

**Rochester-Genesee Regional Transportation Authority**  
**Minutes of**  
**AUDIT COMMITTEE MEETING**  
**November 28, 2012**

**Audit Committee Board of Commissioners:**

**Present:**

Commissioners Jankowski (Chairman), Redmond, Vitagliano

**Absent:** Commissioner Battaglia

**RGRTA Staff:**

Robert Frye, CFO; Chris Dobson, VP of Finance; Mark Nasky, Accounting Manager

**Other:** Bonadio & Co., LLP: Kristen Clark, Partner; Jon Miller, Engagement Principal; Michelle Pyzik, Engagement Manager

**Chairman Jankowski opened the meeting at 8:45am.**

**Overview of the agenda.**

Mr. Dobson

- FYE March 31, 2013 – Pre Audit Planning
- Federal Single Audit Report
- State Transportation Assistance Expended Report
- Financial Reporting Discussion

**FYE March 31, 2013 – Pre Audit Planning**

Ms. Clark

- Overview
  - Scope of Services
  - Client Service Team
  - Risk Assessment & Materiality
  - Significant Audit Areas
  - Audit Committee Considerations
  - Reporting Timetable
  - GASB Update`
- Scope of Services Provided
  - Audit of the March 31, 2013 Financial Statements of RGRTA and related entities.
    - A separate audit is performed on all companies however a consolidated or combined opinion is issued.
  - Single Audit for the Authority in accordance with OMB Circular A-133 (Federal) and Draft Part 43 of the NYS Codification of Rules and Regulations.
    - Two reports: A separate report for Federal & NYS.

- Agreed-upon Procedures related to the RGRTA Employee Incentive Compensation Program.
  - Certification of the National Transit Database Report (NTD)
- Client Services Team
  - Communicated that the same audit team as the prior year is returning. Kristen Clark, Engagement Partner; Jon Miller, Principal; Michelle Pyzik, Manager; Mario P. Urso, Quality Assurance Partner
  - Noted that Michelle has been promoted to Manager from Audit Senior but will largely fill the same role as in the past.
- Auditors Responsibility
  - Stated that they will issue an opinion as to whether the financial statements have been presented fairly in accordance with generally accepted accounting principles.
    - Not all transactions are audited but rather a sample based on pre-audit planning.
  - Internal control is considered (an opinion is not rendered) to ensure that adequate controls/financial reporting practices are in place that will result in fairly presented financial statements.
  - Any matters that are deemed significant with respect to the financial statement audit will be communicated to the Audit Committee. The opinion is addressed to the Board and not management.
  - Perform audits in accordance with the yellow book and OMB circular A-133 because of the significant amount of federal and state funding received.
    - Reports on internal control over reporting and compliance
    - Report on internal control over compliance and provide an opinion on compliance
- Risk Assessment & Materiality
  - Audit plan (determination of areas of heightened focus) is developed based on historical knowledge of the organizations' economic conditions and current environment.
  - Materiality amounts for each subsidiary company are not shared with clients.
  - The highest level of materiality is tolerable misstatement – this is how much the financial statements could be off in any of the areas that can be tolerated so that they are not going to be misleading to the reader. This value is determined by Bonadio and will vary by entity and area.
  - The next level down is test scope which is the amount the auditor will use to select individual items for testing. For instance these are the items below the tolerable misstatement value that are tested so that the accumulation of the differences doesn't reach a level larger than the tolerable misstatement.
  - Lastly there is adjustment scope which are amounts where differences noted during the audit accumulate to a level in which they are discussed with management and disclosed to the Audit Committee.

**Mr. Frye**

- Noted that materiality is determined at the company level therefore staff is sensitive to it and creates an environment or structure that keeps the Accounting staff very keen on all transactions.

**Ms. Clark**

- Commented that the opinion is provided at each company and then on the Statements as a whole

**Ms. Clark**

- Significant Audit Areas
  - Stated that based on Bonadio's familiarity with operations and management the following is a list of focus areas;
    - Changes in Senior Management
      - The Authority has had a change in CEO, CFO, CAO, and General Counsel. With a change like this different procedures and protocols may have developed.
    - Other Postemployment Benefits (OPEB)
      - Under GAAP the actuarial valuation of this liability is required bi-annually. Because there was not a valuation conducted as of 3/31/2012 a valuation will be conducted this year.
    - Capital Projects
      - The area of focus surrounds whether any capital assets that are in construction in progress are still good assets and do not require an impairment entry.

**Commissioner Redmond**

- Inquired as to what the specific things Bonadio will be looking at with changes in senior management.

**Ms. Clark**

- Bonadio will be looking at controls in place that are subject to management change such as someone leaving which could possibly lead to a lax in control or with new management coming on-board are the right approvals still taking place. For example in Payroll is the proper division of responsibility occurring; in Finance are the right approvals taking place for the issuance of payment. Through discussion, has the tone at the top changed – does an environment of controls still exist.

**Ms. Clark**

- Audit Committee Considerations
  - Key role in oversight of the process
  - Observations regarding internal control
  - Observations regarding management
  - High risk audit area identification
  - Other areas of concern or matter for discussion
    - Reiterated that Bonadio works for the Board not management.

- Communicated that the Committee meets with Bonadio multiple times per year and to the extent that more frequent interaction is needed, Bonadio would do so.
- GASB Update
  - Stated that none of the following listed will impact the Authority's financial statements for year ended March 31, 2013
    - GASB 67 – "Financial Reporting for Pension Plans – an amendment of GASB Statement No.25" will be effective in fiscal 2014-15.
      - This alters the calculation of the actuarial liability based on the funded status of the plan. If you are in an asset position you will use one discount rate and if in a liability position another. In addition future year trending of position is required.
    - GASB 68 – "Accounting and Financial Reporting for Pension – an amendment to GASB Statement No. 27" will be effective in fiscal 2015-16.
      - The pension liability will be recorded on the Authority's financial statements.
      - Commented that the plans are in good shape but a liability will need to be recorded.
        - Advised that for the NYS Plan that the liability will be spread to the Authority and will need to be recorded.

**Mr. Frye**

- Stated to the Committee that these are significant policy changes (and as noted prior), stated that in the past regulations the pension liability was not reported on the Statements as separate trusts exist.
- In addition commented that this change will cause a higher level of awareness by government leaders (elected officials) and may cause changes to management approaches in the public sector, and will improve transparency.

**Ms. Clark**

- Commented that the liability could impact debt covenants/agreements in the future. In addition advised that audit work will need to be completed on this line item. In past years (excluding most recent) the Pension Plans had a separate audit conducted. If that resumes audit work will still need to be conducted at year-end, but, less if the separate audits are conducted.

**Mr. Frye**

- Stated that his recommendation would be that audits of the pension plans resume in the future.

**Commissioner Vitagliano**

- Inquired as to whether our plans are or will be significantly underfunded and if other municipalities are significantly underfunded.

Ms. Clark

- Advised that our plans are not significantly underfunded and that underfunding varies for other municipalities, some are some are not.

Mr. Frye

- Noted that the Authority sponsored plans are well funded with the largest plan around 98% funded and the lowest funded plan with a \$500,000 liability.

Commissioner Redmond

- Inquired as to whether or not Bonadio would be making any recommendations for changes to benefits provided in order to get back to proper funding levels. Also how it would impact the future transit center debt covenants.

Ms. Clark

- Advised that they would be looking at it in terms of the future status (projected) and how it would be impacting debt covenants.

Mr. Frye

- Noted that management has been becoming increasingly informed on the GASB changes and is in the process of consideration of an asset/liability study for the largest plan the RTS ATU. It is likely a recommendation will be made to conduct one on each plan.
- Stated that the objective of the A&L study is to arrive at an ideal investment policy to meet future objectives of the plan.

Mr. Miller

- GASB Updated (continued)
  - GASB Preliminary Views – “Economic Condition Reporting: Financial Projections” – preliminary stage of GASB opinion gathering regarding inclusion of a 10 year financial projection in the financial statements.

Ms. Clark

- Audit Reporting
  - Reviewed audit timetable that begins with preliminary fieldwork in December and wraps up with presentation of the financial statements to the full Board at the August meeting.

Commissioner Jankowski

- Inquired as to when the best time would be for the Board to discuss with Bonadio items that they would like Bonadio to focus on in the audit.

Ms. Clark

- Advised that February or March would be the appropriate time.

Commissioner Jankowski

- Requested since Bonadio will not be in to meet with the Audit Committee again until the June meeting that Ms. Clark send an email to in the spring to RGRTA Chairman Redmond regarding soliciting feedback from the Board on audit focus areas.

**Federal Single Audit Report and State Transportation Assistance Expensed Report for FY ended 3/31/2012**

Mr. Miller

- Review of Federal and State Audit
  - Federal is required because of significant amount of Federal funding received (~\$28 million spread across multiple grants)
  - NYS is required because of the State Transportation Operating Assistance program (~\$32M)
  - A Sampling was conducted on the grants and it was found that all internal controls are appropriate and laws/regulations are being followed
  - Noted that significant communication between Finance and Grants Departments are required to ensure the controls are in place, and commended those involved.

Mr. Frye

- Commented that grantees are required to self-certify that the proper controls are in place.

**Motion to recommend the Federal Single Audit Report and State Transportation Assistance Expended Report to the full board**

- Commissioner Redmond made a motion to recommend the reports to the full Board; Second Commissioner Vitagliano; All voted in favor

**Financial Reporting Discussion**

Commissioner Jankowski

- Recommended and inquired to the Committee as to its desire to have a more in depth financial report (greens) twice per year and Multi-Year Projection review twice per year at the four Audit Committee meetings. Stated that he felt it was important for the Committee to review and place it in the record.

Mr. Frye

- Advised the Committee that in their hard copy packet was a series of financial sheets. Commented that the Board meeting is a high level look and that Finance staff puts together and reviews at a company and line item level many accounts. In addition spoke to the importance of the Multi-Year Projection to the Authority and other stakeholders such as the State and for debt issuance.

Mr. Dobson

- Provided a summary report on the attachments that included the Board financial report, a more detailed report for each company that is internal to Finance, and the potential change factor sheet.

**Commissioner Jankowski**

- Requested the opinion of the Commissioners on this approach whereas all agreed on the approach.

**Commissioner Jankowski**

- Upon conclusion of the agenda provided thanks to Mr. Frye, retiring CFO (as this is his last Committee meeting) for his long service, dedicated support, and financial opinions. Wished him well in his retirement.

**Mr. Frye**

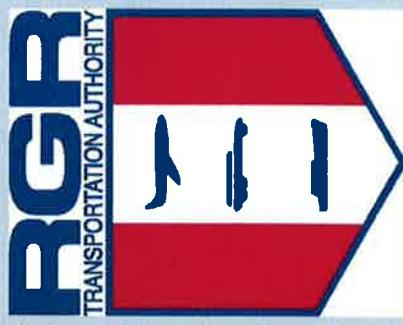
- Expressed pride and pleasure in working for the Authority and with the Board for the betterment of public service.

**Chairman Jankowski adjourned the meeting at approximately 9:30am.**

*Attachments to these minutes include the PowerPoint presentation & Financial Discussion Agenda item documents.*

# Audit Committee

11/28/12



# AGENDA

- 
- Federal Single Audit Report
  - State Transportation Assistance Expended Report
  - FYE March 31, 2013 - Pre Audit Planning
  - Financial Reporting Discussion

# Federal Single Audit

## March 31, 2012

- The audit was performed in accordance with Government Auditing Standards and OMB Circular A-133.
- There were no findings noted and our opinion on compliance was unqualified.
- Total federal expenditures were \$27,646,375
- The programs tested as major programs were:
  - Federal Transit Cluster
    - CFDA No. 20.507 – Federal Transit Formula Grants
    - CFDA No. 20.500 – Federal Transit Capital Investment Grants
    - CFDA No. 20.507 – ARRA-Federal Transit Formula Grants
  - Highway Planning and Construction Cluster
    - CFDA No. 20.205 – Highway Planning and Construction

# AGENDA

- 
- Federal Single Audit Report
  - State Transportation Assistance Expended Report
  - FYE March 31, 2013 - Pre Audit Planning
  - Financial Reporting Discussion

# State Transportation Assistance Expended

## March 31, 2012

- The audit was performed in accordance with the compliance requirements of Draft Part 43 of the NYS Codification of Rules and Regulations.
- There were no findings noted and our opinion on compliance was unqualified.
- Total state expenditures were \$33,355,996
- The programs tested were:
  - State Transit Operating Assistance (N/A)
  - Mass Transportation Capital Project Agreement (K006660)
  - Mass Transportation Capital Project Agreement (K006700)
  - Mass Transportation Capital Project Agreement (N/A)
  - Mass Transportation Capital Project Agreement (N/A)

# AGENDA

- Federal Single Audit Report
- State Transportation Assistance Expended Report
- FYE March 31, 2013 - Pre Audit Planning
- Financial Reporting Discussion

# FYE March 31, 2013 Pre Audit Planning

- Scope of our services
- Client service team
- Risk Assessment & Materiality
- Significant audit areas
- Audit Committee considerations
- Reporting Timetable
- GASB Update

# Scope of Our Services

- Audit of the March 31, 2013 Financial Statements of Rochester-Genesee Regional Transportation Authority
- Perform a single audit for the Authority in accordance with OMB Circular A-133
- Perform a single audit for the Authority in accordance with Draft Part 43 of the NYS Codification of Rules and Regulations
- Agreed-upon procedures related to the RGRTA Employee Incentive Compensation Program
- Certification of National Transit Database (NTD) Report

# Client Service Team

Kristen M. Clark	Engagement Partner	kclark@bonadio.com	(585) 249-2748
Jonathan B. Miller	Engagement Principal	jmiller@bonadio.com	(585) 249-2830
Michelle Pyzik	Engagement Manager	mypyzik@bonadio.com	(585) 249-2833
Mario P. Urso	Quality Assurance Partner	murso@bonadio.com	(585) 249-2750

# Auditors' Responsibility

- Form an opinion as to whether the financial statements have been presented fairly in accordance with GAAP.
- Consider internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on internal control.
- Communicate significant matters related to the financial statement audit to the Audit Committee.
- Perform the audits in accordance with Government Auditing Standards (Yellow Book) and OMB Circular A-133 (Single Audit).
  - Report on internal control over financial reporting and on compliance.
  - Report on internal control over compliance and provide an opinion on compliance.

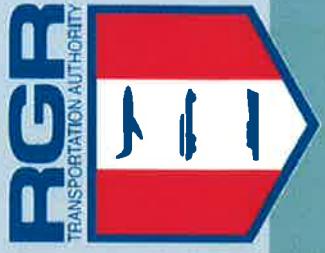
# Risk Assessment & Materiality

- Assess risk based on historic knowledge of the organizations' economic conditions and the current environment
  - Control Risk
  - Inherent Risk
- Formulate audit plan based on risk assessment
- Concept of Materiality in an audit
  - Tolerable misstatement - The maximum error in a population that the auditor is willing to accept.
  - Test scope - The amount which the auditor will use to select individual items for testing.
  - Adjustment scope - Amount above which differences noted during the audit will be accumulated and disclosed to the Audit Committee.

# Significant Areas

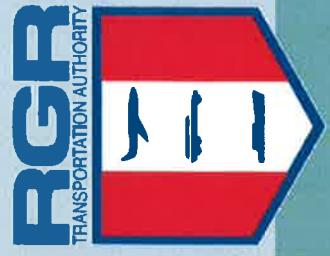
Based on our familiarity with your operations and management, we have identified the following areas that will have a potential impact regarding your financial reporting in current year:

- Changes in Senior Management
- Other Postemployment Benefits
- Capital Improvement Projects/Debt
  - College Town Transit Station
  - RTS Transit Center
- Improvements to Headquarters
  - Information Technology



# Audit Committee Considerations

- Key role in oversight of process
- Observations regarding internal control
- Observations regarding management
- High risk audit areas identification
- Other areas of concern
- Other matters for discussion



# GASB Update

- GASB Statement No. 67, “Financial Reporting For Pension Plans – an amendment of GASB Statement No. 25”
- GASB Statement No. 68, “Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27”
- GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”
- GASB Preliminary Views- “Economic Condition Reporting: Financial Projections”

# Timetable

Preliminary Financial Statement Fieldwork	December 10 - 14, 2012
Year-end Financial Statement Fieldwork/weekly status meetings with RGRTA personnel	April 29 – June 1, 2013
Preliminary Meeting with Management	Early June 2013
Audit Committee Meeting	Mid June 2013
Issuance of Final Audited Financial Statements	On or before June 20, 2013
Board of Commissioners Meeting	August 2013
NTD Certification	October 2013

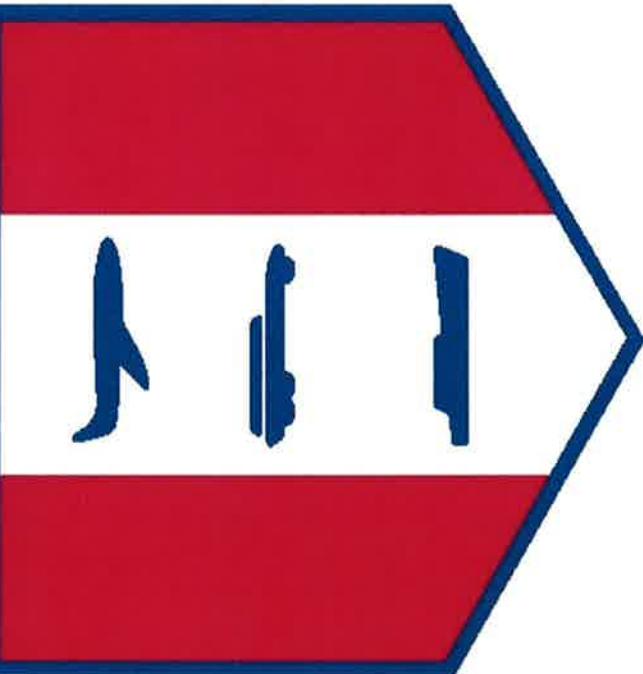
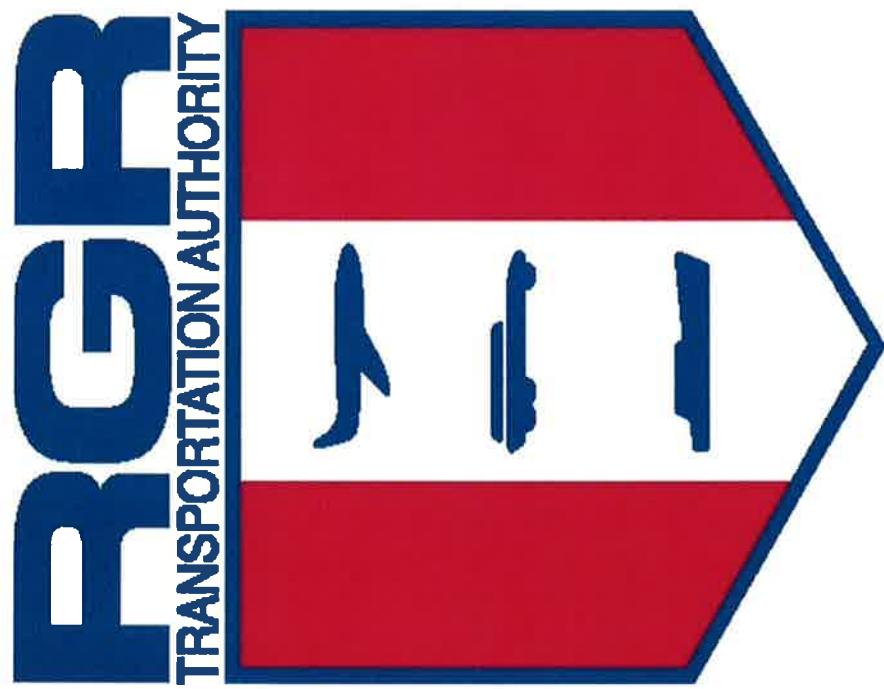
# AGENDA



- Federal Single Audit Report
- State Transportation Assistance Expended Report
- FYE March 31, 2013 - Pre Audit Planning
- Financial Reporting Discussion

## Financial Reporting Discussion

- Discussion regarding the frequency and depth of review the Audit Committee desires with respect to the monthly financial (Greens) & semi-annual Multi-Year Financial Projection.





**RGRTA - Consolidated Budget Status Report - FY 2012-2013**  
**As of 10/31/12 - (In Thousands)**

	<u>Budget 2012-13</u>	<u>FYTD 10/31/2012</u>	<u>Projected 3/31/2013</u>	<u>Budget Variance</u>
<b>Revenues</b>				
<b>Total Locally Generated</b>	\$ 28,718	\$ 17,241	\$ 29,648	\$ 930
<b>Total Government Subsidies</b>	\$ 43,244	\$ 25,089	\$ 43,225	\$ (19)
<b>Mortgage Tax</b>	\$ 6,850	\$ 4,626	\$ 7,520	\$ 670
<b>Grand Total Revenue</b>	\$ 78,812	\$ 46,956	\$ 80,393	\$ 1,581
<b>Expenses</b>				
<b>Personnel</b>				
<b>Salary &amp; Wages</b>	\$ 35,797	\$ 20,328	\$ 36,393	\$ (596)
<b>Fringe Benefits</b>	\$ 22,161	\$ 12,154	\$ 21,900	\$ 261
<b>Total Personnel</b>	\$ 57,958	\$ 32,483	\$ 58,293	\$ (335)
<b>Non-Personnel</b>				
<b>Services</b>	\$ 4,356	\$ 3,176	\$ 4,180	\$ 176
<b>Fuel/Lubricants</b>	\$ 7,570	\$ 4,453	\$ 7,838	\$ (268)
<b>Parts</b>	\$ 3,178	\$ 1,262	\$ 2,640	\$ 538
<b>Other</b>	\$ 6,600	\$ 3,296	\$ 6,448	\$ 151
<b>Total Non-Personnel</b>	\$ 21,704	\$ 12,188	\$ 21,106	\$ 598
<b>Grand Total Expenses</b>	\$ 79,662	\$ 44,670	\$ 79,399	\$ 263
<b>Net Income/Deficit From Operations &amp; Subsidies</b>	\$ (850)	\$ 2,285	\$ 993	\$ 1,843

GRTA - Consolidated Budget Status Report - FY 2012-13  
03/12/2012

**RGRTA - Budget Status Report - FY 2012-13**

10/31/2012

	Audited 2011-2012	Budget 2012-2013	FYTD 10/31/2012	Projected 3/31/2013	Variance Budget	Prior Month Yr End Pri	Vari. Prior Month Pri.
<b>Revenues</b>							
Customer Fares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Fares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue	\$ 1,414,769	\$ 1,588,109	\$ 779,646	\$ 2,050,671	\$ 462,562	\$ 2,050,671	\$ -
<b>Subtotal fares/oth</b>	<b>\$ 1,414,769</b>	<b>\$ 1,588,109</b>	<b>\$ 779,646</b>	<b>\$ 2,050,671</b>	<b>\$ 462,562</b>	<b>\$ 2,050,671</b>	<b>\$ -</b>
Federal Aid	\$ 119,707	\$ 25,816	\$ 4,307	\$ 25,816	\$ -	\$ 25,816	\$ -
State Aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal aid</b>	<b>\$ 119,707</b>	<b>\$ 25,816</b>	<b>\$ 4,307</b>	<b>\$ 25,816</b>	<b>\$ -</b>	<b>\$ 25,816</b>	<b>\$ -</b>
<b>Mortgage Tax</b>	<b>\$ 6,807,000</b>	<b>\$ 6,850,000</b>	<b>\$ 4,625,885</b>	<b>\$ 7,520,000</b>	<b>\$ 670,000</b>	<b>\$ 7,520,000</b>	<b>\$ -</b>
<b>Grand Total Revenue</b>	<b>\$ 8,341,475</b>	<b>\$ 8,463,925</b>	<b>\$ 5,409,838</b>	<b>\$ 9,596,487</b>	<b>\$ 1,132,562</b>	<b>\$ 9,596,487</b>	<b>\$ -</b>
<b>Expenses</b>							
Wages - Operators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wages - Mechanic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wages - Other	\$ 1,684,470	\$ 1,479,526	\$ 655,798	\$ 1,244,383	\$ 235,143	\$ 1,261,350	\$ 16,967
Fringe Benefits	\$ 1,018,742	\$ 836,969	\$ 362,590	\$ 866,699	\$ (29,730)	\$ 879,767	\$ 13,068
<b>Subtotal Personnel</b>	<b>\$ 2,703,211</b>	<b>\$ 2,316,495</b>	<b>\$ 1,018,388</b>	<b>\$ 2,111,082</b>	<b>\$ 205,413</b>	<b>\$ 2,141,117</b>	<b>\$ 30,035</b>
Services	\$ 638,683	\$ 664,803	\$ 365,055	\$ 680,403	\$ (15,600)	\$ 680,403	\$ -
Fuel/Lubricants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Material/Supp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Casualty & Liability	\$ 1,096	\$ 1,201	\$ 1,317	\$ 1,327	\$ (126)	\$ 1,327	\$ -
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 238,509	\$ 246,150	\$ 96,023	\$ 252,782	\$ (6,632)	\$ 252,782	\$ -
Rental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Subtotal NonPersonnel</b>	<b>\$ 878,288</b>	<b>\$ 912,154</b>	<b>\$ 462,395</b>	<b>\$ 934,512</b>	<b>\$ (22,358)</b>	<b>\$ 934,512</b>	<b>\$ -</b>
<b>Grand Total Expenses</b>	<b>\$ 3,581,499</b>	<b>\$ 3,228,649</b>	<b>\$ 1,480,783</b>	<b>\$ 3,045,594</b>	<b>\$ 183,055</b>	<b>\$ 3,075,629</b>	<b>\$ 30,035</b>
<b>Net Income(Loss)Before Subs</b>	<b>\$ 4,759,976</b>	<b>\$ 5,235,276</b>	<b>\$ 3,929,055</b>	<b>\$ 6,550,893</b>	<b>\$ 1,315,617</b>	<b>\$ 6,520,858</b>	<b>\$ (30,035)</b>
<b>Less Subsidies to Components</b>	<b>\$ 5,183,975</b>	<b>\$ 6,085,276</b>	<b>\$ 1,643,678</b>	<b>\$ 5,557,512</b>	<b>\$ 527,764</b>	<b>\$ 5,753,252</b>	<b>\$ (195,740)</b>
<b>Net Income After Subsidies</b>	<b>\$ (423,999)</b>	<b>\$ (850,000)</b>	<b>\$ 2,285,377</b>	<b>\$ 993,381</b>	<b>\$ 1,843,381</b>	<b>\$ 767,606</b>	<b>\$ 225,775</b>

RTS - Budget Status Report - FY 2012-2013  
10/31/2012

LIFT LINE - Budget Status Report - FY 2012-2013  
10/31/2012

BATAVIA - Budget Status Report - FY 2012-2013  
9/31/2012

LIVINGSTON - Budget Status Report - FY 2012-2013  
10/31/2012

OTS - Budget Status Report - FY 2012-2013  
03/12/2012

STS - Budget Status Report - FY 2012-2013  
10/31/2012

WAYNE - Budget Status Report - FY 2012-2013  
10/31/2012

WYTS - Budget Status Report - FY 2012-2013

**RGITA 2012-13**  
**Key Risks/Change Factors**  
**As of September 2012 Greens**

Expense Factors Account Description	2012-13 Projection	2012-13 Possible	Cost/(Savings)	Variance	Comment
RTS Operators	\$ -	\$ -	\$ -	\$ -	A potential favorable adjustment may occur if the current assumption of fall service hours does not materialize. Assumption is Fall 2011 serve plus 1.5% for the change in scheduled hours. It is being assumed that the scheduled hour change will flow to pay hours. Also, projection is contingent upon accuracy of new "Holiday Express Service" to support the Rideship increase initiative.
Health Care HRA expense	\$ 370,167	\$ 438,306	\$ 68,139	\$ -	If assumed projection based on FY 2011 and FY 2012 actuals doesn't play out for FY 2013
Health Care Retiree RTS	\$ 2,502,189	\$ 2,452,189	\$ (50,000)	\$ (50,000)	Projection includes \$50,000 additional expense for potential errors in Highline Data
Workers Compensation Expenses	\$ 2,045,757	\$ 1,884,757	\$ (162,000)	\$ (162,000)	Potential savings if BMR adj. equals the change in open case reserves that has occurred through July 2012. Current projection assumes 100,000 BMR expense \$82,000 is the decrease in open case reserves through June.
Casualty & Liability payouts	\$ -	\$ -	\$ -	\$ -	Total projection for reserve change at all companies is \$500,500. This is based in part on a review of last three years of activity and YTD actual claim losses
Employment Practices Payouts	\$ 14,753	\$ (5,650)	\$ (20,403)	\$ (20,403)	Potential savings from settlement of LL cases for less than reserved
Electric Expense RTS	\$ 366,480	\$ 357,120	\$ (9,360)	\$ (9,360)	Potential trend continues. Monitoring now that we have separate meter for Admin building and operations building.
Bad Debt LATs	\$ 3,193	\$ 15,193	\$ 12,000	\$ -	Potential if EDDSC begins withholding the Medicaid 2%
Contracted Services Facilities	\$ 103,300	\$ 82,500	\$ (20,800)	\$ (20,800)	If none of the testing services are done in 2012-13. Services include diesel fuel testing, tank integrity testing, chemical tank testing, and miscellaneous task work.
Advertising & Promotion	\$ -	\$ -	\$ -	\$ -	Budget balance remaining as of July 31st is \$204,730 decrease in projection likely as the FY develops.
RTS Bus Parts	\$ -	\$ -	\$ -	\$ -	Every \$ 0.1 in cost/mile is worth approximately \$33K in total parts cost October-March. A potential RTS variance. Current trend does not continue.
Diesel Fuel	\$ -	\$ -	\$ -	\$ -	Every 0.01 change in USD price is worth approximately \$5K in total fuel cost. Could be favorable or unfavorable.
<b>Total 2012-13 Expense Factors</b>	<b>\$ 5,046,849</b>	<b>\$ 5,229,475</b>	<b>\$ (182,626)</b>	<b>\$ (182,626)</b>	
*Operational impact for door to door has not been estimated. If an additional 1.5 minutes per trip the approx. annual impact would be \$75K					
Revenue Factors Account Description	2012-13 Projection	2012-13 Possible	Variance	Comment	
RTS Adult Cash	\$ 4,650,725	\$ 4,918,024	\$ 67,299	\$ -	Potential if adult cash ridership average increase of 6% for April- Sept 2011 vs April-Sep 2011 were to continue throughout the fiscal year. Current assumption is 4.5% increase over ridership from FY 2011
RTS 5 Day Unlimited Pass	\$ 183,000	\$ 159,000	\$ (34,000)	\$ -	Potential if RCSD purchase pattern Oct - March is not similar to 2011/12 Oct - March
Mortgage Tax	\$ 7,580,000	\$ 7,595,000	\$ 15,000	\$ -	Variance if increase in transactions within Monroe County is 10% for Oct - March instead of the current 6%
RTS 31 Day Pass	\$ 3,822,000	\$ 3,950,000	\$ (128,000)	\$ -	Potential if MCDS purchase pattern Oct - March is not similar for 2011/12 Oct - March
Unrealized Gains	\$ -	\$ (48,000)	\$ (48,000)	\$ -	Unrealized Gains as of 9/30/12
Warranty Reimbursement	\$ 50,000	\$ 90,000	\$ 40,000	\$ -	Windshield and Navi Repair (Structural Integrity Plan) Potential is 50 buses at \$2,000 per bus. Assumes 20 buses are reimbursed in 2012-13
Federal and State Chargebacks	\$ -	\$ -	\$ -	\$ -	A potential unfavorable adjustment if chargeback % is less than projected
<b>Total 2012-13 Revenue Factors</b>	<b>\$ 16,495,775</b>	<b>\$ 18,312,024</b>	<b>\$ (18,277)</b>	<b>\$ (18,277)</b>	
<b>Total Impact Net Income (Loss)</b>					