

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

**Financial Statements
as of March 31, 2011
Together with
Independent Auditors' 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 AUDITORS' REPORT

June 17, 2011

To the Commissioners of
Rochester-Genesee Regional Transportation Authority:

We have audited the accompanying financial statements of the Rochester-Genesee Regional Transportation Authority and each of its blended component units (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 year ended March 31, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Authority's 2010 financial statements and in our report dated June 21, 2010, we expressed unqualified opinions on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Authority and each of its blended component units as of March 31, 2011, and the individual and consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT

(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 16 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, 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Authority and each of its blended component units taken as a whole. The accompanying supplementary information in Exhibit I is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED MARCH 31, 2011 PREPARED BY ROBERT W. FRYE, CHIEF FINANCIAL OFFICER

Overview of the Financial Statements

Rochester-Genesee Regional Transportation Authority (Authority) is a public benefit corporation and a component unit of the State of New York. Through its enabling legislation, the Authority is charged with the provision of public transportation service throughout the jurisdictions of its seven (7) member county governments, an area covering 3,700 square miles. The Authority has nine (9) component units. Corporate governance is provided through the Rochester-Genesee Regional Transportation Authority, Inc. Transit operations are provided through eight (8) units, each providing service within the area of their respective member county. The Authority also acts as administrative host agency for the region's metropolitan planning organization, Genesee Transportation Council (GTC). The financial statements for the Authority and all nine component units are prepared in conformance with generally accepted accounting principles.

The Authority's basic financial statements consist of a statement of net assets; a statement of revenue, expenses, and changes in net assets; a statement of cash flows; and notes to the financial statements.

The Authority's fiscal year runs from April 1st through March 31st. The statement of net assets presents the financial position of the Authority as of March 31, 2011. Conversely, the statement of revenue, expenses, and changes in net assets provides a summary of the Authority's activities and operations for the entire 2011 fiscal year. The statement of cash flows presents relevant information about the cash receipts and cash payments for the reporting period. The notes to the financial statements provide important supporting information to aid in understanding the financial statements.

The following discussion of the Authority's financial performance provides an overview and analysis of key data contained within the Authority's financial statements for the fiscal year ended March 31, 2011. It is best understood when read in conjunction with the Authority's financial statements, as described above.

General Overview

Fiscal 2011 was the fifth consecutive year in which the Authority strengthened its fiscal position, finishing the year with net income from operations and subsidies totaling \$3.4 million. After adjusting for a \$2.3 million accounting charge for Other Postemployment Benefits (OPEB), which require no actual funding, net income from operations and governmental subsidies totaled \$5.8 million. Net assets grew by 10%, or \$8.9 million, to a total of \$100.3 million. Available Unrestricted Net Assets (AUNA) at year end increased by 29% from the prior year, reaching \$24.5 million.

Management's continued emphasis on a two pronged business approach, aimed at increasing locally generated revenues while capturing operating cost efficiencies, has been a key factor in the Authority's record of successful financial outcomes over the past five years.

Operationally, transit service demand across all operating companies held steady at 17.8 million customer trips, representing a slight increase of .3% from the prior year. The following provides customer trip data for each operating unit, as compared to the prior year.

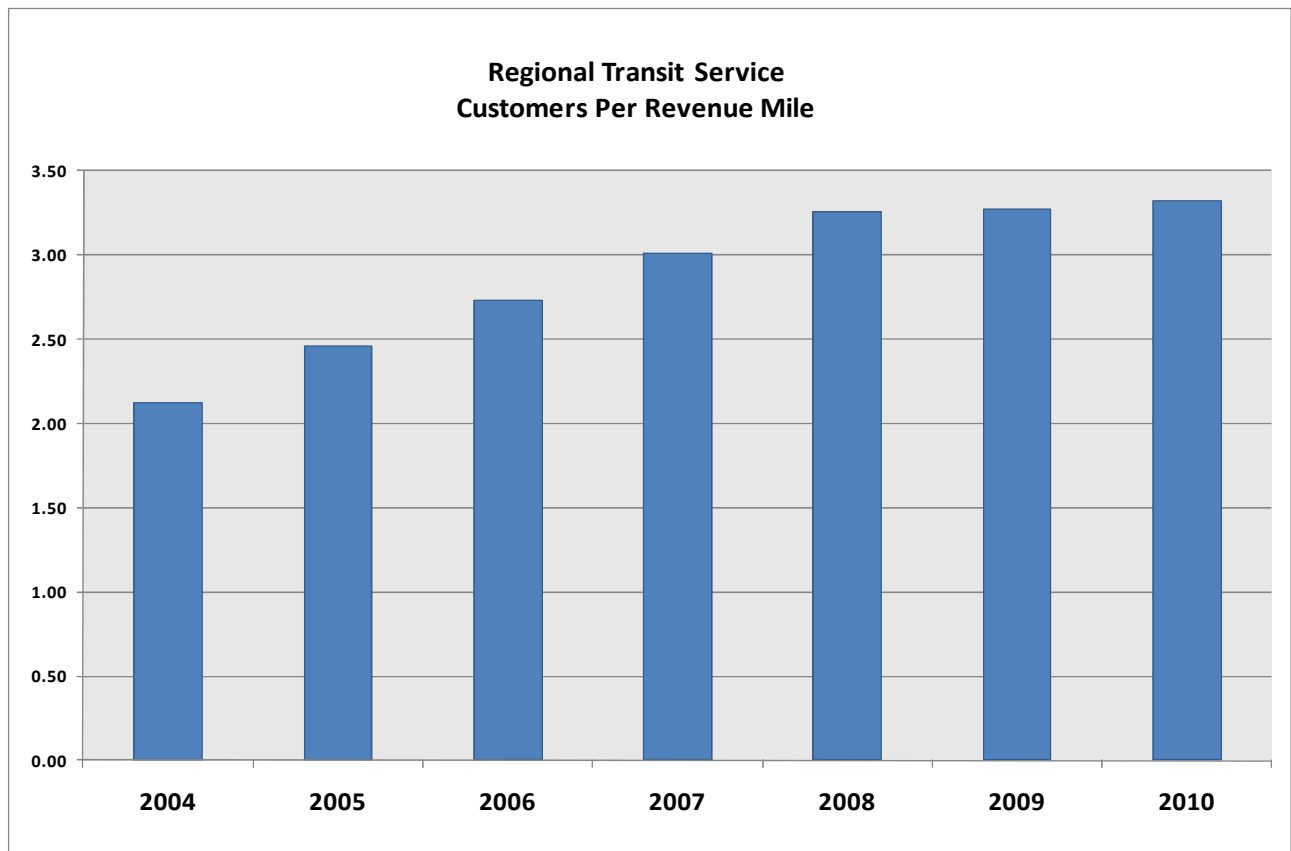
General Overview (Continued)

RGRTA Customer Trips (000's): FY 2011 vs. FY 2010									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2011	16,900	168	63	245	76	79	145	93	17,771
2010	16,826	180	63	270	68	75	152	86	17,720
% Change	0.4%	-6.4%	0.2%	-9.0%	12.3%	5.8%	-4.3%	8.0%	0.3%

On a consolidated basis, service productivity, as measured by customers per revenue mile, improved 3%. The chart below compares service productivity for each operating company over the past two years.

Customers Per Revenue Mile: FY 2011 vs. FY 2010									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2011	3.33	0.13	0.47	0.56	0.33	0.31	0.20	0.24	2.07
2010	3.27	0.12	0.37	0.61	0.31	0.29	0.21	0.22	2.01
% Change	2%	4%	27%	-9%	7%	6%	-4%	7%	3%

Customers per revenue mile at RTS, which provides 95% of the Authority's total customer trips, increased for the seventh consecutive year. Over this same period RTS service productivity as measured by customers per revenue mile, has increased 57%, driven by a 20% increase in customer trips and a 23% reduction in vehicle revenue miles.



Statement of Net Assets

The Authority's statement of net assets as of March 31, 2011 demonstrates another year of progress towards achievement of its strategic goal of Long-Term Financial Success.

Total assets measured \$140.9 million, representing an increase of \$9.4 million or 7% over the prior year. Current assets totaled \$51.6 million, increasing \$2.4 million or 5% from the prior year. Noncurrent assets finished the year at \$89.3 million, increasing \$7.0 million or 9%, due to investments in capital assets increasing \$5.5 million and derivative commitments positively valued at \$1.5 million.

Total liabilities at year end, both current and long term, were \$39.1 million, decreasing \$1.0 million or 3% from the prior year. Current liabilities totaled \$16.4 million, dropping \$3.3 million from the prior year driven by reductions in accounts payable, accruals for personnel costs, and reserves for workers compensation. Since the Authority's establishment during fiscal 2007 of in-house professional staff to focus on the management of workers compensation claims, its year end reserve for workers compensation losses, based upon independent actuarial analysis, has decreased from \$6.3 to \$4.2 million, a reduction of 37%.



Long-term liabilities totaled \$22.7 million, increasing \$2.3 million or 11%. This increase is mainly the result of a \$2.3 million charge for accrued OPEB benefits, accompanied by increased reserves for environmental remediation projects. The Authority's total OPEB liability at year end was \$22.4 million. The fiscal 2011 annual required contribution (ARC) for OPEB totaled \$5.5 million. For the past several years management has been striving to control the growth of both annual and long-term health insurance costs. These efforts are gradually achieving positive results, notwithstanding the never ending cost escalation of health services. During fiscal 2011, a significant number of employees migrated to lower cost health plans. If this migration had not occurred, the ARC would have been approximately \$10.2 million, as estimated by the plan actuary, versus the actual value of \$5.5 million. The Authority's total accrued liability for OPEB at March 31, 2011, increased to \$66.8 million, a gain of only 1%. As of March 31, 2011, the Authority's OPEB Reserve Fund totaled \$8.7 million.

Statement of Net Assets (Continued)

Total net assets were \$100.3 million, representing an increase of \$8.9 million or 10% over the prior year. Invested in Net capital assets increased \$5.5 million, while unrestricted net assets ended the year at \$24.4 million, up \$3.3 million or 16% from the prior year.

STATEMENT OF NET ASSETS - COMPARISON TO PRIOR YEAR (000'S)				
	FISCAL 2011	FISCAL 2010	VARIANCE	%
ASSETS:				
CURRENT ASSETS				
Cash and Short-Term Investments	\$ 29,730	\$ 23,527	\$ 6,203	26%
Accounts Receivable Total	11,482	15,403	(3,921)	-25%
Self insurance & capital reserve funds	9,762	9,543	220	2%
Other Current Assets	651	801	(150)	-19%
Total Current Assets	51,625	49,274	2,351	5%
NONCURRENT ASSETS				
Capital Assets, Net	75,989	70,516	5,473	8%
Fixed price fuel swap asset	1,514	-	1,514	100%
Paratransit reserve fund	3,120	3,148	(28)	-1%
Other post employment benefits reserve fund	8,655	8,614	41	0%
Total Noncurrent Assets	89,278	82,278	7,000	9%
TOTAL ASSETS	\$ 140,904	\$ 131,553	\$ 9,351	7%
LIABILITIES AND NET ASSETS:				
CURRENT LIABILITIES				
Accounts Payable and Other Current Liability	\$ 6,303	\$ 8,564	\$ (2,261)	-26%
Accrued Wages, Vacation, Pension, Taxes	3,863	4,385	(522)	-12%
Reserve for WC and Total Reserve for Claims	5,207	5,995	(788)	-13%
Soil Remediation Liability	552	289	262	91%
Inventory Reserve	443	443	-	100%
Total Current Liabilities	16,368	19,677	(3,309)	-17%
LONG TERM LIABILITIES				
Accrued OPEB liability	22,353	20,042	2,311	12%
Capital Lease Obligation, net of current portion	-	64	(64)	-100%
Soil Remediation Liability, net of current portion	331	296	35	12%
Total Long Term Liabilities	22,683	20,402	2,281	11%
TOTAL LIABILITIES	39,051	40,079	(1,028)	-3%
DEFERRED INFLOWS:				
Accumulated increase in fair value of fixed price fuel swap	1,514	-	1,514	100%
NET ASSETS				
Invested in Capital Assets, net of related debt	75,925	70,390	5,535	8%
Unrestricted	24,414	21,084	3,330	16%
Total Net Assets	100,339	91,474	8,865	10%
TOTAL LIABILITIES AND NET ASSETS	\$ 140,904	\$ 131,553	\$ 9,351	7%
Note: Totals may not foot due to rounding differences				

Available Unrestricted Net Assets (AUNA)

AUNA are those unrestricted net assets which are not designated for any specific purpose and are available to fund future operating costs or other uses as determined by the Board of Commissioners. As shown in the calculation table below, AUNA totaled \$24.5 million as of March 31, 2011, representing an increase of \$5.6 million, or 29% from the prior year. These assets provide the Authority with important flexibility to help meet future financial challenges.

Calculation of Available Unrestricted Net Assets as of 03/31/11						
		<u>3/31/2011</u>		<u>3/31/2010</u>	<u>Variance</u>	<u>%</u>
Unrestricted net assets		\$ 24,414		\$ 21,084	\$ 3,330	16%
Add: OPEB Liability *		22,353		20,042	2,311	12%
Subtotal		46,767		41,126	5,641	14%
Less:						
Self Insurance	5,024		5,174		(150)	-3%
Capital Reserve	4,739		4,369		370	8%
OPEB Reserve	8,655		8,614		41	0%
PARA Transit Reserve	3,120		3,148		(28)	100%
Prepaid Expenses	169		186		(17)	-9%
Inventory	482		615		(133)	-22%
		(22,189)		(22,107)	(82)	0%
Less: GTC unrestricted net assets		(107)		(103)	(5)	5%
Available unrestricted net assets		<u>\$ 24,471</u>		<u>\$ 18,917</u>	<u>\$ 5,554</u>	<u>29%</u>

* The Value of the OPEB liability is added to unrestricted net assets because current governmental accounting standards do not require that governmental units actually fund OPEB liabilities.

Statement of Revenues, Expenses, and Changes in Net Assets

REVENUE, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2011 (000'S)				
	Fiscal 2011	Fiscal 2010	Variance	%
Operating Revenue				
Total Customer Fares	\$ 11,790	\$ 11,763	\$ 27	0.2%
Total Route Subsidies	15,177	14,165	1,012	7.1%
Total Other Revenues	1,828	1,492	336	22.5%
Total Operating Revenue	28,795	27,420	1,375	5.0%
Operating Expenses and Depreciation				
Total Personnel Expenses	55,214	57,106	(1,893)	-3.3%
Total Non Personnel Expenses	19,014	21,202	(2,188)	-10.3%
Total Operating Expenses Excluding Depreciation	74,228	78,309	(4,081)	-5.2%
Total Depreciation	9,973	9,244	729	7.9%
Total Operating Expenses and Depreciation	84,201	87,552	(3,351)	-3.8%
Loss From Operations	(55,406)	(60,132)	4,726	-7.9%
Non Operating Income (expense)				
Interest Earnings	223	477	(253)	-53.1%
Mortgage Tax Receipts	7,300	7,059	241	3.4%
Loss on Impairment of Capital Assets	(45)	(10,687)	10,642	-100.0%
Other Non Operating Income (expense)	(221)	99	(321)	-322.7%
Total Non Operating Income (expense)	7,257	(3,052)	10,309	-337.8%
External Operating Assistance Subsidies				
Federal	7,816	6,879	937	13.6%
State of New York	31,127	31,551	(424)	-1.3%
Local Governmental Entities	3,726	3,726	(0)	0.0%
Total External Operating Assistance Subsidies	42,669	42,156	513	1.2%
Change in Net Assets before Capital Contributions	(5,479)	(21,028)	15,549	-73.9%
Capital Contributions				
Federal	12,731	24,634	(11,903)	-48.3%
State	1,614	3,246	(1,633)	-50.3%
Total Capital Contributions	14,344	27,880	(13,536)	-48.5%
Change in Net Assets	8,865	6,852	2,013	29.4%
Net Assets BOY	91,474	84,621	6,852	8.1%
Net Assets EOY	\$ 100,339	\$ 91,474	\$ 8,865	9.7%
Note: Totals may not foot due to rounding differences.				

Operating Revenue

Total operating revenue for the fiscal year totaled \$28.8 million, increasing \$1.4 million or 5.0% from the prior year. The chart below contains a summary comparison of the major categories of operating revenue for the past two fiscal years.

Operating Revenue Comparison (Millions)				
	2011	2010	Change	% Change
Customer Fares	\$ 11.8	\$ 11.8	\$ 0.0	0.2%
Special Transit Fares	15.2	14.2	1.0	7.1%
Other	1.8	1.5	0.3	22.5%
Total	\$ 28.8	\$ 27.4	\$ 1.4	5.0%

Customer Fares

Customer fare revenue consists of cash fares paid on the buses and prepaid fare media sales to individual customers and various local agencies that distribute bus passes to their clients. These revenues totaled \$11.8 million during 2011, essentially flat from the prior year. As previously noted, total customer trips for the year grew by .3% from the prior year to 17.8 million. The average RTS fare per customer for cash and fare media based trips was \$.95, compared to \$.94 for the prior year.

Special Transit Fares

Special transit fares are derived from subsidy agreements with business partners such as educational institutions and other community organizations (both non-profit and for-profit) which benefit from fixed route services.

The establishment of a Business Development Department in 2009 has enabled the Authority to focus greater efforts toward the establishment and maintenance of these important relationships.

During 2011, revenue from subsidy agreements grew by \$1.0 million or 7%, totaling \$15.2 million. The following chart illustrates the annual growth of both customer fares and special transit fares over the past five years. The growth of special transit fare revenue streams has enabled the Authority to partially offset the negative impacts of flat or declining State operating assistance over this same period.

Special Transit Fares (Continued)



Other Operating Revenue

Other operating revenue includes advertising fees and various recoveries or reimbursements from other parties. These revenues totaled \$1.8 million during 2011, increasing \$.3 million or 22.5% from the previous year. This increase is attributable to successful recovery efforts for Workers Compensation cases and gains from hedge transactions.

Nonoperating Income (Expense)

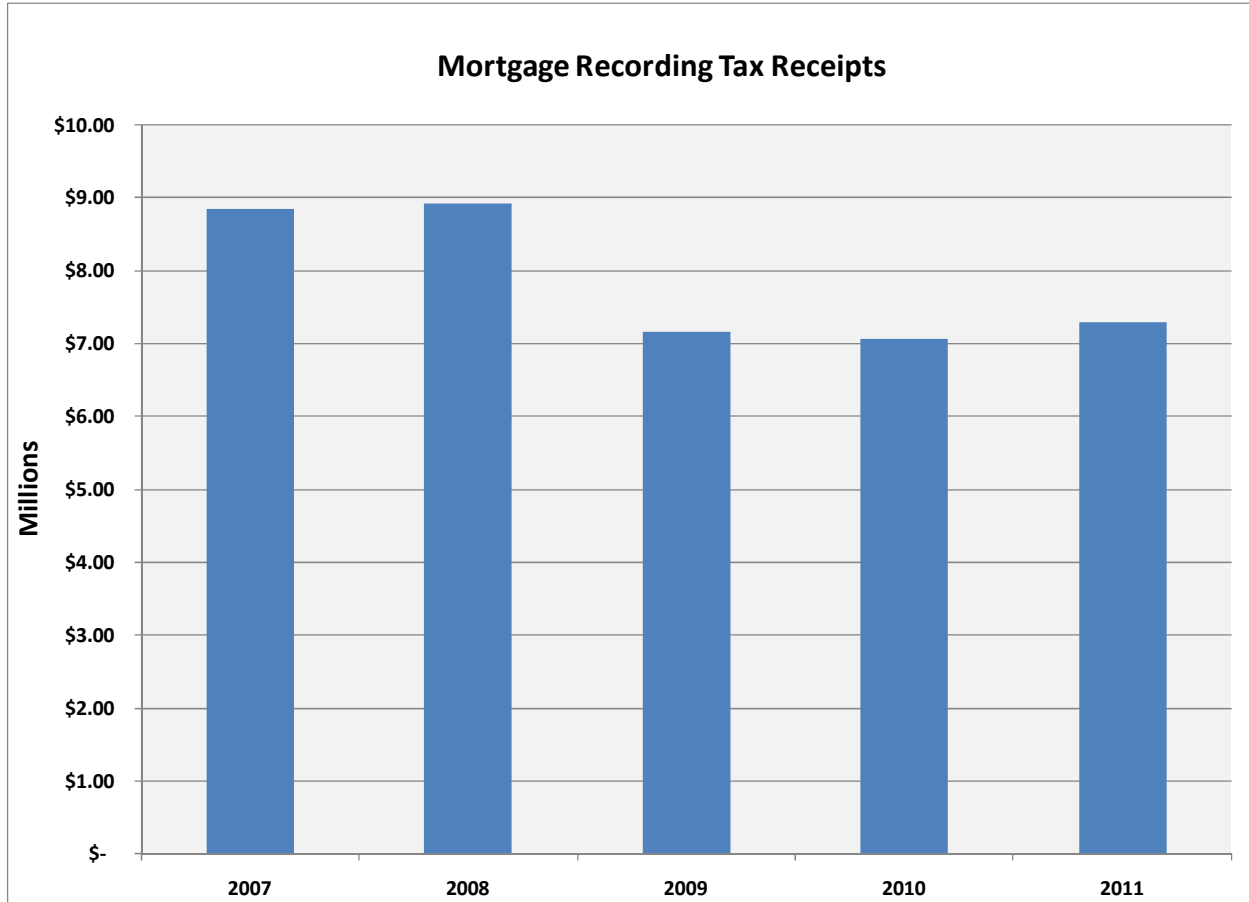
The major components of nonoperating income (expense) are investment earnings, Mortgage Recording Tax (MRT) and other miscellaneous gains or losses. Nonoperating income (expense) for 2011 totaled \$7.3 million, increasing \$10.3 from the (\$3.0) million in the prior year (which contained a one-time \$10.6 million asset impairment charge related to the former Renaissance Square project). Excluding last year's asset impairment charge, nonoperating income for 2011 decreased \$.3 million from the prior year.

Nonoperating Revenue (Expense) (000's)				
	2011	2010	Change	% Change
Investment Earnings	\$ 223	\$ 477	\$ (253)	-53%
Mortgage Recording Tax	7,300	7,059	241	3%
Other	(266)	(10,587)	10,321	-97%
Total	\$ 7,257	\$ (3,052)	\$ 10,309	-338%

Despite strong liquidity throughout the year, investment earnings totaled \$223,000, declining 53% from fiscal 2010. Federal Reserve actions and the continued tightness in lending by banks have combined to steadily depress investment interest rates, which fell from 2.58% to .50% over the 24 month period ending March 31, 2011.

Nonoperating Income (Expense) (Continued)

Fiscal 2011 MRT receipts totaled \$7.3 million, increasing 3.4% from the prior year. MRT receipts during 2011 benefited from the tail end of a federal stimulus program offering a one-time tax break for home purchases and a slow recovery within the local real estate market. The trend of MRT receipts over the past five years is shown in the chart below.



External Operating Assistance Subsidies

Member Counties

New York State Transportation Law (section 18B) requires that each member county of the Authority annually provide a fixed operating subsidy for public transportation services provided within their respective jurisdictions. The combined total of these annual subsidies is \$3.7 million, which represents approximately five percent (5%) of total revenues supporting transit operations.

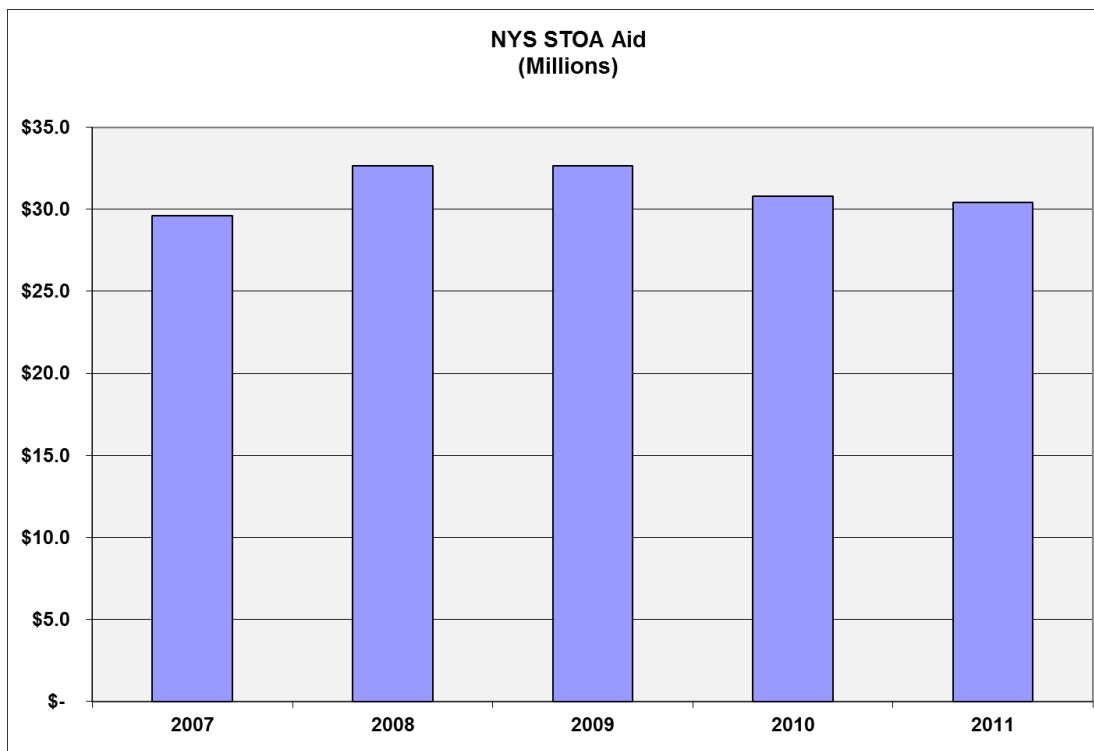
External Operating Assistance Subsidies (Continued)

Member Counties (Continued)

Member County Annual 18B Contribution	
<u>County</u>	<u>Amount</u>
Monroe	\$ 3,524,048
Genesee	53,282
Wyoming	20,120
Wayne	38,378
Orleans	30,181
Livingston	35,024
Seneca	<u>24,964</u>
Total	<u>\$ 3,725,997</u>

State of New York

The largest single revenue source supporting transit operations is State Transit Operating Assistance (STOA). During 2011, STOA was \$30.4 million, representing a 1.3% decline from the prior year. The Authority's annual allocation of STOA over the past five years is shown in the chart below. New York State's significant fiscal challenges have reduced its capacity to support public transit in a manner that keeps pace with the growth of operating expenses. Here again, the Authority's emphasis on improving productivity, controlling costs, and growing special transit fare revenues is critical to offsetting the flattening of state assistance.



Federal Aid

There are five main components of federal aid awarded to the Authority which support public transportation operations. They are formula capital assistance under the Section 5307 program for urban transit only; New Freedom; formula assistance under the Job Access and Reverse Commute (JARC) program; planning grants through the Urban Planning and Works Program (UPWP); and rural transit operating support under the Section 5311 program. Formula 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. Traditionally, the Authority allocates approximately one-third of the annual 5307 grant to offset preventive maintenance costs within its operating budget. The balance is designated for capital investment purposes.

During 2011, the Authority received a total of \$7.8 million in federal operating subsidies, representing an increase of \$0.9 million from the prior year. The increase results from a higher allocation of formula aid to support transit operations for FY 2011.

Annual operating expenses of the GTCS, Inc., the administrative host agency of the Genesee Transportation Council are entirely supported by grants from the federal government.

Federal Operating Subsidies (000's)			
Program	2011	2010	Change
JARC	\$ 353	\$ 376	\$ (23)
New Freedom	38	42	(4)
Formula (5307)	5,338	4,363	975
UPWP	124	247	(123)
Rural transit (5311)	462	432	30
Other	86	71	15
GTCS	<u>1,416</u>	<u>1,347</u>	<u>68</u>
Total	<u>\$ 7,816</u>	<u>\$ 6,879</u>	<u>\$ 937</u>

Operating Expenses (Exclusive of Depreciation)

Total operating expenses (excluding depreciation) for 2011 were \$74.3 million, representing a decrease of \$4.0 million or 5.2% from the prior year. Lower costs for both personnel and non-personnel expenses contributed to this favorable outcome.

Personnel

Fiscal 2011 personnel expenses, including wages, benefits, and OPEB accruals, totaled \$55.2 million, decreasing \$1.9 million or 3.3% from the prior year.

Personnel Expenses (millions)	2011	2010	change	% change
Salaries and Wages	\$ 37.94	\$ 37.05	\$ 0.89	2.4%
Employee Benefits	15.41	15.72	(0.31)	-2.0%
Retroactive wage accrual variance	(0.45)	(1.27)	0.82	-64.7%
Other postemployment benefits	<u>2.31</u>	<u>5.60</u>	<u>(3.29)</u>	<u>-58.8%</u>
Total	<u>\$ 55.21</u>	<u>\$ 57.11</u>	<u>\$ (1.89)</u>	<u>-3.3%</u>

Personnel (Continued)

All employees received wage increases averaging from 2-3% during fiscal 2011. However, total salaries and wages totaled \$37.9 million, increasing only \$.9 million or 2% from the prior year. The offset is primarily due to a significant reduction in overtime hours for RTS vehicle maintenance and a reduction in service demand for Lift Line customer trips.

Employee benefit expenses totaled \$15.4 million and showed a decline of \$.3 million or 2% from the prior year, driven by lower costs for both workers compensation and medical insurance. Over the past four years, the Authority's annual cost for workers compensation has steadily decreased from \$2.2 million to \$1.5 million.

Non personnel

Non-personnel expenses include a variety of categories, such as fuel and lubricants; vehicle parts and shop supplies; contracted services; utilities; insurance and liability costs; and miscellaneous costs. Non-personnel expenses for 2011 (inclusive of swap gain) totaled \$19.1 million, decreasing \$2.1 million or 9.9% from the prior year, driven primarily by lower costs for fuel and parts.

Non Personnel Expenses	2011	2010	Change	% Change
Contracted Services	\$ 4,369	\$ 4,463	\$ (94)	-2.1%
Fuel/Lubricants (net of hedge)	5,987	8,543	(2,556)	-29.9%
Vehicle Parts	3,219	3,862	(642)	-16.6%
Other Materials/Supplies	1,443	1,165	278	23.9%
Utilities	833	774	59	7.6%
Casualty & Liability	1,776	816	960	117.6%
Miscellaneous/Other	<u>1,486</u>	<u>1,580</u>	<u>(94)</u>	<u>-5.9%</u>
Total	<u>\$ 19,114</u>	<u>\$ 21,202</u>	<u>\$ (2,089)</u>	<u>-9.9%</u>

Capital Contributions

Capital contributions made by the Authority are funded by a combination of federal and/or state grants and local monies from the Authority's capital reserve fund. The standard share allocation is 80% federal, 10% state, and 10% local. Over the past two fiscal years, the Authority has also been the recipient of \$21.2 million federal stimulus grant allocations purposed to encourage transit related capital investments. These grants have and will continue to enable the Authority to advance many previously unfunded projects, including replacements for both revenue and non-revenue vehicles, and facility and site improvements to the Authority's main campus. During fiscal 2011 the Authority made capital investments totaling \$15.5 million. A summary of the various types and funding sources is shown in the chart below.

Capital Contributions (Continued)

2011 Capital Contributions (000's)	
Investments by Major Category	Total
RTS Buses	\$ 7,614
LL and Regional Buses	910
TIDE	4,892
RTS Transit Center	973
Site Improvements	870
Non Revenue Vehicles	103
Other	95
Total	\$ 15,458
Supporting Funding Sources	
Federal	\$ 12,731
State	1,614
Total Grant	14,345
Local	1,113
Total Funding Source	\$ 15,458

RTS Transit Center

During fiscal 2011, the Authority obtained federal approval to proceed with a modified version of the former Renaissance Square Project. The modified project is a stand-alone RTS Transit Center to be located on Mortimer Street in downtown Rochester. Rochester City Council approved the abandonment of a portion of Mortimer Street necessary for the project to proceed; and, design modifications were advanced to 30% completion in a collaborative effort with a City Council Task Force and extensive public input. The modified project has a total estimated cost of approximately \$49 million. During fiscal 2011, the Authority spent \$.97 million advancing this project. Construction is scheduled to begin during fiscal 2012 and opening of the new facility is planned for October 2013.

TIDE

Additional progress towards full implementation of the Authority's major technology project known as TIDE (Technology Investments Driving Excellence) was achieved with investments totaling \$4.9 million during fiscal 2011. Building upon the new fixed end radio and computer aided dispatch system that was completed during fiscal 2010, new mobile equipment was installed on 228 RTS and 45 para-transit vehicles enabling remote vehicle tracking and capturing route schedule adherence data to promote improved on time performance. Automatic passenger counters also went live on RTS buses and initial delivery of automatic stop announcement was achieved. In addition, thirteen (13) bus arrival information signs were installed at key bus stops throughout the RTS service area.

RTS Campus and Site Improvements

Plans for both building and site improvements at the RTS campus located at 1372 East Main Street were progressed with an investment of \$.9 million during fiscal 2011. These facilities which were constructed in 1974 require significant upgrades to improve safety, efficiency, and security for bus and administrative operations. The total project budget is \$26.5 million and will be constructed in two phases. Phase one construction began in May 2011, with completion expected to occur October 2012.

Conclusion

The Authority's continued emphasis on strategic planning and performance measurement have been key to the achievement of the strong financial position which it now enjoys. Looking ahead, the Authority is well-positioned to continue providing quality public transportation to its customers and to respond to future financial challenges. Credit is primarily due to the deep pride and dedicated efforts of the Authority's employees. Deep appreciation and credit is also due to the Authority's Board of Commissioners for their unfailing guidance and support. For additional information or inquiries, interested parties should contact the Authority's Vice-President of Communications, Ms. Shelly Dinan.

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

STATEMENTS OF NET ASSETS

MARCH 31, 2011

(With Comparative Totals as of March 31, 2010)

	Total <u>2011</u>	Total <u>2010</u>	Authority	RTS	Lift Line	BBS
ASSETS						
CURRENT ASSETS:						
Cash and short-term investments	\$ 29,729,975	\$ 23,527,384	\$ 29,713,427	\$ -	\$ 2,009	\$ 945
Investment of self-insurance fund	5,023,801	5,173,794	5,023,801	-	-	-
Investment of capital reserve fund	4,738,630	4,369,067	4,738,630	-	-	-
Accounts receivable, net	5,505,725	6,038,514	-	4,351,432	6,927	52,504
Mortgage tax receipts receivable	468,067	465,383	468,067	-	-	-
Capital grants receivable	2,613,144	5,347,903	2,613,144	-	-	-
Operating assistance receivable	2,895,200	3,549,716	-	2,772,640	112,500	-
Interest receivable	-	1,246	-	-	-	-
Materials and supplies inventory, net	482,306	615,262	-	391,252	91,054	-
Prepaid expenses and other current assets	168,632	185,955	50,000	103,416	11,402	-
Inter-entity receivable	-	-	-	2,962,802	-	28,351
Total current assets	<u>51,625,480</u>	<u>49,274,224</u>	<u>42,607,069</u>	<u>10,581,542</u>	<u>223,892</u>	<u>81,800</u>
NONCURRENT ASSETS:						
Capital assets, net	75,989,237	70,515,986	23,282	67,017,823	3,751,614	312,945
Fixed price fuel swap asset	1,513,612	-	-	1,513,612	-	-
Investment of other postemployment benefits reserve fund	8,655,423	8,614,230	8,655,423	-	-	-
Investment of paratransit reserve fund	3,119,862	3,148,253	3,119,862	-	-	-
Investments in consolidated component unit entities	-	-	34,208,551	-	-	-
Total noncurrent assets	<u>89,278,134</u>	<u>82,278,469</u>	<u>46,007,118</u>	<u>68,531,435</u>	<u>3,751,614</u>	<u>312,945</u>
TOTAL ASSETS	<u>\$ 140,903,614</u>	<u>\$ 131,552,693</u>	<u>\$ 88,614,187</u>	<u>\$ 79,112,977</u>	<u>\$ 3,975,506</u>	<u>\$ 394,745</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Cash overdraft	\$ 1,308,392	\$ 1,991,908	\$ -	\$ 1,208,750	\$ -	\$ -
Accounts payable	4,811,167	6,392,064	2,237,711	1,893,863	109,917	90,742
Accrued wages, vacation, pension and payroll taxes	3,862,886	4,384,866	293,472	2,900,605	289,724	38,782
Current portion of soil remediation liability	551,879	289,435	-	551,879	-	-
Current portion of capital lease obligation	64,461	61,990	-	64,461	-	-
Reserve for litigated and unlitigated claims	1,045,067	895,922	-	970,965	37,924	-
Workers' compensation reserve	4,161,956	5,112,482	-	3,350,522	527,317	207,554
Deferred revenue	118,866	105,097	101,410	15,000	2,456	-
Inventory reserve	442,934	442,934	-	442,934	-	-
Inter-entity payable	-	-	1,340,187	-	1,932,430	-
Total current liabilities	<u>16,367,608</u>	<u>19,676,698</u>	<u>3,972,780</u>	<u>11,398,979</u>	<u>2,899,768</u>	<u>337,078</u>
LONG-TERM LIABILITIES:						
Other postemployment benefits	22,352,659	20,041,765	351,076	22,001,583	-	-
Soil remediation liability, net of current portion	330,568	295,875	-	330,568	-	-
Capital lease obligation, net of current portion	-	64,461	-	-	-	-
Total long-term liabilities	<u>22,683,227</u>	<u>20,402,101</u>	<u>351,076</u>	<u>22,332,151</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>39,050,835</u>	<u>40,078,799</u>	<u>4,323,856</u>	<u>33,731,130</u>	<u>2,899,768</u>	<u>337,078</u>
DEFERRED INFLOWS:						
Accumulated increase in fair value of fixed price fuel swap	1,513,612	-	-	1,513,612	-	-
NET ASSETS:						
Invested in capital assets, net of related debt	75,924,776	70,389,535	23,282	66,953,362	3,751,614	312,945
Unrestricted	24,414,391	21,084,359	84,267,049	(23,085,127)	(2,675,876)	(255,278)
Total net assets	<u>100,339,167</u>	<u>91,473,894</u>	<u>84,290,331</u>	<u>43,868,235</u>	<u>1,075,738</u>	<u>57,667</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 140,903,614</u>	<u>\$ 131,552,693</u>	<u>\$ 88,614,187</u>	<u>\$ 79,112,977</u>	<u>\$ 3,975,506</u>	<u>\$ 394,745</u>

2011 Primary Government

<u>LATS</u>	<u>OTS</u>	<u>STS</u>	<u>WATS</u>	<u>WYTS</u>	<u>GTCS</u>	<u>Eliminations</u>	<u>Total</u>
\$ 3,406	\$ 1,061	\$ 487	\$ 2,263	\$ 6,377	\$ -	\$ -	\$ 29,729,975
-	-	-	-	-	-	-	5,023,801
-	-	-	-	-	-	-	4,738,630
84,760	1,282	12,984	184,394	144,081	667,361	-	5,505,725
-	-	-	-	-	-	-	468,067
-	-	-	-	-	-	-	2,613,144
-	-	-	-	10,060	-	-	2,895,200
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	482,306
614	3,200	-	-	-	-	-	168,632
<u>133,976</u>	<u>51,378</u>	<u>62,184</u>	<u>181,896</u>	<u>59,347</u>	<u>-</u>	<u>(3,479,934)</u>	<u>-</u>
<u>222,756</u>	<u>56,921</u>	<u>75,655</u>	<u>368,553</u>	<u>219,865</u>	<u>667,361</u>	<u>(3,479,934)</u>	<u>51,625,480</u>
2,395,689	397,259	456,161	1,158,009	471,672	4,783	-	75,989,237
-	-	-	-	-	-	-	1,513,612
-	-	-	-	-	-	-	8,655,423
-	-	-	-	-	-	-	3,119,862
-	-	-	-	-	-	(34,208,551)	-
<u>2,395,689</u>	<u>397,259</u>	<u>456,161</u>	<u>1,158,009</u>	<u>471,672</u>	<u>4,783</u>	<u>(34,208,551)</u>	<u>89,278,134</u>
<u>\$ 2,618,445</u>	<u>\$ 454,180</u>	<u>\$ 531,816</u>	<u>\$ 1,526,562</u>	<u>\$ 691,537</u>	<u>\$ 672,144</u>	<u>\$ (37,688,485)</u>	<u>\$ 140,903,614</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,642	\$ -	\$ 1,308,392
71,537	54,580	29,419	91,605	41,761	190,032	-	4,811,167
75,884	33,405	35,920	72,183	60,561	62,350	-	3,862,886
-	-	-	-	-	-	-	551,879
-	-	-	-	-	-	-	64,461
-	-	-	29,319	6,859	-	-	1,045,067
34,654	4,705	-	-	36,322	882	-	4,161,956
-	-	-	-	-	-	-	118,866
-	-	-	-	-	-	-	442,934
-	-	-	-	-	207,317	(3,479,934)	-
<u>182,075</u>	<u>92,690</u>	<u>65,339</u>	<u>193,107</u>	<u>145,503</u>	<u>560,223</u>	<u>(3,479,934)</u>	<u>16,367,608</u>
-	-	-	-	-	-	-	22,352,659
-	-	-	-	-	-	-	330,568
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	22,683,227
<u>182,075</u>	<u>92,690</u>	<u>65,339</u>	<u>193,107</u>	<u>145,503</u>	<u>560,223</u>	<u>(3,479,934)</u>	<u>39,050,835</u>
-	-	-	-	-	-	-	1,513,612
2,395,689	397,259	456,161	1,158,009	471,672	4,783	-	75,924,776
<u>40,681</u>	<u>(35,769)</u>	<u>10,316</u>	<u>175,446</u>	<u>74,362</u>	<u>107,138</u>	<u>(34,208,551)</u>	<u>24,414,391</u>
<u>2,436,370</u>	<u>361,490</u>	<u>466,477</u>	<u>1,333,455</u>	<u>546,034</u>	<u>111,921</u>	<u>(34,208,551)</u>	<u>100,339,167</u>
<u>\$ 2,618,445</u>	<u>\$ 454,180</u>	<u>\$ 531,816</u>	<u>\$ 1,526,562</u>	<u>\$ 691,537</u>	<u>\$ 672,144</u>	<u>\$ (37,688,485)</u>	<u>\$ 140,903,614</u>

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011
(With Comparative Totals For the Year Ended March 31, 2010)

	Total 2011	Total 2010	Authority	RTS	Lift Line	BBS
OPERATING REVENUE AND PUBLIC SUPPORT:						
Customer fares	\$ 11,387,636	\$ 9,347,872	\$ -	\$ 10,803,319	\$ 313,666	\$ 48,115
Customer fares - Temporary Assistance for Needy Families/Welfare to Work	402,422	2,415,380	-	358,702	-	1,602
Special transit fares	15,176,855	14,164,520	-	12,430,653	-	151,152
Advertising	580,204	548,579	-	580,204	-	-
Realized gain on fuel swap, net	144,876	-	-	144,876	-	-
Other	1,102,865	943,677	1,258,420	1,901,230	57,267	430
Total operating revenue and public support	28,794,858	27,420,028	1,258,420	26,218,984	370,933	201,299
OPERATING EXPENSES AND DEPRECIATION:						
Operating expenses -						
Salaries and wages	37,940,744	37,049,759	1,922,690	29,124,392	3,565,580	360,851
Retroactive wage accrual variance	(446,854)	(1,265,629)	-	-	(446,854)	-
Employee benefits	15,408,915	15,718,573	597,173	12,394,108	1,360,269	122,579
Inter-entity cost allocations	-	-	259,767	867,688	407,775	92,465
Materials and supplies	10,650,060	13,158,539	-	9,158,432	617,536	50,698
Other postemployment benefits	2,310,894	5,603,780	15,014	2,295,880	-	-
Outside services	4,368,755	4,462,522	50,432	2,800,881	198,489	52,437
Utilities	832,993	774,355	-	727,631	56,539	5,137
Casualty and liability insurance claims	1,776,339	816,214	1,262	1,232,767	343,779	11,328
Leases and rentals	322,797	292,092	-	222,694	30,468	6,200
Realized loss on fuel swap, net	-	422,156	-	-	-	-
Other	1,063,138	1,276,269	268,523	622,356	16,092	33,747
Total operating expenses	74,227,781	78,308,630	3,114,861	59,446,829	6,149,673	735,442
Depreciation -						
Locally funded	1,046,622	1,134,842	-	896,614	104,490	1,830
Grant funded	8,926,455	8,108,763	-	6,996,150	924,280	84,732
Total depreciation	9,973,077	9,243,605	-	7,892,764	1,028,770	86,562
Total operating expenses and depreciation	84,200,858	87,552,235	3,114,861	67,339,593	7,178,443	822,004
LOSS FROM OPERATIONS	(55,406,000)	(60,132,207)	(1,856,441)	(41,120,609)	(6,807,510)	(620,705)
NONOPERATING INCOME (EXPENSE):						
Interest income from cash, short-term investments, and reserve funds	223,391	476,598	222,860	531	-	-
Mortgage tax receipts revenue	7,300,269	7,059,257	7,300,269	-	-	-
Loss on impairment of capital assets	(52,669)	(10,686,943)	-	(19,015)	-	-
(Loss) gain on change in soil remediation liability	(333,130)	86,490	-	(333,130)	-	-
Write-off of inter-entity accounts	-	-	734,677	(828,141)	(152,182)	128,103
Authority subsidies	-	-	(2,232,003)	(3,745,346)	3,806,604	356,709
Gain (loss) on disposal of capital assets	119,521	12,964	-	37,542	35,101	-
Total nonoperating income (expense)	7,257,382	(3,051,634)	6,025,803	(4,887,559)	3,689,523	484,812
EXTERNAL OPERATING ASSISTANCE SUBSIDIES:						
Federal	7,816,026	6,878,774	23,453	5,789,496	138,356	72,700
State of New York	31,127,451	31,551,360	-	28,870,333	1,903,169	53,282
Local governmental entities	3,725,997	3,726,000	-	3,524,048	-	53,282
Total external operating assistance subsidies	42,669,474	42,156,134	23,453	38,183,877	2,041,525	179,264
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	(5,479,144)	(21,027,707)	4,192,815	(7,824,291)	(1,076,462)	43,371
CAPITAL CONTRIBUTIONS:						
Federal	12,730,615	24,633,829	-	11,838,622	-	3,957
State	1,613,802	3,246,336	-	1,516,112	-	494
Authority	-	-	-	1,181,842	-	26,696
Total capital contributions	14,344,417	27,880,165	-	14,536,576	-	31,147
CHANGE IN NET ASSETS	8,865,273	6,852,458	4,192,815	6,712,285	(1,076,462)	74,518
NET ASSETS - beginning of year	91,473,894	84,621,436	80,097,516	37,155,950	2,152,200	(16,851)
NET ASSETS - end of year	\$ 100,339,167	\$ 91,473,894	\$ 84,290,331	\$ 43,868,235	\$ 1,075,738	\$ 57,667

2011 Primary Government

LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
\$ 24,279	\$ 31,379	\$ 33,779	\$ 74,555	\$ 58,544	\$ -	\$ -	\$ 11,387,636
(324)	1,449	819	38,201	1,973	-	-	402,422
1,007,576	249,608	234,874	828,476	274,516	-	-	15,176,855
-	-	-	-	-	-	-	580,204
-	-	-	-	-	-	-	144,876
246	5,099	179	788	493	170	(2,121,457)	1,102,865
1,031,777	287,535	269,651	942,020	335,526	170	(2,121,457)	28,794,858
672,295	311,759	290,430	710,794	544,280	437,673	-	37,940,744
-	-	-	-	-	-	-	(446,854)
247,592	61,069	72,705	185,027	207,150	161,243	-	15,408,915
98,598	96,574	95,266	95,266	96,574	11,484	(2,121,457)	-
223,027	79,420	98,618	264,203	149,056	9,070	-	10,650,060
-	-	-	-	-	-	-	2,310,894
176,700	24,039	21,867	129,715	130,391	783,804	-	4,368,755
12,217	5,307	12,705	5,070	4,768	3,619	-	832,993
43,638	15,164	16,111	82,708	28,285	1,297	-	1,776,339
10,411	16,747	6,490	-	25,665	4,122	-	322,797
-	-	-	-	-	-	-	-
25,932	13,215	17,673	17,317	34,056	14,227	-	1,063,138
1,510,410	623,294	631,865	1,490,100	1,220,225	1,426,539	(2,121,457)	74,227,781
20,414	3,852	4,440	9,260	5,722	-	-	1,046,622
317,851	95,408	116,931	255,188	132,374	3,541	-	8,926,455
338,265	99,260	121,371	264,448	138,096	3,541	-	9,973,077
1,848,675	722,554	753,236	1,754,548	1,358,321	1,430,080	(2,121,457)	84,200,858
(816,898)	(435,019)	(483,585)	(812,528)	(1,022,795)	(1,429,910)	-	(55,406,000)
-	-	-	-	-	-	-	223,391
-	-	-	-	-	-	-	7,300,269
-	-	-	(22,867)	(10,787)	-	-	(52,669)
-	-	-	-	-	-	-	(333,130)
(56,434)	15,380	58,044	(14,459)	99,569	15,443	-	-
328,499	232,549	271,876	355,794	625,318	-	-	-
17,800	-	4,650	14,878	9,550	-	-	119,521
289,865	247,929	334,570	333,346	723,650	15,443	-	7,257,382
82,700	46,700	40,200	132,779	74,100	1,415,542	-	7,816,026
35,024	30,181	24,964	38,378	172,120	-	-	31,127,451
35,024	30,181	24,964	38,378	20,120	-	-	3,725,997
152,748	107,062	90,128	209,535	266,340	1,415,542	-	42,669,474
(374,285)	(80,028)	(58,887)	(269,647)	(32,805)	1,075	-	(5,479,144)
345,726	-	-	550,457	(8,147)	-	-	12,730,615
-	-	50,000	48,215	(1,019)	-	-	1,613,802
-	-	(45,641)	(49,498)	60	-	(1,113,459)	-
345,726	-	4,359	549,174	(9,106)	-	(1,113,459)	14,344,417
(28,559)	(80,028)	(54,528)	279,527	(41,911)	1,075	(1,113,459)	8,865,273
2,464,929	441,518	521,005	1,053,928	587,945	110,846	(33,095,092)	91,473,894
\$ 2,436,370	\$ 361,490	\$ 466,477	\$ 1,333,455	\$ 546,034	\$ 111,921	\$ (34,208,551)	\$ 100,339,167

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 YEAR ENDED MARCH 31, 2011

(with comparative totals for the year ended March 31, 2010)

	Total 2011	Total 2010	Authority	RTS	Lift Line	BBS
CASH FLOW FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 27,349,904	\$ 22,665,039	\$ -	\$ 24,039,297	\$ 315,080	204,329
Receipts from grants	402,422	2,415,380	-	358,702	-	1,602
Receipts for fixed price fuel swap, net	147,700	-	-	147,700	-	-
Other operating receipts	1,444,214	1,692,213	1,258,420	2,481,434	57,267	430
Payments to vendors and suppliers for goods and services	(17,693,004)	(18,318,309)	(50,432)	(14,406,076)	(885,534)	(103,370)
Payments to employees for services	(52,520,792)	(53,155,314)	(2,743,340)	(41,526,254)	(5,390,270)	(576,133)
Payments for insurance and risk management	(3,442,364)	(1,281,328)	(1,262)	(3,023,393)	(227,462)	(73,576)
Payments for fixed price fuel swap, net	-	(422,156)	-	-	-	-
Other operating payments	(1,047,819)	(1,276,268)	(253,201)	(622,359)	(16,092)	(33,747)
Net cash flow from operating activities	<u>(45,359,739)</u>	<u>(47,680,743)</u>	<u>(1,789,815)</u>	<u>(32,550,949)</u>	<u>(6,147,011)</u>	<u>(580,465)</u>
CASH FLOW FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:						
Investments in consolidated component unit entities	-	-	(1,113,459)	-	-	-
Mortgage tax receipts	7,297,585	7,282,899	7,297,585	-	-	-
Inter-entity (receivables) payables	-	-	605,510	(462,780)	412,732	(156,455)
Operating assistance (receivable) payable	43,342,287	41,000,556	(1,473,869)	33,874,536	5,695,946	731,977
Cash overdraft	(683,516)	(1,192,388)	-	(783,158)	-	-
Net cash flow from noncapital and related financing activities	<u>49,956,356</u>	<u>47,091,067</u>	<u>5,315,767</u>	<u>32,628,598</u>	<u>6,108,678</u>	<u>575,522</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital contributions - Federal	12,739,245	24,633,829	-	11,838,622	-	3,957
Capital contributions - State	1,617,168	3,246,336	-	1,516,112	-	494
Capital contributions - Authority	-	-	-	1,181,842	-	26,696
Purchases of capital assets	(15,498,997)	(30,315,189)	-	(14,554,315)	-	(31,147)
Amounts receivable from capital grants	2,734,759	(2,729,785)	2,734,759	-	-	-
Payments of capital lease obligations	(61,990)	(59,613)	-	(61,990)	-	-
Payments for soil remediation	(35,993)	(27,680)	-	(35,993)	-	-
Proceeds from sale of capital and related assets	119,521	96,872	-	37,542	35,101	-
Net cash flow from capital and related financing activities	<u>1,613,713</u>	<u>(5,155,230)</u>	<u>2,734,759</u>	<u>(78,180)</u>	<u>35,101</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES:						
Increase in capital reserve fund	(1,487,000)	(1,387,000)	(1,487,000)	-	-	-
Interest income from cash and working capital	124,076	214,917	123,545	531	-	-
Withdrawals from self-insurance fund	175,000	412,000	175,000	-	-	-
Withdrawals from capital reserve fund	1,136,235	2,527,712	1,136,235	-	-	-
Increase in other postemployment benefits reserve fund	-	(4,000,000)	-	-	-	-
Payments from paratransit reserve fund	43,950	22,628	43,950	-	-	-
Repayment of notes receivable	-	8,488	-	-	-	-
Net cash flow from investing activities	<u>(7,739)</u>	<u>(2,201,255)</u>	<u>(8,270)</u>	<u>531</u>	<u>-</u>	<u>-</u>
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	6,202,591	(7,946,161)	6,252,441	-	(3,232)	(4,943)
CASH AND SHORT-TERM INVESTMENTS - beginning of year	<u>23,527,384</u>	<u>31,473,545</u>	<u>23,460,986</u>	<u>-</u>	<u>5,241</u>	<u>5,888</u>
CASH AND SHORT-TERM INVESTMENTS - end of year	<u>\$ 29,729,975</u>	<u>\$ 23,527,384</u>	<u>\$ 29,713,427</u>	<u>\$ -</u>	<u>\$ 2,009</u>	<u>\$ 945</u>
SUPPLEMENTAL NON-CASH CAPITAL AND RELATED FINANCING TRANSACTIONS:						
Transfers of capital assets	\$ -	\$ -	\$ -	\$ (1,671,881)	\$ 1,671,881	\$ -

2011 Primary Government

LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
\$ 1,032,102	\$ 283,415	\$ 276,664	\$ 921,966	277,051	\$ -	\$ -	\$ 27,349,904
(324)	1,449	819	38,201	1,973	-	-	402,422
-	-	-	-	-	-	-	147,700
246	5,099	179	788	493	(238,685)	(2,121,457)	1,444,214
(389,611)	(116,615)	(131,615)	(390,273)	(307,434)	(912,044)	-	(17,693,004)
(1,022,278)	(471,083)	(459,964)	(1,000,083)	(851,809)	(601,035)	2,121,457	(52,520,792)
(37,359)	(20,748)	(16,111)	(53,783)	12,927	(1,597)	-	(3,442,364)
-	-	-	-	-	-	-	-
(25,932)	(13,215)	(17,673)	(17,317)	(34,056)	(14,227)	-	(1,047,819)
(443,156)	(331,698)	(347,701)	(500,501)	(900,855)	(1,767,588)	-	(45,359,739)
-	-	-	-	-	-	1,113,459	-
-	-	-	-	-	-	-	7,297,585
(77,542)	(66,758)	(120,228)	(167,437)	(158,916)	191,874	-	-
502,113	398,691	457,648	668,863	1,055,397	1,430,985	-	43,342,287
-	-	-	-	-	99,642	-	(683,516)
424,571	331,933	337,420	501,426	896,481	1,722,501	1,113,459	49,956,356
345,726	-	-	550,457	483	-	-	12,739,245
-	-	50,000	50,502	60	-	-	1,617,168
-	-	(45,641)	(49,498)	60	-	(1,113,459)	-
(342,139)	-	(4,359)	(566,434)	(603)	-	-	(15,498,997)
-	-	-	-	-	-	-	2,734,759
-	-	-	-	-	-	-	(61,990)
-	-	-	-	-	-	-	(35,993)
17,800	-	4,650	14,878	9,550	-	-	119,521
21,387	-	4,650	(95)	9,550	-	(1,113,459)	1,613,713
-	-	-	-	-	-	-	(1,487,000)
-	-	-	-	-	-	-	124,076
-	-	-	-	-	-	-	175,000
-	-	-	-	-	-	-	1,136,235
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	43,950
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(7,739)
2,802	235	(5,631)	830	5,176	(45,087)	-	6,202,591
604	826	6,118	1,433	1,201	45,087	-	23,527,384
\$ 3,406	\$ 1,061	\$ 487	\$ 2,263	\$ 6,377	\$ -	\$ -	\$ 29,729,975
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011

(with comparative totals for the year ended March 31, 2010)

(Continued)

	Total 2011	Total 2010	Authority	RTS	Lift Line	BBS
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:						
Loss from operations	\$ (55,406,000)	\$ (60,132,207)	\$ (1,856,441)	\$ (41,120,609)	\$ (6,807,510)	\$ (620,705)
Adjustments to reconcile change in net assets to net cash flow from operating activities:						
Depreciation - locally funded	1,046,621	1,134,842	-	896,614	104,490	1,830
Depreciation - grant funded	8,926,456	8,108,763	-	6,996,150	924,280	84,732
Changes in:						
Accounts receivable	532,789	(750,046)	-	790,325	2,424	5,062
Materials and supplies inventory	132,956	(132,811)	-	139,934	(6,978)	-
Prepaid expenses and other assets	17,323	139,500	24,367	7,576	(11,402)	-
Accounts payable	(1,611,186)	1,386,108	27,259	(1,636,372)	24,476	11,102
Accrued wages, vacation, pension and payroll taxes	(521,980)	(2,909,003)	(14)	(7,755)	(503,500)	(238)
Reserve for litigated and unlitigated claims	149,145	(525,781)	-	131,572	(5,695)	-
Workers' compensation reserve	(950,526)	(149,472)	-	(1,059,264)	133,414	(62,248)
Other postemployment benefits	2,310,894	5,603,780	15,014	2,295,880	-	-
Inventory reserve	-	442,934	-	-	-	-
Deferred revenue	13,769	102,650	-	15,000	(1,010)	-
Net cash flow from operating activities	<u>\$ (45,359,739)</u>	<u>\$ (47,680,743)</u>	<u>\$ (1,789,815)</u>	<u>\$ (32,550,949)</u>	<u>\$ (6,147,011)</u>	<u>\$ (580,465)</u>

2011 Primary Government

<u>LATS</u>	<u>OTS</u>	<u>STS</u>	<u>WATS</u>	<u>WYTS</u>	<u>GTCS</u>	<u>Eliminations</u>	<u>Total</u>
\$ (816,898)	\$ (435,019)	\$ (483,585)	\$ (812,528)	\$ (1,022,795)	\$ (1,429,910)	\$ -	\$ (55,406,000)
20,414	3,851	4,440	9,260	5,722	-	-	1,046,621
317,851	95,409	116,931	255,188	132,374	3,541	-	8,926,456
247	2,428	8,232	18,935	(56,009)	(238,855)	-	532,789
-	-	-	-	-	-	-	132,956
(18)	(3,200)	-	-	-	-	-	17,323
32,744	8,898	8,065	14,239	9,832	(111,429)	-	(1,611,186)
(3,793)	(1,681)	(1,563)	(8,996)	(3,805)	9,365	-	(521,980)
-	-	-	23,795	(527)	-	-	149,145
6,297	(2,384)	-	(394)	34,353	(300)	-	(950,526)
-	-	-	-	-	-	-	2,310,894
-	-	-	-	-	-	-	-
-	-	(221)	-	-	-	-	13,769
<u>\$ (443,156)</u>	<u>\$ (331,698)</u>	<u>\$ (347,701)</u>	<u>\$ (500,501)</u>	<u>\$ (900,855)</u>	<u>\$ (1,767,588)</u>	<u>\$ -</u>	<u>\$ (45,359,739)</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, 2011**

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

Based on the foregoing criteria, the Authority and the following component units have been audited and are included in the financial statements:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Authority's and the Organizations' financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the Organizations' statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The Organizations have elected not to follow subsequent private sector guidance.

Recent Accounting Pronouncements

During June 2008, GASB issued statement No. 53 "*Accounting and Financial Reporting for Derivative Instruments*" (GASB 53). GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Hedging derivative instruments are supposed to significantly reduce financial risk by substantially offsetting the associated changes in cash flows or fair values of the underlying instrument. During 2011, the Authority implemented GASB 53 and as a result recognized a fixed price fuel swap asset and a deferred inflow of \$1,513,612 as of March 31, 2011.

In June 2010, GASB issued statement No. 59 "*Financial Instruments Omnibus*". This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The requirements of this statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of investment measurements. Assets that would fall under this standard include derivative instruments. The Authority has adopted the provisions of this statement for the year ended March 31, 2011.

Basis of Presentation

GASB requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This component of net assets 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 assets component as the unspent proceeds. As of March 31, 2011 and 2010 RTS is the only entity with a reduction of its net assets invested in capital assets for debt.
- Restricted - This component of net assets consists of amounts which have external constraints placed on use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority and the Organizations have no restriction on its net assets at March 31, 2011 and 2010.
- Unrestricted - This component of net assets consists of assets within total net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Short-Term Investments

Cash and short-term investments include cash on hand, money market accounts, and certificates of deposit with an initial term of less than three months. The Authority considers investments in money market accounts, and certificates of deposit with an initial term of less than three months that are not designated for other use to be short-term investments.

Accounts Receivable

Accounts receivable consists 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. Management considers the accounts receivable to be fully collectible at all Organizations except for BBS, LATS, and WYTS and accordingly, other than at BBS, LATS, and WYTS which have recorded allowances of \$18,940, \$1,940 and \$18,180, respectively for the year ending March 31, 2011, no allowance for doubtful accounts has been established. For the year ended March 31, 2010 except for LATS, which recorded an allowance of \$2,970, no allowance for doubtful accounts has been established.

Mortgage Recording Tax Receipts

The Authority receives a portion of mortgage recording tax receipts 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 tax receipts in the accompanying statements of revenue, expenses and changes in net assets. Any amounts due but not yet collected have been recorded as mortgage tax receipts receivable in the accompanying statements of net assets. Management considers mortgage tax receipts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Operating and Capital Assistance Grants

The Organizations receive operating and capital assistance subsidies 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 statement of revenue, expenses and changes in net assets. These amounts are obtained on an annual basis. Management considers operating assistance receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

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. RTS has recorded an allowance for obsolete inventory of \$166,654 and \$80,082 for 2011 and 2010, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Land improvements	5 - 10 years
Building and structures	2 - 40 years
Revenue vehicles	3 - 12 years
Non-revenue vehicles	2 - 5 years
Maintenance equipment	4 - 10 years
Other equipment	2 - 10 years
Computer equipment	1 - 10 years
Leasehold improvements	2 - 3 years

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

Deposits and Investments

Investments designated for self-insurance purposes consist of money market accounts and are carried at cost plus accrued interest, which approximates fair value and are utilized to pay claims over a certain amount, as determined by the Board of Commissioners. Otherwise, claim payments are made from undesignated deposits and investments.

Investments designated for capital reserve purposes consist of money market accounts and are carried at cost plus accrued interest, which approximates fair value and are utilized to fund the Authority's share of capital purchases.

Investments designated for other postemployment benefits reserve purposes consist of money market accounts and are carried at cost plus accrued interest, which approximates fair value. These funds represent a reserve to be maintained until establishment of a dedicated trust for the purpose of funding other postemployment benefits.

Investments designated for the paratransit reserve fund consist of money market accounts and are carried at cost plus accrued interest, which approximates fair value. The interest earnings of this fund are to be used to support paratransit transportation services. The principal of this reserve fund is not to be used except to generate interest earnings until otherwise directed by the Board of Commissioners.

Inter-Entity Cost Allocations

The Authority, RTS and Lift Line allocate costs to the Authority's component units based on estimates of time incurred to reflect the portion of salaries and benefits of Authority, RTS, and Lift Line employees who perform administrative functions for the component units.

Authority Subsidies

Annually, the Authority subsidizes the operations of the Organizations, except for GTCS, based on each respective Organization's operating results. In order to determine the annual subsidy, operating and certain non-operating revenues and external operating subsidies are reduced by operating and certain non-operating expenses and locally funded depreciation. If the result is a deficit, that amount will be recorded as operating subsidy at the respective Organization. Operating surpluses are reflected as negative subsidies or re-allocations, back to 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 for the prior year subsidy is recorded as a write-off of inter-entity accounts on the accompanying statements of revenue, expense and changes in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Operating Assistance Subsidies

External operating assistance subsidies have been received by the Authority and the Organizations from Federal, NYS and local sources to support current year operations. Continued operations depend upon the receipt of such subsidies in future years.

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, supplies and depreciation. All expenses not meeting this definition are reported as nonoperating expenses.

Revenues

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

Capital Contributions

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

The Authority plans to construct the Renaissance Square Transit Center in downtown Rochester to serve as a central transit hub for customers of RTS. The total estimated cost for the project is approximately \$49 million with funding to be derived from federal, state, and the Authority. The project site includes portions of the block bounded by Mortimer Street, North Clinton Avenue, Pleasant Street and St. Paul Street. The project will be jointly funded with Federal Transit Administration funds, New York State transportation funds, and contributions from the Authority.

The proposed transit station is the remaining component of the former joint development plan known as "Renaissance Square Project" that was halted in July 2009, when various approvals needed from the Rochester City Council were not obtained. During 2011, Main & Clinton LDC, the project sponsor entity in which the Authority was a partner, was dissolved. All former project partners are now independently pursuing their respective development objectives.

3. RENAISSANCE SQUARE TRANSIT STATION (Continued)

On June 15, 2010, the Rochester City Council approved legislation authorizing the partial abandonment of Mortimer Street, thereby enabling the Authority to proceed with the development of the Renaissance Square Transit Station at the Mortimer Street site.

On August 5, 2010, the Board of Commissioners authorized the Authority's management to proceed with revised preliminary design, hire project consultants, and declared its intent to finance the local share of the modified project through the issuance of tax exempt obligations.

As of March 31, 2011, revised preliminary design for the transit station was completed which incorporated comments from the general public, customers, City officials, and other interested parties.

During fiscal 2012, the Authority will complete interim financing and progress the project thru land acquisition, design completion, and the beginning of construction with completion expected to occur in the fall of 2013.

4. DEPOSITS AND INVESTMENTS

At March 31, 2011 and 2010, investments in money market accounts held by the Authority were \$51,204,361 and \$44,748,513, respectively. At March 31, 2011 and 2010, cash deposits consisted of bank demand deposit and interest-bearing accounts, which are subject to investment risk. The Authority's cash deposits and investments are required to be collateralized in the event of loss due to the failure of the issuer or counterparty to its investments. The carrying amounts of cash deposits and investments are separately displayed on the statements of net assets as cash and short-term investments, investment of self-insurance fund, investment of other postemployment benefits fund, investment of paratransit fund and investment of capital reserve fund, offset by any cash overdraft.

Cash is summarized as follows at March 31, 2011:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Insured FDIC</u>
Cash -			
Authority	\$ 46,782	\$ 108,437	\$ 108,437
Lift Line	2,009	709	709
BBS	945	652	652
LATS	3,406	3,151	3,151
OTS	1,061	766	766
STS	487	148	148
WATS	2,263	1,670	1,670
WYTS	<u>6,377</u>	<u>5,872</u>	<u>5,872</u>
Total cash	<u>63,330</u>	<u>121,405</u>	<u>121,405</u>
Overdrafts -			
RTS	(1,208,750)	503,810	300,851
GTCS	<u>(99,642)</u>	<u>43,093</u>	<u>43,093</u>
Total overdrafts	<u>(1,308,392)</u>	<u>546,903</u>	<u>343,944</u>
Total deposits	<u>\$ (1,245,062)</u>	<u>\$ 668,308</u>	<u>\$ 465,349</u>

4. DEPOSITS AND INVESTMENTS (Continued)

Investments held at the Authority are summarized as follows at March 31, 2011:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Short-term investments	\$ 29,666,645	\$ 29,666,645
Investment of self-insurance fund	5,023,801	5,023,801
Investment of capital reserve fund	4,738,630	4,738,630
Investment of paratransit reserve fund	3,119,862	3,119,862
Investment of other postemployment benefits reserve fund	<u>8,655,423</u>	<u>8,655,423</u>
Total investments - Authority	<u>\$ 51,204,361</u>	<u>\$ 51,204,361</u>

Total cash and investments are summarized as follows at March 31, 2011:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ (1,245,062)	\$ 668,308
Short-term investments, investment of self-insurance fund, investment of capital reserve fund, investment of paratransit reserve fund, and investment of other postemployment benefit funds	<u>51,204,361</u>	<u>51,204,361</u>
Total cash and investments	<u>\$ 49,959,299</u>	<u>\$ 51,872,669</u>
Insured cash - FDIC		\$ 465,349
Insured short-term investments - FDIC		250,000
Uninsured - collateral held by pledging bank or third-party custodian in the Authority's name		<u>51,161,618</u>
Total insured and collateralized cash and investments		<u>\$ 51,876,967</u>

4. DEPOSITS AND INVESTMENTS (Continued)

Due to the centralized nature of the Authority's and the Organizations' cash management activities, the Authority and Organizations periodically advance funds to one another as cash flow needs arise. At March 31, 2011, the following represents amounts due from (to) the Authority, RTS and other component units from (to) the various organizations:

	<u>Authority</u>	<u>RTS</u>	<u>Other Component Units</u>	<u>Total</u>
Authority	\$ -	\$ (11,338,300)	\$ 12,678,487	\$ 1,340,187
RTS	11,338,300	-	(14,301,102)	(2,962,802)
Lift Line	(6,387,993)	8,454,709	(134,286)	1,932,430
BBS	(774,732)	741,298	5,083	(28,351)
LATS	(1,556,268)	1,391,070	31,222	(133,976)
OTS	(642,805)	581,021	10,406	(51,378)
STS	(654,632)	573,918	18,530	(62,184)
WATS	(1,619,268)	1,394,382	42,990	(181,896)
WYTS	(1,222,945)	1,138,113	25,485	(59,347)
GTCS	<u>180,156</u>	<u>26,591</u>	<u>570</u>	<u>207,317</u>
Net due to (from)	<u>\$ (1,340,187)</u>	<u>\$ 2,962,802</u>	<u>\$ (1,622,615)</u>	<u>\$ -</u>

In 2011, the Authority and Organizations wrote-off prior year inter-entity receivable (payable) balances which are set forth in the statements of revenue, expenses and changes in net assets as write-off of inter-entity accounts.

5. INTER-ENTITY COST ALLOCATION

During 2011, the Authority, RTS, and Lift Line 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 within the primary government total.

	<u>Authority</u>	<u>RTS</u>	<u>Lift Line</u>	<u>Total</u>
Authority	\$ -	\$ 259,767	\$ -	\$ 259,767
RTS	867,688	-	-	867,688
Lift Line	157,367	250,408	-	407,775
BBS	30,432	54,835	7,198	92,465
LATS	33,599	57,800	7,199	98,598
OTS	31,575	57,800	7,199	96,574
STS	31,575	56,493	7,198	95,266
WATS	31,575	56,493	7,198	95,266
WYTS	31,575	57,800	7,199	96,574
GTC	<u>-</u>	<u>11,484</u>	<u>-</u>	<u>11,484</u>
Total	<u>\$ 1,215,386</u>	<u>\$ 862,880</u>	<u>\$ 43,191</u>	<u>\$ 2,121,457</u>

6. CAPITAL ASSETS

Capital assets consisted of the following at March 31:

	Authority				March 31, 2011
	March 31, 2010	Additions	Retirements	Transfers	
Capital assets not being depreciated:					
Land	\$ 23,282	\$ -	\$ -	\$ -	\$ 23,282
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	<u>23,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,282</u>
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	-	-	-	-	-
Computer equipment	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Total capital assets being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	-	-	-	-	-
Computer equipment	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>\$ 23,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,282</u>

	RTS				March 31, 2011
	March 31, 2010	Additions	Impairments/ Retirements	Transfers	
Capital assets not being depreciated:					
Land	\$ 2,640,060	\$ -	\$ -	\$ -	\$ 2,640,060
Construction-in-process	14,651,634	7,574,651	-	(14,059,988)	8,166,297
Total capital assets not being depreciated	<u>17,291,694</u>	<u>7,574,651</u>	<u>-</u>	<u>(14,059,988)</u>	<u>10,806,357</u>
Capital assets being depreciated:					
Land improvements	2,942,232	-	-	-	2,942,232
Building and structures	20,835,732	23,628	-	55,459	20,914,819
Revenue vehicles	76,012,641	6,797,990	(1,440,838)	801,826	82,171,619
Non-revenue vehicles	1,416,889	103,122	(41,679)	(83,272)	1,395,060
Maintenance equipment	3,746,107	48,029	-	145,930	3,940,066
Other equipment	8,467,984	-	-	10,140,920	18,608,904
Computer equipment	4,278,606	6,895	-	1,243,972	5,529,473
Leasehold improvements	673,169	-	-	-	673,169
Total capital assets being depreciated	<u>118,373,360</u>	<u>6,979,664</u>	<u>(1,482,517)</u>	<u>12,304,835</u>	<u>136,175,342</u>
Accumulated depreciation of capital assets:					
Land improvements	(2,722,071)	(72,028)	-	-	(2,794,099)
Building and structures	(17,759,737)	(702,958)	-	-	(18,462,695)
Revenue vehicles	(39,417,843)	(5,901,170)	1,421,822	-	(43,897,191)
Non-revenue vehicles	(1,065,622)	(131,056)	41,680	83,272	(1,071,726)
Maintenance equipment	(1,504,768)	(256,578)	-	-	(1,761,346)
Other equipment	(7,863,051)	(346,815)	-	-	(8,209,866)
Computer equipment	(2,728,696)	(422,238)	-	-	(3,150,934)
Leasehold improvements	(556,098)	(59,921)	-	-	(616,019)
Total accumulated depreciation	<u>(73,617,886)</u>	<u>(7,892,764)</u>	<u>1,463,502</u>	<u>83,272</u>	<u>(79,963,876)</u>
Total capital assets being depreciated, net	<u>44,755,474</u>	<u>(913,100)</u>	<u>(19,015)</u>	<u>12,388,107</u>	<u>56,211,466</u>
Total capital assets	<u>\$ 62,047,168</u>	<u>\$ 6,661,551</u>	<u>\$ (19,015)</u>	<u>\$ (1,671,881)</u>	<u>\$ 67,017,823</u>

6. CAPITAL ASSETS (Continued)

	Lift Line				
	March 31, 2010	Additions	Impairments/ Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ 364,056	\$ -	\$ -	\$ -	\$ 364,056
Construction-in-process	-	-	-	14,597	14,597
Total capital assets not being depreciated	<u>364,056</u>	<u>-</u>	<u>-</u>	<u>14,597</u>	<u>378,653</u>
Capital assets being depreciated:					
Land improvements	15,093	-	-	-	15,093
Building and structures	1,054,000	-	-	-	1,054,000
Revenue vehicles	5,583,447	-	(2,058,083)	-	3,525,364
Non-revenue vehicles	135,281	-	(53,974)	83,272	164,579
Maintenance equipment	213,894	-	(5,555)	-	208,339
Other equipment	287,490	-	(1,347)	1,367,486	1,653,629
Computer equipment	122,530	-	-	289,798	412,328
Leasehold improvements	-	-	-	-	-
Total capital assets being depreciated	<u>7,411,735</u>	<u>-</u>	<u>(2,118,959)</u>	<u>1,740,556</u>	<u>7,033,332</u>
Accumulated depreciation of capital assets:					
Land improvements	(183,455)	(8,390)	-	-	(191,845)
Building and structures	(650,155)	(23,682)	-	-	(673,837)
Revenue vehicles	(3,236,100)	(921,093)	2,058,083	-	(2,099,110)
Non-revenue vehicles	(103,183)	(11,053)	53,974	(83,272)	(143,534)
Maintenance equipment	(208,040)	(3,984)	5,555	-	(206,469)
Other equipment	(163,825)	(57,549)	1,347	-	(220,027)
Computer equipment	(122,530)	(3,019)	-	-	(125,549)
Leasehold improvements	-	-	-	-	-
Total accumulated depreciation	<u>(4,667,288)</u>	<u>(1,028,770)</u>	<u>2,118,959</u>	<u>(83,272)</u>	<u>(3,660,371)</u>
Total capital assets being depreciated, net	<u>2,744,447</u>	<u>(1,028,770)</u>	<u>-</u>	<u>1,657,284</u>	<u>3,372,961</u>
Total capital assets	<u>\$ 3,108,503</u>	<u>\$ (1,028,770)</u>	<u>\$ -</u>	<u>\$ 1,671,881</u>	<u>\$ 3,751,614</u>

	BBS				
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	4,841	31,147	-	-	35,988
Total capital assets not being depreciated	<u>4,841</u>	<u>31,147</u>	<u>-</u>	<u>-</u>	<u>35,988</u>
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	793,036	-	-	-	793,036
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	33,447	-	-	-	33,447
Computer equipment	3,634	-	-	-	3,634
Leasehold improvements	53,010	-	-	-	53,010
Total capital assets being depreciated	<u>883,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,127</u>
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(436,212)	(82,793)	-	-	(519,005)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(32,495)	(637)	-	-	(33,132)
Computer equipment	(3,634)	-	-	-	(3,634)
Leasehold improvements	(47,267)	(3,132)	-	-	(50,399)
Total accumulated depreciation	<u>(519,608)</u>	<u>(86,562)</u>	<u>-</u>	<u>-</u>	<u>(606,170)</u>
Total capital assets being depreciated, net	<u>363,519</u>	<u>(86,562)</u>	<u>-</u>	<u>-</u>	<u>276,957</u>
Total capital assets	<u>\$ 368,360</u>	<u>\$ (55,415)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,945</u>

6. CAPITAL ASSETS (Continued)

LATS					
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	2,241,394	342,139	(785,293)	167,906	1,966,146
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	93,600	-	-	-	93,600
Computer equipment	-	-	-	-	-
Leasehold improvements	1,685,308	-	-	-	1,685,308
Total capital assets being depreciated	4,020,302	342,139	(785,293)	167,906	3,745,054
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,399,363)	(276,235)	785,293	(167,906)	(1,058,211)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(66,560)	(11,220)	-	-	(77,780)
Computer equipment	-	-	-	-	-
Leasehold improvements	(162,564)	(50,810)	-	-	(213,374)
Total accumulated depreciation	(1,628,487)	(338,265)	785,293	(167,906)	(1,349,365)
Total capital assets being depreciated, net	2,391,815	3,874	-	-	2,395,689
Total capital assets	\$ 2,391,815	\$ 3,874	\$ -	\$ -	\$ 2,395,689

OTS					
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	891,510	-	(199,561)	-	691,949
Non-revenue vehicles	22,169	-	(22,169)	-	-
Maintenance equipment	13,259	-	-	-	13,259
Other equipment	22,607	-	-	-	22,607
Computer equipment	-	-	-	-	-
Leasehold improvements	21,030	-	-	-	21,030
Total capital assets being depreciated	970,575	-	(221,730)	-	748,845
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(395,960)	(98,732)	199,561	-	(295,131)
Non-revenue vehicles	(22,169)	-	22,169	-	-
Maintenance equipment	(13,258)	-	-	-	(13,258)
Other equipment	(22,607)	-	-	-	(22,607)
Computer equipment	-	-	-	-	-
Leasehold improvements	(20,062)	(528)	-	-	(20,590)
Total accumulated depreciation	(474,056)	(99,260)	221,730	-	(351,586)
Total capital assets being depreciated, net	496,519	(99,260)	-	-	397,259
Total capital assets	\$ 496,519	\$ (99,260)	\$ -	\$ -	\$ 397,259

6. CAPITAL ASSETS (Continued)

STS					
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	-	4,359	-	-	4,359
Total capital assets not being depreciated	-	4,359	-	-	4,359
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	959,537	-	(457,182)	244,172	746,527
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	4,005	-	-	-	4,005
Other equipment	9,364	-	-	-	9,364
Computer equipment	5,825	-	-	-	5,825
Leasehold improvements	67,779	-	-	-	67,779
Total capital assets being depreciated	1,046,510	-	(457,182)	244,172	833,500
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(387,998)	(119,734)	457,182	(244,172)	(294,722)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(4,006)	-	-	-	(4,006)
Other equipment	(9,365)	-	-	-	(9,365)
Computer equipment	(5,826)	-	-	-	(5,826)
Leasehold improvements	(66,142)	(1,637)	-	-	(67,779)
Total accumulated depreciation	(473,337)	(121,371)	457,182	(244,172)	(381,698)
Total capital assets being depreciated, net	573,173	(121,371)	-	-	451,802
Total capital assets	\$ 573,173	\$ (117,012)	\$ -	\$ -	\$ 456,161

WATS					
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	14,758	7,138	-	-	21,896
Total capital assets not being depreciated	14,758	7,138	-	-	21,896
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	2,404,669	559,296	(1,179,505)	523,036	2,307,496
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	41,257	-	-	-	41,257
Computer equipment	8,654	-	-	-	8,654
Leasehold improvements	180,352	-	-	-	180,352
Total capital assets being depreciated	2,634,932	559,296	(1,179,505)	523,036	2,537,759
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,541,755)	(263,780)	1,156,638	(523,036)	(1,171,933)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(40,038)	(668)	-	-	(40,706)
Computer equipment	(8,654)	-	-	-	(8,654)
Leasehold improvements	(180,353)	-	-	-	(180,353)
Total accumulated depreciation	(1,770,800)	(264,448)	1,156,638	(523,036)	(1,401,646)
Total capital assets being depreciated, net	864,132	294,848	(22,867)	-	1,136,113
Total capital assets	\$ 878,890	\$ 301,986	\$ (22,867)	\$ -	\$ 1,158,009

6. CAPITAL ASSETS (Continued)

	WYTS				
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	21,316	603	-	-	21,919
Total capital assets not being depreciated	21,316	603	-	-	21,919
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	1,699,648	-	(368,432)	-	1,331,216
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	2,330	-	-	-	2,330
Other equipment	40,850	-	-	-	40,850
Computer equipment	2,084	-	-	-	2,084
Leasehold improvements	15,480	-	-	-	15,480
Total capital assets being depreciated	1,760,392	-	(368,432)	-	1,391,960
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,103,846)	(136,206)	357,645	-	(882,407)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(2,330)	-	-	-	(2,330)
Other equipment	(38,016)	(1,890)	-	-	(39,906)
Computer equipment	(2,084)	-	-	-	(2,084)
Leasehold improvements	(15,480)	-	-	-	(15,480)
Total accumulated depreciation	(1,161,756)	(138,096)	357,645	-	(942,207)
Total capital assets being depreciated, net	598,636	(138,096)	(10,787)	-	449,753
Total capital assets	\$ 619,952	\$ (137,493)	\$ (10,787)	\$ -	\$ 471,672
GTCS					
	March 31, 2010	Additions	Retirements	Transfers	March 31, 2011
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	34,198	-	-	-	34,198
Computer equipment	27,878	-	-	-	27,878
Leasehold improvements	42,500	-	-	-	42,500
Total capital assets being depreciated	104,576	-	-	-	104,576
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(26,528)	(2,888)	-	-	(29,416)
Computer equipment	(27,224)	(653)	-	-	(27,877)
Leasehold improvements	(42,500)	-	-	-	(42,500)
Total accumulated depreciation	(96,252)	(3,541)	-	-	(99,793)
Total capital assets being depreciated, net	8,324	(3,541)	-	-	4,783
Total capital assets	\$ 8,324	\$ (3,541)	\$ -	\$ -	\$ 4,783

6. CAPITAL ASSETS (Continued)

	Primary Government				
	March 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	March 31, <u>2011</u>
Capital assets not being depreciated:					
Land	\$ 3,027,398	\$ -	\$ -	\$ -	\$ 3,027,398
Construction-in-process	14,692,549	7,617,898	-	(14,045,391)	8,265,056
Total capital assets not being depreciated	<u>17,719,947</u>	<u>7,617,898</u>	<u>-</u>	<u>(14,045,391)</u>	<u>11,292,454</u>
Capital assets being depreciated:					
Land improvements	2,957,325	-	-	-	2,957,325
Building and structures	21,889,732	23,628	-	55,459	21,968,819
Revenue vehicles	90,585,882	7,699,425	(6,488,894)	1,736,940	93,533,353
Non-revenue vehicles	1,574,339	103,122	(117,822)	-	1,559,639
Maintenance equipment	3,979,595	48,029	(5,555)	145,930	4,167,999
Other equipment	9,030,797	-	(1,347)	11,508,406	20,537,856
Computer equipment	4,449,211	6,895	-	1,533,770	5,989,876
Leasehold improvements	2,738,628	-	-	-	2,738,628
Total capital assets being depreciated	<u>137,205,509</u>	<u>7,881,099</u>	<u>(6,613,618)</u>	<u>14,980,505</u>	<u>153,453,495</u>
Accumulated depreciation of capital assets:					
Land improvements	(2,905,526)	(80,418)	-	-	(2,985,944)
Building and structures	(18,409,892)	(726,640)	-	-	(19,136,532)
Revenue vehicles	(47,919,077)	(7,799,743)	6,436,224	(935,114)	(50,217,710)
Non-revenue vehicles	(1,190,974)	(142,109)	117,823	-	(1,215,260)
Maintenance equipment	(1,732,402)	(260,562)	5,555	-	(1,987,409)
Other equipment	(8,262,485)	(421,667)	1,347	-	(8,682,805)
Computer equipment	(2,898,648)	(425,910)	-	-	(3,324,558)
Leasehold improvements	(1,090,466)	(116,028)	-	-	(1,206,494)
Total accumulated depreciation	<u>(84,409,470)</u>	<u>(9,973,077)</u>	<u>6,560,949</u>	<u>(935,114)</u>	<u>(88,756,712)</u>
Total capital assets being depreciated, net	<u>52,796,039</u>	<u>(2,091,978)</u>	<u>(52,669)</u>	<u>14,045,391</u>	<u>64,696,783</u>
Total capital assets	<u>\$ 70,515,986</u>	<u>\$ 5,525,920</u>	<u>\$ (52,669)</u>	<u>\$ -</u>	<u>\$ 75,989,237</u>

7. CAPITAL LEASE OBLIGATION

During fiscal 2007, the Authority transferred ten Neoplan buses from Metropolitan Transit Authority (MTA) located in Harris County, Texas. In order to deliver and prepare the buses for service at an estimated cost of \$300,000 the Authority entered into a transaction with M&T Bank (the Bank) to finance the cost. The costs to deliver and prepare the buses for service are currently capitalized as a capital asset at RTS on the accompanying statements of net assets. The assets obtained under this capital lease bear interest at an annual rate of 3.948%.

The following is a schedule of future minimum lease payments for the assets under capital leases:

2012	\$ <u>66,376</u>
Total minimum lease payments	132,752
Less: Amount representing interest	<u>(1,915)</u>
Present value of future minimum lease payments	64,461
Less: Current portion	<u>(64,461)</u>
	\$ <u><u> -</u></u>

The cost of capital assets under capital lease amounted to \$300,000 as of March 31, 2011 and 2010. Accumulated amortization of capital assets under capital leases was \$255,000 and \$195,000 as of March 31, 2011 and 2010, respectively. Amortization expense for capital assets under capital lease was approximately \$60,000 for the years ended March 31, 2011 and 2010.

8. PENSION PLANS

New York State and Local Employees' Retirement System

Plan Description

All of the Authority's employees (15) and GTCS's employees (6) 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, 2011 and 2010 was \$1,910,752 and \$1,601,042, respectively. The GTCS payroll for employees covered by the System for the years ended March 31, 2011 and 2010 was \$447,570 and \$417,153 respectively.

8. PENSION PLANS (Continued)

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

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.

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. The plan cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York Legislature. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as a percentage of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Authority and GTCS contributions for fiscal years 2011, 2010, and 2009 were equal to the required contributions for the year, and were recorded as expense as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Authority	\$ 200,555	\$ 116,663	\$ 114,720
GTCS	<u>50,017</u>	<u>22,780</u>	<u>31,214</u>
	<u>\$ 250,572</u>	<u>\$ 139,443</u>	<u>\$ 145,934</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 and the Organizations also have four single employer pension plans currently in place:

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

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

8. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Plan Description (Continued)

In addition to providing pension benefits, the RTS Non-Union Plan provides certain postretirement health care and life insurance benefits. In accordance with the Plan document, the Authority is not required to contribute a portion of the cost of this expense if the plan is not funded greater than 120%. During fiscal years 2011 and 2010, the Plan was not funded greater than 120%, therefore the Authority 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 Plans. In certain years the contractual obligation could exceed the actuarial calculated annual required contribution.

Separate financial statements for each plan can be obtained by writing to the Rochester-Genesee Regional Transportation Authority, 1372 E. Main St., Rochester, New York, 14609.

8. 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	Single Employer Defined Benefit Plan	Single Employer Defined Benefit Plan	Single Employer Defined Benefit Plan
Date of actuarial valuation:	10/31/2010	3/31/2010	3/31/2010	4/30/2010
Contribution rates:				
Employer	1.9%(a)	(b)	3.0%	(c)
Plan members	2.4%(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 maximum of \$300 per month and a minimum of \$50 per month multiplied by years of credited service)	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 and years of credited service.	Monthly benefit calculated based on the employee's yearly compensation and years of credited service.
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unprojected Unit Credit	Unprojected Unit Credit
Amortization method (d)	Level Dollar Method	Level Dollar Method	Level Dollar Method	Level Dollar Method
Amortization period	Closed - 10 years	Closed - 10 years	Closed - 10 years	Closed - 10 years
Asset valuation method	5-year moving average	5-year moving average	5-year moving average	5-year moving average
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	5.0%	5.0%	5.0%	5.0%
Annual pension cost	\$ 1,070,605	\$ 409,607	\$ 20,780	\$ 35,861
Annual contributions made	\$ 992,251	\$ -	\$ 70,941	\$ 60,404
Annual required contribution (f)	\$ 806,334	\$ -	\$ -	\$ 60,404
Amortization of unfunded actuarial liability (asset) - including interest	\$ (313,446)	\$ (428,058)	\$ (20,780)	\$ 31,609
Adjustment for net pension obligation	\$ -	\$ -	\$ -	\$ -
Ending balance of net pension obligation	\$ -	\$ -	\$ -	\$ -
Number of members (Active and Inactive)	715	163	59	82

(a) If additional contributions are required to fund the benefits of the plan, plan members are required to contribute up to 0.5% of their salaries to fund the additional contribution. If further additional contributions are required, they are split equally between plan members and RTS.

(b) RTS' policy is to contribute annually an amount equal to the net employer normal cost.

(c) The minimum employer contribution is an amount adequate to fund the normal cost and the cost of past service credits of the plan.

(d) The amortization method used for all plans incorporates equal payments of principal and interest.

(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 includes the amounts due from the employer and plan members for the upcoming plan year.

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.

8. PENSION PLANS (Continued)

Trend Information:

Actuarial Valuation date:	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
RTS UNION PLAN			
November 1, 2010	\$ 806,334	\$ 992,251	123.1%
November 1, 2009	\$ 567,046	\$ 616,245	108.7%
November 1, 2008	\$ 533,961	\$ 686,499	128.6%
November 1, 2007	\$ 741,581	\$ 951,140	128.3%
November 1, 2006	\$ 1,089,837	\$ 1,089,837	100.0%
November 1, 2005	\$ 1,158,978	\$ 1,221,193	105.4%
RTS NON-UNION PLAN			
April 1, 2010	\$ -	\$ -	N/A
April 1, 2009	\$ -	\$ -	N/A
April 1, 2008	\$ -	\$ -	N/A
April 1, 2007	\$ -	\$ -	N/A
April 1, 2006	\$ -	\$ -	N/A
April 1, 2005	\$ -	\$ -	N/A
LIFT LINE UNION PLAN			
April 1, 2010	\$ -	\$ 70,941	N/A
April 1, 2009	\$ -	\$ 110,960	N/A
April 1, 2008	\$ -	\$ 73,743	N/A
April 1, 2007	\$ -	\$ 72,404	N/A
April 1, 2006	\$ -	\$ 90,982	N/A
April 1, 2005	\$ -	\$ 54,528	N/A
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN			
May 1, 2010	\$ 60,404	\$ 60,404	100.0%
May 1, 2009	\$ 42,065	\$ 42,065	100.0%
May 1, 2008	\$ 32,849	\$ 32,849	100.0%
May 1, 2007	\$ 19,665	\$ 19,665	100.0%
May 1, 2006	\$ 25,439	\$ 25,439	100.0%
May 1, 2005	\$ 24,770	\$ 24,770	100.0%

8. PENSION PLANS (Continued)

Schedule of Pension Funding Progress:

Actuarial Report as of:	Actuarial Valuation of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Excess (Deficiency) of Assets Over AAL	Annual Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
RTS UNION PLAN						
(\$ In Millions)						
November 1, 2010	\$ 40.5	\$ 38.9	104.1%	\$ 1.6	\$ 20.0	8.0%
November 1, 2009	\$ 39.2	\$ 38.2	102.6%	\$ 1.0	\$ 18.9	5.3%
November 1, 2008	\$ 39.0	\$ 36.9	105.7%	\$ 2.1	\$ 18.6	11.3%
November 1, 2007	\$ 39.5	\$ 37.2	106.2%	\$ 2.3	\$ 18.4	12.5%
November 1, 2006	\$ 36.8	\$ 35.8	102.8%	\$ 1.0	\$ 18.5	5.4%
November 1, 2005	\$ 34.3	\$ 35.6	96.3%	\$ (1.3)	\$ 19.6	(6.6%)
RTS NON-UNION PLAN						
(\$ In Millions)						
April 1, 2010	\$ 17.2	\$ 14.5	118.6%	\$ 2.7	\$ 3.8	71.1%
April 1, 2009	\$ 16.6	\$ 13.8	120.3%	\$ 2.7	\$ 3.5	77.1%
April 1, 2008	\$ 19.2	\$ 13.0	147.7%	\$ 6.2	\$ 3.3	187.9%
April 1, 2007	\$ 18.8	\$ 12.2	154.1%	\$ 6.6	\$ 3.4	194.1%
April 1, 2006	\$ 18.3	\$ 11.2	163.4%	\$ 7.1	\$ 3.3	215.2%
April 1, 2005	\$ 17.8	\$ 10.8	164.8%	\$ 7.0	\$ 3.3	212.1%
LIFT LINE UNION PLAN						
(\$ In Thousands)						
April 1, 2010	\$ 1,621.5	\$ 864.6	187.5%	\$ 756.9	\$ 1,919.0	39.4%
April 1, 2009	\$ 1,398.2	\$ 779.1	179.5%	\$ 619.1	\$ 1,831.0	33.8%
April 1, 2008	\$ 1,323.5	\$ 717.0	184.6%	\$ 606.5	\$ 1,917.0	31.6%
April 1, 2007	\$ 1,112.9	\$ 586.7	189.7%	\$ 526.2	\$ 1,972.0	26.7%
April 1, 2006	\$ 955.9	\$ 493.9	193.5%	\$ 462.0	\$ 1,998.0	23.1%
April 1, 2005	\$ 770.6	\$ 408.9	188.5%	\$ 361.7	\$ 1,889.0	19.1%
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN						
(\$ In Thousands)						
May 1, 2010	\$ 951.4	\$ 1,114.5	85.4%	\$ (163.1)	\$ 1,829.8	(8.9%)
May 1, 2009	\$ 864.5	\$ 1,036.5	83.4%	\$ (172.0)	\$ 1,756.9	(9.8%)
May 1, 2008	\$ 931.9	\$ 940.5	99.1%	\$ (8.6)	\$ 1,585.4	(0.5%)
May 1, 2007	\$ 838.6	\$ 856.2	97.9%	\$ (17.6)	\$ 1,571.1	(1.1%)
May 1, 2006	\$ 759.1	\$ 773.5	98.1%	\$ (14.4)	\$ 1,483.6	(1.0%)
May 1, 2005	\$ 679.6	\$ 723.2	94.0%	\$ (43.6)	\$ 1,475.8	(3.0%)

9. POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides certain postemployment insurance benefits to retired RTS union employees and non-union employees of RTS and the Authority. 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 Plans (OPEB).

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 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

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

Annual OPEB Cost and Net OPEB Obligation

In fiscal 2011 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 2011 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 April 10, 2010 with medical plan enrollment updated as of February 1, 2011 and plan provisions as of April 1, 2010. The valuation was performed as of April 1, 2010. While there is not a requirement to fund the obligation, the Authority has established a dedicated fund for the purpose of funding post-employment benefits.

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 Authority's and RTS' OPEB expense for the 2011 fiscal year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

	<u>RGRTA</u>	<u>RTS</u>	<u>Total</u>
Annual required contribution before interest	\$ 72,066	\$ 5,419,734	\$ 5,491,800
Interest on net OPEB obligation	13,125	987,075	1,000,200
Amortization of UAAL	<u>(17,085)</u>	<u>(1,284,915)</u>	<u>(1,302,000)</u>
Annual OPEB cost	68,106	5,121,894	5,190,000
Contributions made	<u>(53,092)</u>	<u>(2,826,014)</u>	<u>(2,879,106)</u>
Increase in Net OPEB Obligation	15,014	2,295,880	2,310,894
Net OPEB Obligation - beginning of year	<u>336,062</u>	<u>19,705,703</u>	<u>20,041,765</u>
Net OPEB Obligation - end of year	<u>\$ 351,076</u>	<u>\$ 22,001,583</u>	<u>\$ 22,352,659</u>

9. POSTEMPLOYMENT BENEFITS (Continued)

Percentage of Annual OPEB Cost

Schedule of OPEB Cost Contributed

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Contribution (ARC)</u>	<u>OPEB Cost Contributed</u>	<u>% of ARC Contributed</u>	<u>Net OPEB Obligation</u>
4/1/08	\$ 10,100,000	\$ 10,100,000	\$ 2,714,958	26.9%	\$ 14,400,000
12/1/09	\$ 8,294,400	\$ 8,531,100	\$ 2,690,619	31.5%	\$ 20,003,800
4/1/10	\$ 5,190,700	\$ 5,491,800	\$ 2,879,106	52.4%	\$ 22,124,500

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, 2010 actuarial valuation the following methods and assumptions were used:

Actuarial Cost Method	Projected Unit Credit
Discount Rate*	5.0%
Medical Care Cost Trend Rate	9.0% in fiscal 2011, decreasing by one percentage point per year to an ultimate rate of 5.0% in fiscal 2015 and after.
Dental Care Costs	6.50% in fiscal 2011, decreasing by one-half percentage point per year to an ultimate rate of 5.0% in fiscal 2014 and after.

Unfunded Actuarial Accrued Liability:

Amortization Period	30 years
Amortization Method	Level Dollar
Amortization Basis	Open

* 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.

9. POSTEMPLOYMENT BENEFITS (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)
4/1/08	\$ -	\$ 100,700,000	\$ 100,700,000	0.0%	\$ 20,788,165	484.4%
12/1/09	\$ -	\$ 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%

10. 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.

Workers' Compensation Reserve

	Balance - March 31, 2009	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2010
Authority	\$ 587	\$ 369	\$ (956)	\$ -
RTS	4,459,648	477,923	(527,785)	4,409,786
Lift Line	414,413	40,386	(60,896)	393,903
BBS	315,293	(22,881)	(22,610)	269,802
LATS	68,706	(37,568)	(2,781)	28,357
OTS	422	7,407	(740)	7,089
STS	422	81	(503)	-
WATS	1,431	598	(1,635)	394
WYTS	1,032	2,185	(1,248)	1,969
GTCS	-	1,182	-	1,182
Total	\$ 5,261,954	\$ 469,682	\$ (619,154)	\$ 5,112,482

10. SELF-INSURANCE (Continued)

Workers' Compensation Reserve

	Balance - <u>March 31, 2010</u>	Current Year Claims and Changes in Estimates	Claims Payments	Balance - <u>March 31, 2011</u>
Authority	\$ -	\$ 453	\$ (453)	\$ -
RTS	4,409,786	(478,523)	(580,741)	3,350,522
Lift Line	393,903	(43,553)	176,967	527,317
BBS	269,802	(44,047)	(18,201)	207,554
LATS	28,357	12,559	(6,262)	34,654
OTS	7,089	(1,883)	(501)	4,705
STS	-	262	(262)	-
WATS	394	1,323	(1,717)	-
WYTS	1,969	36,472	(2,119)	36,322
GTCS	<u>1,182</u>	<u>(300)</u>	<u>-</u>	<u>882</u>
Total	<u>\$ 5,112,482</u>	<u>\$ (517,237)</u>	<u>\$ (433,289)</u>	<u>\$ 4,161,956</u>

Reserve for Litigated and Unlitigated Claims

	Balance - <u>March 31, 2009</u>	Current Year Claims and Changes in Estimates	Claims Payments	Balance - <u>March 31, 2010</u>
RTS	\$ 1,287,167	\$ 56,475	\$ (504,249)	\$ 839,393
Lift Line	119,334	(75,417)	(298)	43,619
LATS	2,292	28,717	(31,009)	-
STS	-	692	(692)	-
WATS	22,058	(5,855)	(10,679)	5,524
WYTS	<u>100</u>	<u>7,286</u>	<u>-</u>	<u>7,386</u>
Total	<u>\$ 1,430,951</u>	<u>\$ 11,898</u>	<u>\$ (546,927)</u>	<u>\$ 895,922</u>

Reserve for Litigated and Unlitigated Claims

	Balance - <u>March 31, 2010</u>	Current Year Claims and Changes in Estimates	Claims Payments	Balance - <u>March 31, 2011</u>
RTS	\$ 839,393	\$ 572,020	\$ (440,448)	\$ 970,965
Lift Line	43,619	(525)	(5,170)	37,924
WATS	5,524	24,195	(400)	29,319
WYTS	<u>7,386</u>	<u>(263)</u>	<u>(264)</u>	<u>6,859</u>
Total	<u>\$ 895,922</u>	<u>\$ 595,427</u>	<u>\$ (446,282)</u>	<u>\$ 1,045,067</u>

10. SELF-INSURANCE (Continued)

Changes in investments designated for self-insurance during fiscal 2011 are as follows:

Balance - beginning of year	\$ 5,173,794
Interest earnings on self-insurance investment received	25,007
Claim payments	<u>(175,000)</u>
Balance - end of year	<u>\$ 5,023,801</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. It is management's opinion that the assets earmarked for self-insurance are adequate to cover known and incurred but not reported claims.

11. 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 unappropriated fund balances. During fiscal 2000 and 2007, \$1,200,000 and \$1,000,000, respectively, was added to the capital reserve fund from additional New York State Operating Assistance (STOA) funding. Otherwise, the capital reserve fund has been funded with amounts budgeted for local depreciation, to the extent practicable.

Changes in the investments designated for capital reserve during fiscal 2011 are as follows:

Balance - beginning of year	\$ 4,369,067
Additional funding from local depreciation funds	1,387,000
Adjustment for prior year disbursements	100,000
Authorized disbursements of funds for local share of capital purchases	<u>(1,136,237)</u>
Interest earnings on capital reserve investments	<u>18,800</u>
Balance - end of year	<u>\$ 4,738,630</u>

12. COMMITMENTS

Leases

Lift Line leases property under a non-cancelable operating lease agreement expiring March 2012, with annual rent of \$41,014. Rent expense at Lift Line under the terms of this agreement was approximately \$41,000 in 2011.

Subsequent to March 31, 2011, WYTS entered into non-cancelable operating lease agreements for property. The agreements expire April 2016 and have an annual aggregate rent of the \$19,800.

13. FIXED PRICE FUEL SWAP

Fuel Swap

In November 2008, RTS entered into a transaction with the Bank of America/Merrill Lynch (BofAML) to mitigate the volatile risk of diesel fuel costs for budgetary and cost control purposes as discussed below.

At March 31, 2011, RTS has the following fixed price fuel swap contract, which is considered a cash flow hedge, outstanding:

<u>Notional Amount</u>	<u>Fair Value</u>		<u>Changes in Fair Value</u>	
	<u>Classification</u>	<u>March 31, 2011</u>	<u>Classification</u>	<u>March 31, 2011</u>
125,000 Gallons of Diesel Fuel per Month	Assets	<u>\$ 1,513,612</u>	Deferred Inflows	<u>\$ 1,513,612</u>

Hedge Effectiveness

RTS 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. RTS 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 covers approximately 84% of total fuel establishing a cap on fuel cost per gallon for approximately 84% of fuel needs. The balance of RTS' fuel supply needs are purchased via spot market to take advantage of market prices that fall below the fixed price swap amount per gallon.

Terms

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

<u>Notional Amount</u>	<u>Counter-party Credit Rating *</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
125,000 Gallons of Diesel Fuel per month	A -	4/1/2010	3/31/2012	Pay \$2.25 per gallon of diesel fuel receive floating price Gulf Coast Ultra Low Sulfur Diesel Fuel price back.

* As noted by Moody's Investor Services and Standard and Poors.

During 2011, RTS received \$147,700, in cash net payments from BofAML. During 2010, RTS paid \$422,156, in cash net payments to BofAML.

13. FIXED PRICE FUEL SWAP (Continued)

Credit Risk

RTS is exposed to credit risk related to the fuel swap contract when it is in an asset position. To mitigate that risk, the total amount of the fuel swap contract asset as of March 31, 2011 is the maximum loss that would be recognized at the reporting date if BAML failed to perform.

RTS' has entered into a credit support agreement with BofAML to mitigate the risk of non-performance.

Basis Risk

RTS is exposed to basis risk on the fuel swap contract because the expected commodity purchase being hedged will price based on U.S. spot price, which is a pricing point that is different from the pricing point at which the forward contract is expected to settle. At March 31, 2011, the U.S. spot price is \$3.0784 per gallon and the swap price is \$2.2500 per gallon.

Termination Risk

The fuel swap contract may be terminated 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.

14. 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.

15. 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,
- RTS is in violation of a pollution prevention-related permit or license,
- RTS is named by a regulator as a responsible or potentially responsible party to participate in remediation,
- RTS is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- RTS voluntarily commends or legally obligates itself to commence remediation efforts.

During 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 that do not meet the criteria for capitalization. During 2010, RTS revised its estimated costs related to the related remediation obligation; RTS recognized a gain on change in soil remediation of \$86,490 and reduced its soil remediation liability to \$585,310 as of March 31, 2010, using the expected cash flow technique.

15. SOIL REMEDIATION LIABILITY (Continued)

During 2011, RTS identified and estimated additional remediation obligations related to underground soil contaminations and monitoring and revised its estimated costs accordingly. RTS recognized a loss on change in soil remediation of \$333,130 and has increased its soil remediation liability to \$882,447 as of March 31, 2011, using the cash flow technique.

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

	<u>2011</u>	<u>2010</u>
Soil remediation liability beginning of year	\$ 585,310	\$ 699,480
Expected additional future outlays, increasing liability estimates	333,130	-
Payments for soil remediation	(35,993)	(27,680)
Reduction in liability estimates	<u>-</u>	<u>(86,490)</u>
Soil remediation liability end of year	<u>882,447</u>	<u>585,310</u>
Less: Current portion	<u>(551,879)</u>	<u>(289,435)</u>
Long-term soil remediation liability	<u>\$ 330,568</u>	<u>\$ 295,875</u>

RTS has estimated it will expend approximately \$552,000 in fiscal 2012 and has recorded this amount as a current liability.

The pollution remediation liability consists of future and present activities associated with the de-contamination 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.

16. INVENTORY RESERVE MANAGEMENT

Effective March 31, 2010, RTS terminated its contract with Genuine Parts Inc. (d/b/a NAPA), for the provision of parts supply management services to RTS. The contract required RTS to purchase remaining inventory from NAPA upon termination. RTS has paid NAPA for certain parts in remaining inventory, but withheld payment for a portion claiming that NAPA failed to meet the terms of its service agreement. As of March 31, 2011, the parties are in discussions in an attempt to resolve the matter short of litigation. Pending resolution, RTS has recorded a liability on the accompanying balance sheet for \$442,934, which represents the cost of the parts in question.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

Exhibit I

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2011

Grant No.	CFDA No.	Grant Purpose	Grant Term	Federal Costs Incurred			Federal Grant Revenue			
				Approved Federal Grant Amount	During Fiscal 2011	Cumulative Through March 31, 2011	Earned to March 31, 2011	Billed to March 31, 2011	Received During Fiscal 2011	Received Cumulative to March 31, 2011
AUTHORITY										
<u>FEDERAL HIGHWAY ADMINISTRATION:</u>										
NY-37-X084-00	20.516	2009/10 Job Access Reverse Commute	8/1/09 - 7/31/11	792,708	326,947	524,891	524,891	-	-	-
NY-57-X001	20.521	New Freedom	8/1/07-	167,477	38,356	144,778	144,778	144,778	43,950	140,026
NY-57-X017	20.521	New Freedom, RTS Passups, Program administration	7/1/10-	558,719	44,074	44,074	44,074	44,074	3,688	3,688
C003815	20.516	Job Acces Reverse Commute	5/1/08 -	150,000	26,079	15,000	150,000	150,000	42,719	143,890
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>										
K006870	93.558	Temporary Assistance for Needy Families	2/1/08-12/31/08	2,000,000	-	2,008,001	2,008,001	2,008,001	147,697	2,008,001
K006898	93.558	Temporary Assistance for Needy Families	7/1/08 - 12/31/09	2,000,000	-	1,989,526	1,989,526	1,989,526	1,008	1,988,826
K006977	93.558	Temporary Assistance for Needy Families	10/1/2009-12/31/10	2,000,000	397,645	1,988,287	1,988,287	1,988,287	1,984,042	1,986,490
K007028	93-558	Temporary Assistance for Needy Families	10/1/2010 - 9/30/11	403,000	38,201	38,201	38,201	38,201	-	-
<u>FEDERAL TRANSIT ADMINISTRATION FORMULA GRANTS:</u>										
NY-90-X526	20.507	Preventive maintenance, Transit buses, Hybrid buses, shelter, Renaissance Square	N/A	25,571,282	-	24,802,428	24,802,428	24,802,428	-	24,802,428
NY-90-X541	20.507	Preventive maintenance, TIDE, Lift Line buses	N/A	10,738,500	271,420	10,738,500	10,738,500	10,738,500	1,698,830	10,738,500
NY-90-X582	20.507	Preventive maintenance, Lift replacement, Diesel buses, TIDE	N/A	9,366,212	34,269	8,901,578	8,901,578	8,901,578	21,647	8,888,956
NY-90-X585	20.507	Preventive maintenance, Buses, Transit Enhancement	N/A	9,605,460	415,461	9,605,460	9,605,460	9,605,460	468,466	9,605,460
NY-90-X615	20.507	Preventive maintenance, Purchase signage, Transit Enhancement	N/A	9,189,875	920,983	6,369,900	6,369,900	6,369,900	-	5,448,917
NY-90-X641	20.507	Transit Enhancement, Preventive Maintenance, Install Lifts	N/A	7,859,060	1,461,004	3,622,909	3,622,909	3,622,909	3,622,909	3,622,909
NY-95-X006	20.507	RTS Buses, TIDE	N/A	5,700,000	2,179,950	5,655,519	5,655,519	5,655,519	2,313,373	5,655,494
NY-95-X014	20.507	Tide, RTS Buses, Fleet Maintenance	N/A	4,272,956	856,939	856,939	856,939	856,939	110,491	110,491
NY-95-X023	20.507	Tide	N/A	4,000,000	228,000	228,000	228,000	228,000	-	-
2011 RGRTA 5307	20.507	Preventive maintenance, Purchase Buses, Transit Enhancement	N/A	-	2,872,641	2,872,641	2,872,641	-	-	-
<u>FEDERAL TRANSIT CAPITAL IMPROVEMENT GRANTS:</u>										
NY-03-0429	20.500	Renaissance Square	N/A	8,290,841	633,561	4,499,793	4,499,793	4,499,793	471,563	4,329,493
NY-04-0060	20.500	Transit Center	N/A	3,067,180	162,439	162,439	162,439	162,439	95,172	95,172
College Town 5309	20.500	College Town	N/A	800,000	24,110	24,110	24,110	-	-	-
State of Goods Repair	20.500	RTS Site Improvements	N/A	2,323,963	42,737	42,737	42,737	-	-	-
09 5309 Ren. Sq.	20.500	Transit Center	N/A	4,404,512	-	-	-	-	-	-
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY GRANTS:</u>										
2009-RA-T9-0049	97.075	Security Improvements	N/A	559,140	342,421	342,421	342,421	342,421	321,084	321,084
<u>HIGHWAY PLANNING AND CONSTRUCTION GRANTS:</u>										
D-125016/D-125017	20.505	R-GRTA - UPWP	N/A	550,816	123,453	348,327	348,327	348,327	157,678	224,875

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

Exhibit I

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010
(Continued)

Grant No.	CFDA No.	Grant Purpose	Grant Term	Approved Federal Grant Amount	Federal Costs Incurred		Federal Grant Revenue			
					During Fiscal 2011	Cumulative Through March 31, 2011	Earned to March 31, 2011	Billed to March 31, 2011	Received During Fiscal 2011	Received Cumulative to March 31, 2011
AUTHORITY (Continued)										
<u>AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009</u>										
NY-96-X019	20.507	Transit Buses, Site Improvements	N/A	15,796,418	6,732,094	8,920,572	8,920,572	8,920,572	6,800,679	8,894,126
NY-66-X001	20.507	Non Revenue	N/A	466,000	63,719	466,000	466,000	466,000	63,719	466,000
C003847	20.509	Regional Buses, Bus Shelters	N/A	4,102,000	910,463	3,585,376	3,585,376	3,585,376	3,576,722	3,577,901
C007556	66.040	State Clean Diesel Grant Program	4/1/2009-5/31/2011	872,874	752,642	752,642	752,642	752,642	551,124	551,124
<u>FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS:</u>										
C-003654	20.509	RTS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	36,100	-	36,100	36,100	36,100	36,100	36,100
C-003654	20.509	BBS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	67,900	-	67,900	67,900	67,900	67,900	67,900
C-003654	20.509	LATS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	77,300	-	77,300	77,300	77,300	77,300	77,300
C-003654	20.509	OTS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	43,700	-	43,700	43,700	43,700	43,700	43,700
C-003654	20.509	STS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	37,600	-	37,600	37,600	37,600	37,600	37,600
C-003654	20.509	WATS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	99,700	-	99,700	99,700	99,700	99,700	99,700
C-003654	20.509	WYTS Section 5311 operating assistance for fiscal 2010	04/01/09-03/31/10	69,200	-	69,200	69,200	69,200	69,200	69,200
C-003654	20.509	RTS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	38,600	38,600	38,600	38,600	38,600	38,600	38,600
C-003654	20.509	BBS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	72,700	72,700	72,700	72,700	72,700	72,700	72,700
C-003654	20.509	LATS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	82,700	82,700	82,700	82,700	82,700	82,700	82,700
C-003654	20.509	OTS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	46,700	46,700	46,700	46,700	46,700	46,700	46,700
C-003654	20.509	STS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	40,200	40,200	40,200	40,200	40,200	40,200	40,200
C-003654	20.509	WATS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	106,700	106,700	106,700	106,700	106,700	106,700	106,700
C-003654	20.509	WYTS Section 5311 operating assistance for fiscal 2011	04/01/10-03/31/11	74,100	74,100	74,100	74,100	74,100	74,100	74,100
C-003654	20.509	Section 5311 capital assistance	N/A	1,124,000	8,453	686,458	686,458	686,458	-	678,005
Total Authority				137,626,193	20,369,761	101,130,707	101,265,707	97,801,328	23,389,761	95,175,056
GTCS										
<u>HIGHWAY PLANNING AND CONSTRUCTION GRANTS</u>										
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	N/A	10,887,689	1,415,542	8,789,224	8,790,529	8,790,529	1,176,687	8,121,863
Total Authority and GTCS				\$ 148,513,882	\$ 21,785,303	\$ 109,919,931	\$ 110,056,236	\$ 106,591,857	\$ 24,566,448	\$ 103,296,919

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 17, 2011

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

We have audited the basic financial statements of the Rochester-Genesee Regional Transportation Authority and each of its blended component units (collectively, the Authority) as of and for the year ended March 31, 2011, and have issued our report thereon dated June 17, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting. 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. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

- Identification of the State Clean Diesel Grant Program as a pass-through award of Federal American Recovery and Reinvestment Act funding for inclusion on the Schedule of Expenditures of Federal Awards.

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(Continued)

**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 basic financial statements are free of 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 audits, 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*.

We noted certain matters that we reported to management of the Authority in a separate letter dated June 17, 2011.

This report is intended solely for the information of management, the Board of Commissioners, the audit committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.