788)	30,059,933
<b>OPERATING EXPENSES AND DEPRECIATION:</b>													
Operating expenses -													
Salaries and wages	1,352,601	36,293,421	3,821,727	381,094	682,302	1,195,215	252,799	359,159	1,174,250	471,795	482,779	-	46,467,142
Employee benefits	704,989	19,703,456	1,451,163	186,402	228,296	274,991	52,522	100,415	255,507	191,977	237,845	-	23,387,563
Inter-entity cost allocations	661,030	695,587	507,431	222,114	200,892	57,618	251,182	185,508	175,545	207,767	21,134	(3,185,788)	11,339,551
Materials and supplies	-	8,943,045	783,041	88,192	241,140	535,348	75,913	95,253	400,723	170,845	6,251	-	6,521,557
Services	79,107	4,200,384	386,719	44,127	152,756	173,855	25,265	82,107	154,426	77,878	1,144,933	-	838,340
Utilities	-	729,677	48,697	2,752	24,803	11,706	3,034	6,342	4,597	3,123	3,609	-	3,174,146
Casualty and liability insurance claims	1,214	2,824,100	78,740	57,534	42,232	41,355	11,114	16,096	67,233	33,773	755	-	1,666,103
Other	279,323	1,060,360	46,327	20,451	25,268	104,323	23,081	17,131	15,537	25,312	48,990	-	93,394,402
Total operating expenses	3,078,264	74,450,010	7,123,845	1,002,666	1,597,689	2,394,411	694,910	862,011	2,247,818	1,182,270	1,946,296	(3,185,788)	110,052,232
Depreciation -													
Locally funded	-	1,428,270	67,317	13,649	32,282	11,713	-	7,612	29,912	13,129	-	-	1,603,884
Grant funded	-	12,626,614	623,696	131,298	435,500	138,812	72,858	116,386	481,620	225,289	1,873	-	15,053,946
Total depreciation	-	14,254,884	691,013	144,947	467,782	150,525	72,858	123,998	511,532	238,418	1,873	-	16,657,830
Total operating expenses and depreciation	3,078,264	88,704,894	7,814,858	1,147,613	2,065,471	2,544,936	767,768	986,009	2,759,350	1,420,688	1,948,169	(3,185,788)	110,052,232
LOSS FROM OPERATIONS	(2,108,330)	(60,915,473)	(7,362,717)	(883,774)	(1,258,424)	(1,980,772)	(718,055)	(663,931)	(983,637)	(1,236,626)	(1,880,560)	-	(79,992,299)
<b>NONOPERATING INCOME (EXPENSE):</b>													
Investment income, net	646,203	-	-	-	-	-	-	-	-	-	-	-	646,203
Mortgage recording tax	7,702,424	-	-	-	-	-	-	-	-	-	-	-	7,702,424
Subrecipient grant revenue	83,652	-	-	-	-	-	-	-	-	-	-	-	83,652
Subrecipient grant expense	(83,652)	-	-	-	-	-	-	-	-	-	-	-	(83,652)
Change in soil remediation liability	-	9,625	-	-	-	-	-	-	-	-	-	-	9,625
Realized loss on fuel swap, net	-	(349,051)	-	-	-	-	-	-	-	-	-	-	(349,051)
Gain (loss) on disposal of capital assets, net	-	40,295	5,430	3,842	1,433	-	-	-	1,368	4,714	-	-	57,082
Authority subsidies	(11,825,319)	4,158,690	4,183,912	566,048	650,863	204,029	530,220	446,013	219,850	875,694	-	-	-
Write-off of inter-entity accounts	1,917,859	(1,920,906)	572,256	(125,683)	(38,768)	(132,843)	(56,520)	(73,799)	(27,342)	(114,254)	-	-	-
Total nonoperating income (expense)	(1,558,833)	1,938,653	4,761,598	434,207	613,528	71,186	473,700	372,214	193,876	766,154	-	-	8,066,283
<b>EXTERNAL OPERATING ASSISTANCE SUBSIDIES:</b>													
Federal	158,388	8,194,243	585,021	85,000	96,800	233,533	54,600	47,000	200,441	86,700	1,901,592	-	11,643,318
State	-	32,555,323	1,960,704	54,302	38,801	1,285,812	30,197	29,568	41,980	24,109	-	-	36,020,796
Local governments	-	3,524,051	-	53,282	35,024	118,585	30,181	24,964	38,378	20,120	-	-	3,844,585
Total external operating assistance subsidies	158,388	44,273,617	2,545,725	192,584	170,625	1,637,930	114,978	101,532	280,799	130,929	1,901,592	-	51,508,699
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(3,508,775)	(14,703,203)	(55,394)	(256,983)	(474,271)	(271,656)	(129,377)	(190,185)	(508,962)	(339,543)	21,032	-	(20,417,317)
<b>CAPITAL CONTRIBUTIONS:</b>													
Federal	-	10,044,410	140,279	-	152,665	-	76,876	2,535	11,399	-	-	-	10,428,164
State	-	1,245,623	17,535	-	19,083	-	10,209	353	1,493	-	-	-	1,294,296
Authority	-	1,435,416	17,535	-	19,083	11,995	886	5,798	1,493	-	-	(1,492,206)	-
Total capital contributions	-	12,725,449	175,349	-	190,831	11,995	87,971	8,686	14,385	-	-	(1,492,206)	11,722,460
CHANGE IN NET POSITION	(3,508,775)	(1,977,754)	119,955	(256,983)	(283,440)	(259,661)	(41,406)	(181,499)	(494,577)	(339,543)	21,032	(1,492,206)	(8,694,857)
SPECIAL ITEM - Transfer of Ontario County public transportation operations	-	-	-	-	-	670,303	-	-	-	-	-	-	670,303
NET POSITION - beginning 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
NET POSITION - end of year	\$ 89,920,476	\$ 107,060,480	\$ 2,645,935	\$ (109,930)	\$ 2,643,120	\$ 410,642	\$ 68,676	\$ (7,498)	\$ 1,462,776	\$ 354,854	\$ 101,514	\$ (47,170,942)	\$ 157,380,103

The accompanying notes are an integral part of these statements.