

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

**Financial Statements
as of March 31, 2010
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 21, 2010

To the Commissioners of
Rochester-Genesee Regional Transportation Authority:

We have audited the accompanying balance sheets 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 March 31, 2010, and the related statements of revenue, expenses and changes in net assets and cash flows for the year then ended. We have also audited the consolidated information of the Authority as of and for the year ended March 31, 2010, as displayed in the Authority's financial statements. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from the Authority's 2009 financial statements and in our report dated June 22, 2009, we expressed an unqualified opinion on those financial statements.

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. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual financial position of the Authority and each of its blended component units as well as consolidated information as of March 31, 2010, and the 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 21, 2010, 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 grants 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 audits.

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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 14 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 audits were conducted for the purpose of forming an opinion on the basic financial statements of the Authority and each of its blended component units, taken as a whole. The accompanying supplementary information on Exhibit I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 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, 2010
PREPARED BY ROBERT W. FRYE, CHIEF FINANCIAL OFFICER

Overview of the Financial Statements

Rochester-Genesee Regional Transportation Authority (Authority) is comprised of 10 business units. Corporate governance is provided through the entity, Rochester-Genesee Regional Transportation Authority. Transit operations are provided through 8 separate units, each providing services within the respective seven (7) member counties, with the exception of Monroe County which has two business units, Regional Transit Service Inc. (RTS), and Lift Line Inc. The Authority also acts as administrative host for the local metropolitan planning agency, Genesee Transportation Council (GTC) through Genesee Transportation Council Inc. (GTCS). The financial statements for all business units are prepared in conformance with generally accepted accounting principles.

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

The balance sheet presents the financial position of the Authority as of March 31, 2010, the last day of the 2010 fiscal year. Conversely, the statement of revenue, expenses, and changes in net assets provides a summary of the Authority's activities and operations for the entire fiscal year beginning April 1, 2009, and ending March 31, 2010. 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 the basic 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, 2010. It is best understood when read in conjunction with the Authority's financial statements, as described above.

General Overview

Economically, 2010 was another successful year for the Authority, despite the negative impacts of the economic recession on several important revenue streams. The Authority concluded 2010 with a net income, or surplus from operations and governmental subsidies totaling \$2.2 million. However, after excluding a \$5.6 million accounting charge for the accrued liability of Other Postemployment Benefits (OPEB) which requires no actual funding, and also excluding a one time charge of \$10.8 million for asset impairment related to the defunct Renaissance Square project, net income from operations and governmental subsidies totaled \$3.4 million. This is the fourth consecutive year completed with a surplus.

Net assets grew by \$6.9 million to \$91.5 million, largely driven by the replacement of fifty (50) revenue vehicles and investments in technology. These major capital investments and others were made possible through the receipt of both federal and state grants.

The Authority's Available Unrestricted Net Assets (AUNA) at year end declined by 5% from the prior year, but remained strong at \$19.0 million. These assets are a critical resource available to support future operating expenses or other purposes as determined by the Authority's Board of Commissioners.

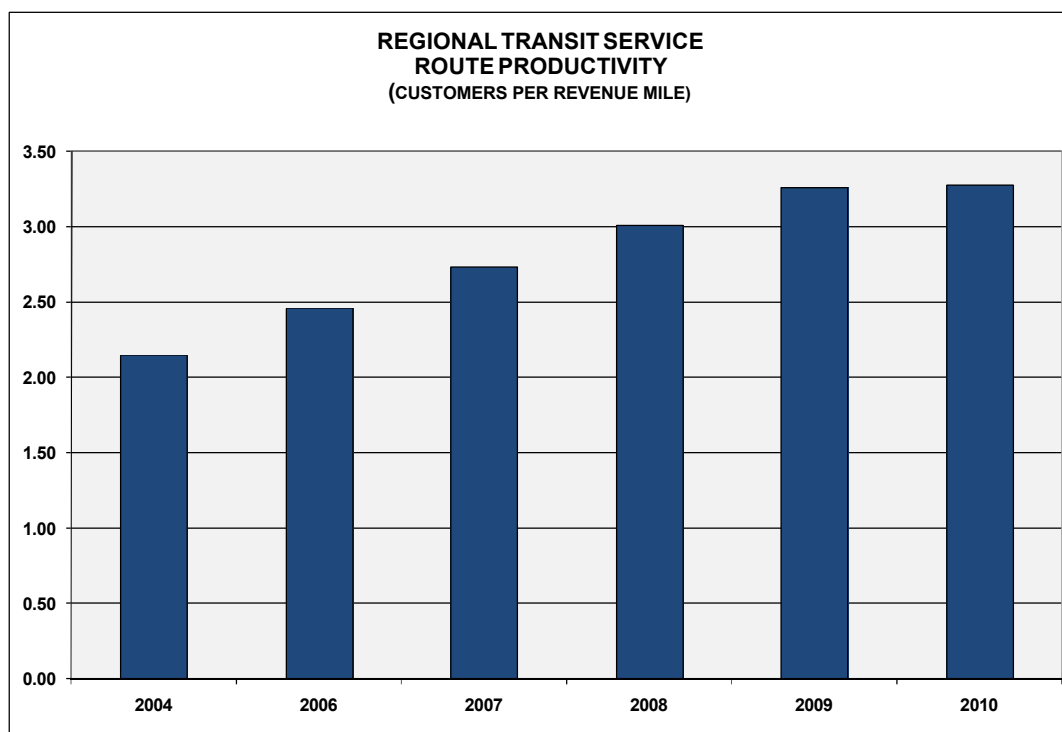
Operationally, despite the economic recession, public transportation service demand across all operating companies held steady at 17.7 million customer trips, representing a slight increase of .4% from the prior year. (By comparison, across the nation most public transportation operators experienced ridership declines of approximately 7%.) The chart below provides customer trip data for each of the Authority's operating companies, as compared to the prior year.

RGRTA Customer Trips (000's): 2010 vs. 2009									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2010	16,826	180	63	270	68	75	152	86	17,720
2009	16,737	182	61	284	59	64	157	106	17,650
% Change	0.5%	-1.1%	2.8%	-5.0%	14.6%	16.2%	-3.2%	-18.6%	0.4%

On a consolidated basis, service productivity, as measured by customers per revenue mile, improved 2%. The chart below provides comparative data for service productivity at each of the Authority's subsidiary companies for 2010 and the prior year.

Customers Per Revenue Mile: 2010 vs. 2009									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2010	3.27	0.12	0.37	0.61	0.31	0.29	0.21	0.22	2.01
2009	3.26	0.12	0.35	0.65	0.27	0.26	0.18	0.26	1.97
% Change	0%	0%	6%	-6%	15%	12%	17%	-15%	2%

Impressively, customers per revenue mile at RTS, which provides 95% of the Authority's total customer trips, increased for the sixth consecutive year. In fact, RTS service productivity has increased 52% over the past five years, driven by a 20% increase in customer trips combined with a 23% reduction in vehicle revenue miles.



Balance Sheet

The Authority's balance sheet as of March 31, 2010 demonstrates continued progress towards achievement of the Authority's strategic goal of long-term financial success.

Total assets measured \$131.5 million, representing an increase of \$9.6 million or 8% over the prior year. Current assets totaled \$49.3 million, declining \$5.0 million or 9% from the prior year. Noncurrent assets finished the year at \$82.3 million, increasing \$14.6 million due to investments in capital assets and a transfer of \$4.0 million from current assets into the OPEB reserve fund.

Total liabilities at year end, both current and long term, were \$40.0 million, increasing \$2.7 million or 7% from the prior year. Current liabilities totaled \$19.6 million, dropping \$2.6 million from the prior year due to the settlement of a long outstanding collective bargaining agreement which covered more than half of all employees and continued favorable experience with both Worker's Compensation and other liability claims.

Long term liabilities totaled \$20.4 million, increasing \$5.3 million or 36%. This increase was entirely due to a \$5.6 million charge for accrued OPEB benefits which increased from \$14.4 million to \$20.0 million. Positively, the Authority's actuarially accrued liability for OPEB at March 31, 2010, declined 34% to \$66.2 million, as compared to \$100.7 million for the prior year. This significant reduction was achieved through negotiated labor contract changes in OPEB benefits for future retirees. In 2007 the Authority proactively established an OPEB reserve fund, in anticipation of legislation enabling the creation of a dedicated trust fund for OPEB. At this time, no legislation has been enacted to allow for a dedicated trust fund. As previously noted, during 2010 this reserve fund was increased from \$4.2 to \$8.2 million, by authorization of the Board of Commissioners.

Total net assets were \$91.5 million, representing an increase of \$6.9 million or 8% over the prior year. Net capital assets increased \$10.4 million, while unrestricted net assets ended the year at \$21.1 million, down \$3.5 million or 14% from the prior year.

BALANCE SHEET - COMPARISON TO PRIOR YEAR (000'S)

	Fiscal 2010	Fiscal 2009	VARIANCE	%
CURRENT ASSETS				
Cash and Short-Term Investments	\$ 23,527	\$ 31,474	\$ (7,947)	-25%
Accounts Receivable Total	15,403	11,281	4,122	37%
Self insurance & capital reserve funds	9,543	10,727	(1,184)	-11%
Other Current Assets	<u>802</u>	<u>808</u>	<u>(6)</u>	<u>-1%</u>
Total Current Assets	<u>49,275</u>	<u>54,290</u>	<u>(5,015)</u>	<u>-9%</u>
NONCURRENT ASSETS				
Capital Assets, Net	70,516	60,215	10,301	17%
Notes Receivable	-	8	(8)	-100%
Paratransit reserve fund	3,148	3,027	121	4%
Other post employment benefits reserve fund	<u>8,614</u>	<u>4,397</u>	<u>4,217</u>	<u>96%</u>
Total Noncurrent Assets	<u>82,278</u>	<u>67,647</u>	<u>14,631</u>	<u>22%</u>
TOTAL ASSETS	<u>\$ 131,553</u>	<u>\$ 121,937</u>	<u>\$ 9,616</u>	<u>8%</u>
CURRENT LIABILITIES				
Accts Payable and Other Current Liability	\$ 7,122	\$ 7,957	\$ (835)	-10%
Accrued Wages, Vacation, Pension, Taxes	5,777	7,360	(1,583)	-22%
Reserve for WC and Total Reserve for Claims	6,046	6,735	(689)	-10%
Soil Remediation Liability	289	211	78	37%
Inventory Reserve	<u>443</u>	<u>-</u>	<u>443</u>	<u>100%</u>
Total Current Liabilities	<u>19,677</u>	<u>22,263</u>	<u>(2,586)</u>	<u>-12%</u>
LONG TERM LIABILITIES				
Accrued OPEB liability	20,042	14,438	5,604	39%
Capital Lease Obligation, net of current portion	64	126	(62)	-49%
Soil Remediation Liability, net of current portion	<u>296</u>	<u>489</u>	<u>(193)</u>	<u>-39%</u>
Total Long Term Liabilities	20,402	15,053	5,349	36%
TOTAL LIABILITIES	<u>40,079</u>	<u>37,316</u>	<u>2,763</u>	<u>7%</u>
NET ASSETS				
Invested in Capital Assets, net of capital lease	70,390	60,029	10,361	17%
Unrestricted	<u>21,084</u>	<u>24,592</u>	<u>(3,508)</u>	<u>-14%</u>
Total Net Assets	91,474	84,621	6,853	8%
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 131,553</u>	<u>\$ 121,937</u>	<u>\$ 9,615</u>	<u>8%</u>

Available Unrestricted Net Assets

AUNA are those unrestricted net assets that are not designated for any specific purpose; and represent resources 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 \$19.0 million as of March 31, 2010, representing a decrease of \$1.0 million, or 5% from the prior year. These assets provide the Authority with important flexibility to meet future financial challenges.

Calculation of Available Unrestricted Net Assets as of March 31: (000's)				
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>%</u>
Unrestricted net assets	\$ 21,084	\$ 24,592	(3,508)	-14%
Add: Unfunded OPEB	20,042	14,438	5,604	39%
Less:				
Self Insurance	\$ 5,174	\$ 5,336	(162)	-3%
Capital Reserve	4,369	5,391	(1,022)	-19%
OPEB Reserve	8,614	4,397	4,217	96%
PARA Transit Reserve	3,148	3,027	122	100%
Notes Receivable	-	8	(8)	-100%
Prepaid Expenses	186	325	(140)	-43%
Inventory	615	482	133	28%
GTC unrestricted net assets	103	54	49	
	<u>(22,210)</u>	<u>(19,020)</u>	<u>(3,189)</u>	<u>17%</u>
Available unrestricted net assets	<u>\$ 18,917</u>	<u>\$ 20,010</u>	<u>\$ (1,093)</u>	<u>-5%</u>

Statement of Revenues, Expenses, and Change in Net Assets

REVENUE, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31: (000'S)				
	Fiscal 2010	Fiscal 2009	Variance	%
Operating Revenue				
Total Customer Fares	\$ 11,763	\$ 12,287	\$ (524)	-4.3%
Total Route Subsidies	14,165	12,909	1,256	9.7%
Total Other Revenues	<u>1,492</u>	<u>2,109</u>	<u>(617)</u>	<u>-29.3%</u>
Total Operating Revenue	27,420	27,305	115	0.4%
Operating Expenses and Depreciation				
Total Personnel Expenses	57,106	57,982	(876)	-1.5%
Total Non Personnel Expenses	<u>21,229</u>	<u>20,501</u>	<u>728</u>	<u>3.6%</u>
Total Operating Expenses Excluding Depreciation	78,335	78,483	(148)	-0.2%
Total Depreciation	<u>9,244</u>	<u>8,853</u>	<u>391</u>	<u>4.4%</u>
Total Operating Expenses and Depreciation	87,579	87,336	243	0.3%
Loss From Operations	(60,159)	(60,031)	(128)	0.2%
Non Operating Income (expense)				
Interest Earnings	477	1,106	(629)	-56.9%
Mortgage Tax Receipts	7,059	7,165	(106)	-1.5%
Loss on Impairment of Capital Assets	(10,660)	-	(10,660)	-100.0%
Other Non Operating Income (expense)	<u>100</u>	<u>(784)</u>	<u>884</u>	<u>-112.8%</u>
Total Non Operating Income (expense)	(3,024)	7,487	(10,511)	-140.4%
External Operating Assistance Subsidies				
Federal	6,879	7,042	(163)	-2.3%
State of New York	31,551	33,511	(1,960)	-5.8%
Member Counties	<u>3,726</u>	<u>3,726</u>	<u>-</u>	<u>0.0%</u>
Total External Operating Assistance Subsidies	42,156	44,279	(2,123)	-4.8%
Change in Net Assets before Capital Contributions	(21,027)	(8,265)	(12,762)	154.4%
Capital Contributions				
Federal	24,634	9,160	15,474	168.9%
State	<u>3,246</u>	<u>1,845</u>	<u>1,401</u>	<u>75.9%</u>
Total Capital Contributions	27,880	11,005	16,875	153.3%
Change in Net Assets	6,853	2,740	4,113	150.1%
Net Assets BOY	<u>84,621</u>	<u>81,881</u>	<u>2,740</u>	<u>3.3%</u>
Net Assets EOY	\$ 91,474	\$ 84,621	\$ 6,853	8.1%

Operating Revenue and Public Support

Operating revenue for the fiscal year totaled \$27.4 million. This is relatively flat compared to 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)				
	2010	2009	Change	% Change
Customer Fares	\$ 11.8	\$ 12.3	\$ (0.5)	-4.1%
Route Subsidies	14.2	12.9	1.3	10.1%
Other	<u>1.4</u>	<u>2.1</u>	<u>(0.7)</u>	<u>-33.3%</u>
Total	\$ 27.4	\$ 27.3	\$ 0.1	0.4%

Customer Fares

Customer fare revenue (inclusive of Temporary Assistance for Needy Families/Welfare to Work) totaled \$11.8 million during 2010, decreasing \$.5 million from the prior year, as the result of the RTS fare reduction that became effective in the fall of 2008. As previously noted, total customer trips held steady from the prior year at 17.4 million. The average RTS fare per customer for fare media based trips also remained stable at \$.94 per trip.

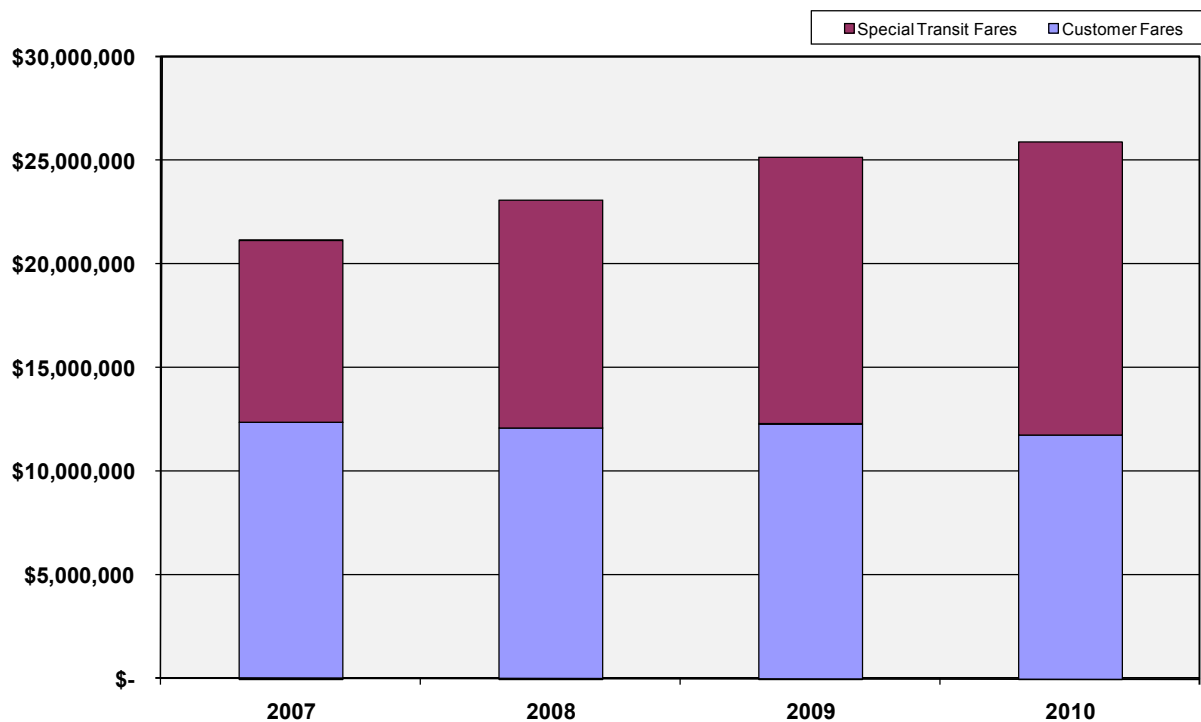
Special Transit Fares

Special transit fares are derived from subsidy agreements with educational institutions and other community organizations (both public and private) which benefit from fixed route services. The continued growth of this revenue source over the past four years is a critical element of the Authority's business model and financial success.

In order to focus effort on the development and maintenance of these important relationships, the position of Director of Business Development was established and filled in April 2009.

During 2010, revenue from subsidy agreements grew 9.7%, totaling \$14.2 million; and exceeded fare media based revenue by 20%.

Customer & Special Transit Fares



Other Operating Revenue

Other operating revenue includes advertising fees and various recoveries or reimbursements from other parties. These revenues totaled \$1.5 million during 2010, decreasing \$.6 million or 29% from the previous year. This decline was driven by decreases in Workers' Compensation recoveries and pension fund reimbursements.

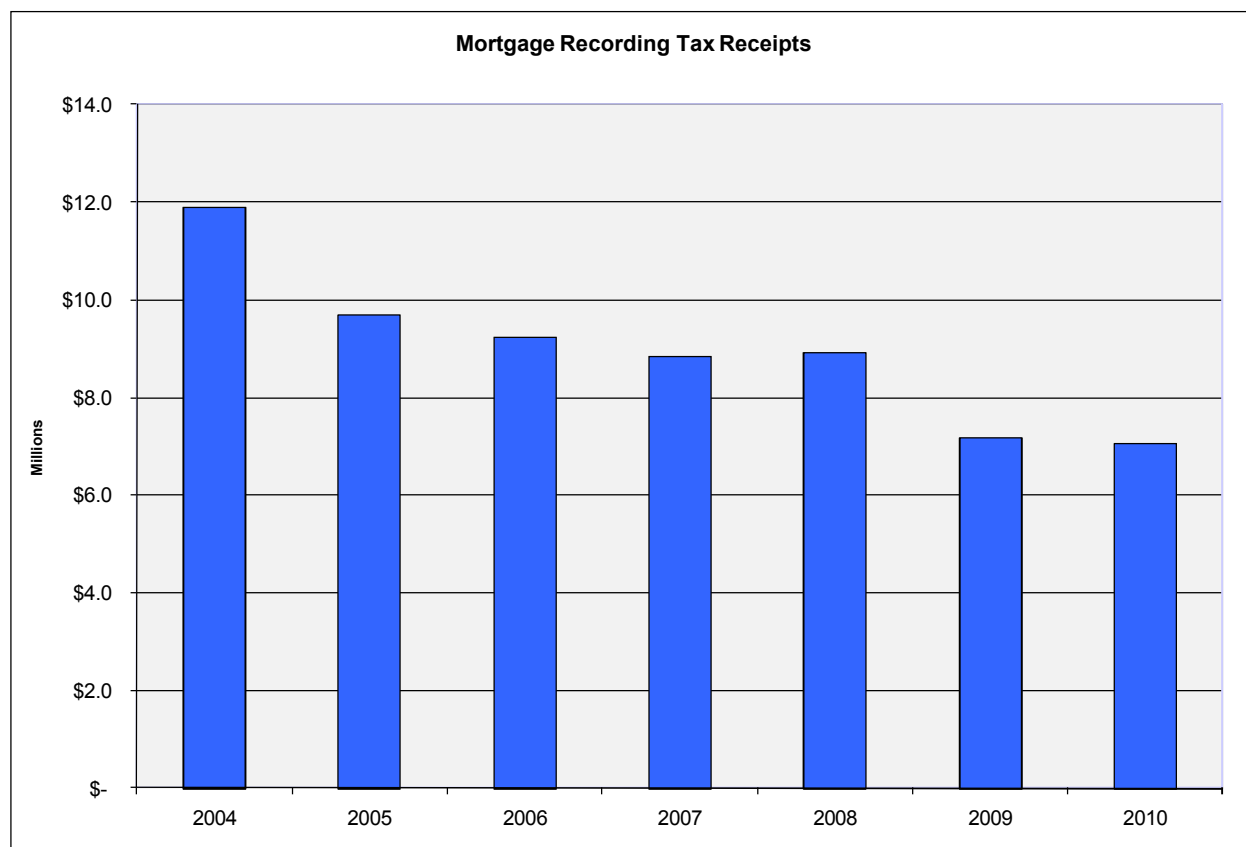
Non Operating Income (Expense)

The major components of non operating income (expenses) are investment earnings, Mortgage Recording Tax (MRT) and other miscellaneous gains or losses. Non operating income (expense) for 2010 totaled \$3.1 million, declining by \$10.5 million from the prior year. This significant change is caused by a one time accounting charge of \$10.6 million, resulting from the demise of the Renaissance Square Project, and the consequent impairment of assets related to costs incurred for the community college and performing arts components of the project. Excluding this asset impairment, non operating income (expense) totaled \$7.6 million versus \$7.5 million for the prior year.

Nonoperating Revenue (000's)				
Type	2010	2009	Change	% Change
Investment earnings	\$ 477	\$ 1,106	\$ (629)	-57%
Mortgage Tax	7,059	7,165	(106)	-1%
Other	(10,588)	(784)	(9,804)	1250%
Total	\$ (3,052)	\$ 7,487	\$ (10,539)	-141%

Despite strong liquidity throughout the year, investment earnings decreased 57%, due to the prevalence of significantly lower interest rates. Throughout 2010, the average interest rate for investments was .62%, compared to 2.58% for 2009.

MRT receipts totaled \$7.06 million, dropping 1.5% from the prior year. The otherwise strongly negative impacts of the economic recession appear to have been mitigated by the federal stimulus program granting tax deductions to home buyers. MRT receipts have steadily declined over the past six years since reaching a peak of \$11.9 million in 2004.



External Operating Subsidies

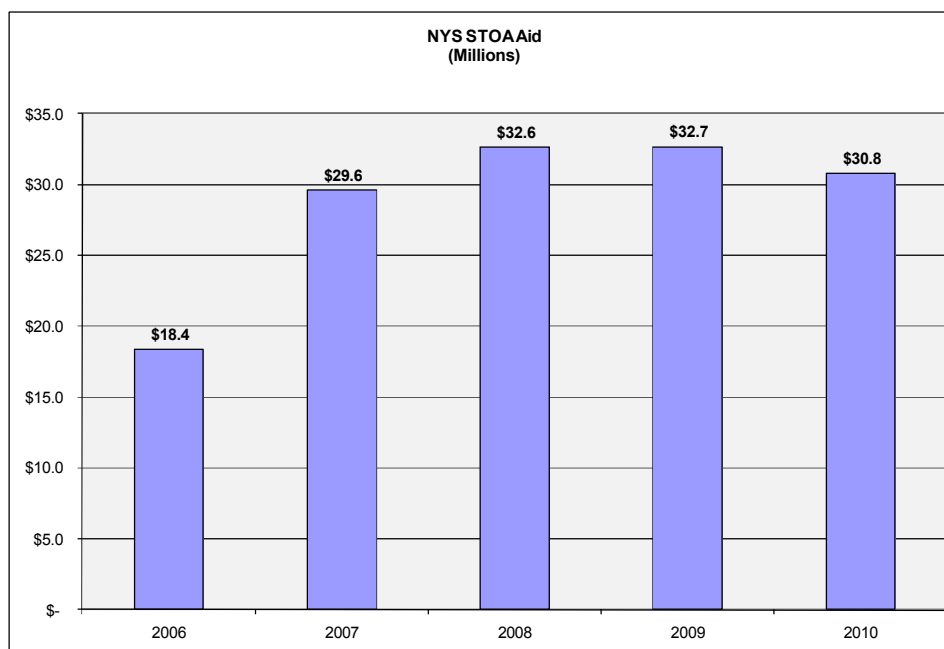
Member Counties

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. A combined total of \$3.7 million in County assistance was received by the Authority during 2010. The total statutory amount of this subsidy has been unchanged for many years.

State of New York

Aid from New York State is the most critical revenue supporting operations of the Authority. During 2010, total aid from the state was \$31.6 million, representing a decline of \$2.0 million or 6.0% from the prior year. The Authority's STOA started at \$27.5 million as proposed by Governor Paterson, rose to \$32.0 million in the adopted state budget, then fell back to \$30.8 million as part of a state deficit reduction plan approved by the legislature in November 2009.

The chart below shows the trend of STOA over the past five years. The Authority's emphasis on improving route productivity and growing special transit fare revenues has reduced its reliance on aid from New York State.



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; formula assistance under the Job Access and Reverse Commute (JARC) program; planning grants through the Urban Planning and Works Program (UPWP); and rural transit capital and 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 2010, the Authority received a total of \$6.9 million in federal operating subsidies, representing an approximate decline of 2% from the prior year.

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)			
Federal Program	<u>2010</u>	<u>2009</u>	<u>Change</u>
JARC	\$ 376	\$ 397	\$ (21)
New Freedom	42	43	(1)
Formula (5307)	4,363	4,589	(226)
UPWP	247	181	66
Rural transit (5311)	432	403	29
Other	71	133	(62)
GTCS	<u>1,347</u>	<u>1,297</u>	<u>50</u>
	\$ 6,878	\$ 7,043	\$ (165)

Operating Expenses (Exclusive of Depreciation)

Total operating expenses (excluding depreciation) for 2010 were \$78.3 million, a decrease of \$0.2 million or .2% from the prior year. Excluding the previously described OPEB charges of \$5.6 million and \$7.4 million for 2010 and 2009, respectively, total operating expenses grew \$1.6 million to \$72.7 million, representing a 2.0% increase from the prior year.

Personnel

Personnel expenses, including wages and benefits, totaled \$57.1 million, decreasing \$.9 million or 1.5%. Exclusive of the OPEB charges noted above, total personnel expenses totaled \$51.5 million for 2010, representing an increase of \$.9 million of \$2.6 million or 1.8%.

Wages alone totaled \$35.8 million decreasing \$.2 million or 1% from the prior year. It's important to note that settlement of the long outstanding RTS labor contract resulted in a favorable accrual adjustment of \$1.27 million against 2010 wages and benefits.

The major categories of employee benefit expenses are social security taxes, Workers' Compensation, pension fund contributions, paid time off, and medical insurance. During fiscal 2010, employee benefit expenses totaled \$21.3 million, a decrease of \$.7 million or 3.4% from the prior year. Exclusive of the OPEB charge, benefit costs totaled \$15.7 million, increasing approximately \$1.1 million or 8%.

Under the new collective bargaining agreement for RTS employees represented by Amalgamated Transit Union Local 282, all current employees now pay 5% towards the premium cost of a less expensive medical insurance plan. Medical insurance for new retirees has also changed to a less expensive plan. These changes will generate significant savings for the Authority in the future, estimated at \$1.8 million for 2011 alone. In addition, these changes had a very significant impact on the Authority's total accrued actuarial OPEB liability, which dropped from \$100.7 million for March 31, 2009 to \$66.2 million as of March 31, 2010.

Non-personnel

Non-personnel expenses include a variety of categories, such as fuel and lubricants; bus parts and shop supplies; contracted services; utilities; insurance and liability cost; and miscellaneous costs. Non-personnel expenses for 2010 were held relatively steady. Exclusive of depreciation, non-personnel costs totaled \$20.8 million, representing an increase of \$.3 million or 1.5% over the prior year.

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. During 2010, the American Recovery and Reinvestment Act (ARRA) was passed by Congress to help stimulate the economy. The Authority received an allocation of \$20.4 million to provide 100% funding for transit related projects. ARRA grants have enabled the Authority to advance a myriad of previously unfunded projects, including replacements for both revenue and non-revenue vehicles, and facility and site improvements to the Authority's main campus.

Renaissance Square

Through its participation in Main & Clinton Local Development Corporation (MCLDC), the Authority previously partnered with Monroe County, Monroe Community College, and the City of Rochester in the planning for development of a major mixed use project in downtown Rochester. The project was designed to combine a transit center for RTS customers; a new downtown campus for the college; and a Performing Arts Center. The total estimated project budget of \$230 million was to have been funded from a combination of federal and state grants, as well as funding from the Authority, Monroe County, and private donations. Unfortunately, after completing preliminary design, achieving environmental approvals; and receiving authorizations to proceed with final design and land acquisition from all project partners, the project was halted in July 2009, after failure to gain approvals from the Rochester City Council. MCLDC is now in the process of being dissolved; and, the partners are separately pursuing their respective development objectives. As noted previously, the Authority recorded a charge of \$10.6 million for asset impairment due to the demise of the Renaissance Square Project.

Currently, the Authority is seeking approval from the Rochester City Council for a partial street abandonment necessary for the development of a stand alone transit facility at the same location in downtown Rochester.

TIDE

Significant progress was made during 2010 towards full implementation of the Authority's major technology project known as TIDE (Technology Investments Driving Excellence). The new software system facilitating management of RTS bus operator assignments and data generation for payroll processing successfully went live. During 2011, it's expected that each of the following functionalities will also go live: Automated Passenger Counters; Automated Stop Announcements; Advanced Traveler Information System; RTS Fleet Management; and upgraded Route Schedule Adherence.

The chart below summarizes the Authority's 2010 capital investments and funding:

2010 Capital Contributions (000's)	
Investments by Major Category	Total
Revenue Vehicles	\$ 18,180
TIDE	5,100
Renaissance Square	1,559
Site Improvements	466
Non Revenue Vehicles	337
LL and Regional Buses	3,980
Other	694
Total	\$ 30,316
Supporting Funding Sources	
Federal	\$ 24,634
State	3,246
Total Grant	27,880
Local	2,436
Total Funding Source	\$ 30,316

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 manage with 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. Jacqueline Halldow.

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

BALANCE SHEETS

MARCH 31, 2010 (With Comparative Totals as of March 31, 2009)

	Total <u>2010</u>	Total <u>2009</u>	<u>Authority</u>	<u>RTS</u>	<u>Lift Line</u>	<u>BBS</u>
ASSETS						
CURRENT ASSETS:						
Cash and short-term investments	\$ 23,527,384	\$ 31,473,545	\$ 23,460,986	\$ -	\$ 5,241	\$ 5,888
Investment of self-insurance fund	5,173,794	5,336,024	5,173,794	-	-	-
Investment of capital reserve fund	4,369,067	5,390,898	4,369,067	-	-	-
Accounts receivable, net	6,038,514	5,288,468	-	5,141,757	9,351	57,566
Mortgage tax receipts receivable	465,383	689,025	465,383	-	-	-
Capital grants receivable	5,347,903	2,618,118	5,347,903	-	-	-
Operating assistance receivable	3,549,716	2,215,829	-	3,036,786	112,500	67,900
Interest receivable	1,246	469,395	1,246	-	-	-
Materials and supplies inventory, net	615,262	482,451	-	531,186	84,076	-
Prepaid expenses and other current assets	185,955	325,454	74,367	110,992	-	-
Inter-entity receivable	-	-	-	828,141	152,182	-
Total current assets	<u>49,274,224</u>	<u>54,289,207</u>	<u>38,892,746</u>	<u>9,648,862</u>	<u>363,350</u>	<u>131,354</u>
NONCURRENT ASSETS:						
Capital assets, net	70,515,986	60,215,253	23,282	62,047,168	3,108,503	368,360
Notes receivable	-	8,488	-	-	-	-
Investment of other postemployment benefits reserve fund	8,614,230	4,397,314	8,614,230	-	-	-
Investment of paratransit reserve fund	3,148,253	3,026,618	3,148,253	-	-	-
Investments in consolidated component unit entities	-	-	33,095,092	-	-	-
Total noncurrent assets	<u>82,278,469</u>	<u>67,647,673</u>	<u>44,880,857</u>	<u>62,047,168</u>	<u>3,108,503</u>	<u>368,360</u>
TOTAL ASSETS	<u>\$ 131,552,693</u>	<u>\$ 121,936,880</u>	<u>\$ 83,773,603</u>	<u>\$ 71,696,030</u>	<u>\$ 3,471,853</u>	<u>\$ 499,714</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Cash overdraft	\$ 1,991,908	\$ 3,184,296	\$ -	\$ 1,991,908	\$ -	\$ -
Accounts payable	6,404,974	4,752,410	2,210,452	3,530,235	85,441	79,640
Accrued wages, vacation, pension and payroll taxes	4,384,866	7,359,857	293,486	2,908,360	793,224	39,020
Current portion of capital lease obligation	61,990	59,613	-	61,990	-	-
Current portion of soil remediation liability	289,435	210,660	-	289,435	-	-
Reserve for litigated and unlitigated claims	883,012	1,430,951	-	839,393	43,619	-
Workers' compensation reserve	5,112,482	5,261,954	-	4,409,786	393,903	269,802
Deferred revenue	105,097	2,447	101,410	-	3,466	-
Inventory reserve	442,934	-	-	442,934	-	-
Inter-entity payable	-	-	734,677	-	-	128,103
Total current liabilities	<u>19,676,698</u>	<u>22,262,188</u>	<u>3,340,025</u>	<u>14,474,041</u>	<u>1,319,653</u>	<u>516,565</u>
LONG-TERM LIABILITIES:						
Other postemployment benefits	20,041,765	14,437,985	336,062	19,705,703	-	-
Soil remediation liability, net of current portion	295,875	488,820	-	295,875	-	-
Capital lease obligation, net of current portion	64,461	126,451	-	64,461	-	-
Total long-term liabilities	<u>20,402,101</u>	<u>15,053,256</u>	<u>336,062</u>	<u>20,066,039</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>40,078,799</u>	<u>37,315,444</u>	<u>3,676,087</u>	<u>34,540,080</u>	<u>1,319,653</u>	<u>516,565</u>
NET ASSETS:						
Invested in capital assets, net of related debt	70,389,535	60,029,188	23,282	61,920,717	3,108,503	368,360
Unrestricted	21,084,359	24,592,248	80,074,234	(24,764,767)	(956,303)	(385,211)
Total net assets	<u>91,473,894</u>	<u>84,621,436</u>	<u>80,097,516</u>	<u>37,155,950</u>	<u>2,152,200</u>	<u>(16,851)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 131,552,693</u>	<u>\$ 121,936,880</u>	<u>\$ 83,773,603</u>	<u>\$ 71,696,030</u>	<u>\$ 3,471,853</u>	<u>\$ 499,714</u>

2010 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>
\$ 604	\$ 826	\$ 6,118	\$ 1,433	\$ 1,201	\$ 45,087	\$ -	\$ 23,527,384
-	-	-	-	-	-	-	5,173,794
-	-	-	-	-	-	-	4,369,067
85,007	3,710	21,216	203,329	88,072	428,506	-	6,038,514
-	-	-	-	-	-	-	465,383
-	-	-	-	-	-	-	5,347,903
77,300	43,700	37,600	99,700	74,230	-	-	3,549,716
-	-	-	-	-	-	-	1,246
-	-	-	-	-	-	-	615,262
596	-	-	-	-	-	-	185,955
56,434	-	-	14,459	-	-	(1,051,216)	-
<u>219,941</u>	<u>48,236</u>	<u>64,934</u>	<u>318,921</u>	<u>163,503</u>	<u>473,593</u>	<u>(1,051,216)</u>	<u>49,274,224</u>
2,391,815	496,519	573,173	878,890	619,952	8,324	-	70,515,986
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,614,230
-	-	-	-	-	-	-	3,148,253
-	-	-	-	-	-	(33,095,092)	-
<u>2,391,815</u>	<u>496,519</u>	<u>573,173</u>	<u>878,890</u>	<u>619,952</u>	<u>8,324</u>	<u>(33,095,092)</u>	<u>82,278,469</u>
<u>\$ 2,611,756</u>	<u>\$ 544,755</u>	<u>\$ 638,107</u>	<u>\$ 1,197,811</u>	<u>\$ 783,455</u>	<u>\$ 481,917</u>	<u>\$ (34,146,308)</u>	<u>\$ 131,552,693</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,991,908
38,793	45,682	21,354	62,310	29,606	301,461	-	6,404,974
79,677	35,086	37,483	81,179	64,366	52,985	-	4,384,866
-	-	-	-	-	-	-	61,990
-	-	-	-	-	-	-	289,435
-	-	-	-	-	-	-	883,012
28,357	7,089	-	394	1,969	1,182	-	5,112,482
-	-	221	-	-	-	-	105,097
-	-	-	-	-	-	-	442,934
-	15,380	58,044	-	99,569	15,443	(1,051,216)	-
<u>146,827</u>	<u>103,237</u>	<u>117,102</u>	<u>143,883</u>	<u>195,510</u>	<u>371,071</u>	<u>(1,051,216)</u>	<u>19,676,698</u>
-	-	-	-	-	-	-	20,041,765
-	-	-	-	-	-	-	295,875
-	-	-	-	-	-	-	64,461
-	-	-	-	-	-	-	20,402,101
<u>146,827</u>	<u>103,237</u>	<u>117,102</u>	<u>143,883</u>	<u>195,510</u>	<u>371,071</u>	<u>(1,051,216)</u>	<u>40,078,799</u>
2,391,815	496,519	573,173	878,890	619,952	8,324	-	70,389,535
73,114	(55,001)	(52,168)	175,038	(32,007)	102,522	(33,095,092)	21,084,359
<u>2,464,929</u>	<u>441,518</u>	<u>521,005</u>	<u>1,053,928</u>	<u>587,945</u>	<u>110,846</u>	<u>(33,095,092)</u>	<u>91,473,894</u>
<u>\$ 2,611,756</u>	<u>\$ 544,755</u>	<u>\$ 638,107</u>	<u>\$ 1,197,811</u>	<u>\$ 783,455</u>	<u>\$ 481,917</u>	<u>\$ (34,146,308)</u>	<u>\$ 131,552,693</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, 2010 (With Comparative Totals For the Year Ended March 31, 2009)

	Total 2010	Total 2009	Authority	RTS	Lift Line	BBS
OPERATING REVENUE AND PUBLIC SUPPORT:						
Customer fares	\$ 9,347,872	\$ 9,912,321	\$ -	\$ 8,768,609	\$ 333,149	\$ 36,545
Customer fares - Temporary Assistance for Needy Families/Welfare to Work	2,415,380	2,374,300	-	2,348,947	-	1,116
Special transit fares	14,164,520	12,908,809	-	11,483,104	-	199,527
Advertising	548,579	396,514	-	548,579	-	-
Other	943,677	1,712,417	1,378,818	1,584,003	57,916	1,123
Total operating revenue and public support	27,420,028	27,304,361	1,378,818	24,733,242	391,065	238,311
OPERATING EXPENSES AND DEPRECIATION:						
Operating expenses -						
Salaries and wages	37,049,759	35,988,937	1,686,012	28,449,180	3,505,214	411,164
Employee benefits	15,718,573	14,603,911	460,174	13,143,845	1,257,945	156,352
Retroactive wage accrual variance	(1,265,629)	-	-	(1,265,629)	-	-
Intercompany charges	-	-	338,848	885,090	396,177	74,222
Materials and supplies	13,158,539	12,330,293	-	11,596,606	802,334	50,008
Other postemployment benefits	5,603,780	7,388,763	72,556	5,531,224	-	-
Outside services	4,462,522	4,467,711	74,417	2,670,051	331,903	61,248
Utilities	774,355	851,179	-	680,552	48,470	2,552
Casualty and liability insurance claims	816,214	1,328,050	1,480	572,620	35,299	11,946
Leases and rentals	292,092	365,735	-	176,041	47,400	6,000
Loss on swap contract	422,156	-	-	422,156	-	-
Other	1,276,269	1,157,537	444,884	726,928	16,006	3,948
Total operating expenses	78,308,630	78,482,116	3,078,371	63,588,664	6,440,748	777,440
Depreciation -						
Locally funded	1,134,842	1,101,418	-	918,585	100,435	12,227
Grant funded	8,108,763	7,751,860	-	6,317,633	902,613	113,450
Total depreciation	9,243,605	8,853,278	-	7,236,218	1,003,048	125,677
Total operating expenses and depreciation	87,552,235	87,335,394	3,078,371	70,824,882	7,443,796	903,117
LOSS FROM OPERATIONS	(60,132,207)	(60,031,033)	(1,699,553)	(46,091,640)	(7,052,731)	(664,806)
NONOPERATING INCOME (EXPENSE):						
Interest income from cash, short-term investments, and reserve funds	476,598	1,106,096	475,214	1,384	-	-
Mortgage tax receipts revenue	7,059,257	7,165,492	7,059,257	-	-	-
Loss on impairment of capital assets	(10,686,943)	-	-	(10,659,632)	(27,311)	-
Federal and state grants for soil remediation	-	1,015,790	-	-	-	-
Gain (loss) on change in soil remediation liability	86,490	(1,807,598)	-	86,490	-	-
Write-off of inter-entity accounts	-	-	11,635,249	(11,764,648)	(85,946)	(4,310)
Authority subsidies	-	-	(8,310,606)	2,100,217	4,079,610	375,904
Gain (loss) on disposal of capital assets	12,964	7,625	-	67,439	24,974	988
Total nonoperating income (expense)	(3,051,634)	7,487,405	10,859,114	(20,168,750)	3,991,327	372,582
EXTERNAL OPERATING ASSISTANCE SUBSIDIES:						
Federal	6,878,774	7,042,203	247,401	4,700,184	142,365	67,900
State of New York	31,551,360	33,510,909	-	29,294,242	1,903,169	53,282
Local governmental entities	3,726,000	3,726,000	-	3,524,051	-	53,282
Total external operating assistance subsidies	42,156,134	44,279,112	247,401	37,518,477	2,045,534	174,464
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	(21,027,707)	(8,264,516)	9,406,962	(28,741,913)	(1,015,870)	(117,760)
CAPITAL CONTRIBUTIONS:						
Federal	24,633,829	9,160,404	-	20,879,692	1,069,966	349,585
State	3,246,336	1,844,946	-	3,114,594	130,585	-
Authority	-	-	-	2,303,763	130,909	-
Total capital contributions:	27,880,165	11,005,350	-	26,298,049	1,331,460	349,585
CHANGES IN NET ASSETS	6,852,458	2,740,834	9,406,962	(2,443,864)	315,590	231,825
NET ASSETS - beginning of year	84,621,436	81,880,602	70,690,554	39,599,814	1,836,610	(248,676)
NET ASSETS - end of year	\$ 91,473,894	\$ 84,621,436	\$ 80,097,516	\$ 37,155,950	\$ 2,152,200	\$ (16,851)

2010 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>
\$ 21,540	\$ 28,038	\$ 32,154	\$ 72,841	\$ 54,996	\$ -	\$ -	\$ 9,347,872
684	-	-	62,586	2,047	-	-	2,415,380
891,493	247,378	210,274	836,548	296,196	-	-	14,164,520
-	-	-	-	-	-	-	548,579
350	363	153	7,665	106	5,119	(2,091,939)	943,677
914,067	275,779	242,581	979,640	353,345	5,119	(2,091,939)	27,420,028
692,777	269,185	288,122	756,324	579,618	412,163	-	37,049,759
153,108	61,947	60,105	155,573	142,796	126,728	-	15,718,573
-	-	-	-	-	-	-	(1,265,629)
82,722	76,311	76,311	78,000	75,748	8,510	(2,091,939)	-
191,191	71,756	95,410	218,421	121,401	11,412	-	13,158,539
-	-	-	-	-	-	-	5,603,780
212,193	34,745	38,926	120,930	149,162	768,947	-	4,462,522
9,425	4,858	17,428	2,747	4,652	3,671	-	774,355
71,882	16,410	15,546	55,154	34,718	1,159	-	816,214
10,450	12,400	16,633	-	19,110	4,058	-	292,092
-	-	-	-	-	-	-	422,156
14,793	13,302	9,657	19,562	7,699	19,490	-	1,276,269
1,438,541	560,914	618,138	1,406,711	1,134,904	1,356,138	(2,091,939)	78,308,630
38,511	6,636	17,816	30,072	10,560	-	-	1,134,842
354,666	60,434	55,197	215,164	86,187	3,419	-	8,108,763
393,177	67,070	73,013	245,236	96,747	3,419	-	9,243,605
1,831,718	627,984	691,151	1,651,947	1,231,651	1,359,557	(2,091,939)	87,552,235
(917,651)	(352,205)	(448,570)	(672,307)	(878,306)	(1,354,438)	-	(60,132,207)
-	-	-	-	-	-	-	476,598
-	-	-	-	-	-	-	7,059,257
-	-	-	-	-	-	-	(10,686,943)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	86,490
385,656	(49,680)	(72,009)	(50,390)	(45,980)	52,058	-	-
490,652	187,709	305,845	237,088	533,581	-	-	-
(75,015)	-	-	(2,520)	(2,902)	-	-	12,964
801,293	138,029	233,836	184,178	484,699	52,058	-	(3,051,634)
77,300	43,700	37,600	145,819	69,200	1,347,305	-	6,878,774
35,024	30,181	24,964	38,378	172,120	-	-	31,551,360
35,024	30,181	24,964	38,378	20,120	-	-	3,726,000
147,348	104,062	87,528	222,575	261,440	1,347,305	-	42,156,134
30,990	(110,114)	(127,206)	(265,554)	(132,167)	44,925	-	(21,027,707)
496,371	327,490	458,486	562,226	490,013	-	-	24,633,829
869	-	-	214	74	-	-	3,246,336
869	-	-	214	74	-	(2,435,829)	-
498,109	327,490	458,486	562,654	490,161	-	(2,435,829)	27,880,165
529,099	217,376	331,280	297,100	357,994	44,925	(2,435,829)	6,852,458
1,935,830	224,142	189,725	756,828	229,951	65,921	(30,659,263)	84,621,436
\$ 2,464,929	\$ 441,518	\$ 521,005	\$ 1,053,928	\$ 587,945	\$ 110,846	\$ (33,095,092)	\$ 91,473,894

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, 2010 (with comparative totals for the year ended March 31, 2009)

	Total 2010	Total 2009	Authority	RTS	Lift Line	BBS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 22,665,039	\$ 23,311,791	\$ -	\$ 19,420,388	\$ 332,684	\$ 215,628
Receipts from grants	2,415,380	2,374,300	-	2,348,947	-	1,116
Other operating receipts	1,692,213	1,874,406	1,478,818	2,132,582	57,916	1,123
Payments to vendors and suppliers for goods and services	(18,318,309)	(17,671,479)	(74,417)	(14,603,473)	(1,286,313)	(121,821)
Payments to employees for services	(53,155,314)	(47,995,624)	(2,499,243)	(43,093,553)	(4,984,934)	(643,564)
Payments for insurance and risk management	(1,281,328)	(2,486,527)	28,239	(940,887)	(92,791)	(57,406)
Payments for fuel swap	(422,156)	-	-	(422,156)	-	-
Other operating payments	(1,276,268)	(1,157,537)	(444,884)	(726,928)	(16,006)	(3,948)
Net cash flows from operating activities	(47,680,743)	(41,750,670)	(1,511,487)	(35,885,080)	(5,989,444)	(608,872)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:						
Investments in consolidated component unit entities	-	-	(2,435,829)	-	-	-
Mortgage tax receipts	7,282,899	7,103,483	7,282,899	-	-	-
Inter-entity (receivables) payables	-	-	(10,120,551)	10,166,381	(76,131)	132,413
Operating assistance (receivable) payable	41,000,556	43,639,100	3,750,355	26,920,589	6,039,198	478,158
Cash overdraft	(1,192,388)	1,989,609	-	(1,192,388)	-	-
Net cash flows from noncapital and related financing activities	47,091,067	52,732,192	(1,523,126)	35,894,582	5,963,067	610,571
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital contributions - Federal	24,633,829	9,160,404	-	20,879,692	1,069,966	349,585
Capital contributions - State	3,246,336	1,844,946	-	3,114,594	130,585	-
Capital contributions - Authority	-	-	-	2,303,763	130,909	-
Purchases of capital assets	(30,315,189)	(12,162,214)	-	(26,297,569)	(1,331,135)	(349,585)
Amounts receivable from capital grants	(2,729,785)	6,436,576	(2,729,785)	-	-	-
Payments of capital lease obligations	(59,613)	(5,430,976)	-	(59,613)	-	-
Federal and state grants for soil remediation	-	1,015,790	-	-	-	-
Soil remediation expense	-	(1,108,118)	-	-	-	-
Payments for soil remediation	(27,680)	-	-	(27,680)	-	-
Proceeds from sale of capital and related assets	96,872	8,175	-	67,439	24,974	987
Net cash flows from capital and related financing activities	(5,155,230)	(235,417)	(2,729,785)	(19,374)	25,299	987
CASH FLOWS FROM INVESTING ACTIVITIES:						
Increase in capital reserve fund	(1,387,000)	(1,097,960)	(1,387,000)	-	-	-
Interest from working capital	214,917	486,364	213,533	1,384	-	-
Withdrawals from self-insurance fund	412,000	375,000	412,000	-	-	-
Withdrawals from capital reserve fund	2,527,712	680,822	2,527,712	-	-	-
Increase in other postemployment benefits reserve fund	(4,000,000)	-	(4,000,000)	-	-	-
Payments from paratransit reserve fund	22,628	-	22,628	-	-	-
Repayment of notes receivable	8,488	16,938	-	8,488	-	-
Net cash flows from investing activities	(2,201,255)	461,164	(2,211,127)	9,872	-	-
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	(7,946,161)	11,207,269	(7,975,525)	-	(1,078)	2,686
CASH AND SHORT-TERM INVESTMENTS - beginning of year	31,473,545	20,266,276	31,436,511	-	6,319	3,202
CASH AND SHORT-TERM INVESTMENTS - end of year	\$ 23,527,384	\$ 31,473,545	\$ 23,460,986	\$ -	\$ 5,241	\$ 5,888
SUPPLEMENTAL NON-CASH CAPITAL AND RELATED FINANCING TRANSACTIONS:						
Transfers of capital assets	\$ -	\$ -	\$ -	\$ 9,895	\$ (9,895)	\$ -

2010 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>
\$ 930,404	\$ 272,826	\$ 233,566	\$ 929,842	\$ 329,701	\$ -	\$ -	\$ 22,665,039
684	-	-	62,586	2,047	-	-	2,415,380
350	363	153	7,665	106	105,076	(2,091,939)	1,692,213
(425,136)	(129,863)	(160,445)	(336,517)	(296,370)	(883,954)	-	(18,318,309)
(909,646)	(383,958)	(413,718)	(979,301)	(787,626)	(551,710)	2,091,939	(53,155,314)
(114,315)	(9,732)	(15,951)	(56,139)	(33,763)	11,417	-	(1,281,328)
-	-	-	-	-	-	-	(422,156)
<u>(14,793)</u>	<u>(13,302)</u>	<u>(9,657)</u>	<u>(19,561)</u>	<u>(7,699)</u>	<u>(19,490)</u>	<u>-</u>	<u>(1,276,268)</u>
<u>(532,452)</u>	<u>(263,666)</u>	<u>(366,052)</u>	<u>(391,425)</u>	<u>(793,604)</u>	<u>(1,338,661)</u>	<u>-</u>	<u>(47,680,743)</u>
-	-	-	-	-	-	2,435,829	-
-	-	-	-	-	-	-	7,282,899
(415,884)	65,061	86,916	80,104	118,306	(36,615)	-	-
946,356	198,390	283,764	309,573	674,811	1,399,362	-	41,000,556
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,192,388)</u>
<u>530,472</u>	<u>263,451</u>	<u>370,680</u>	<u>389,677</u>	<u>793,117</u>	<u>1,362,747</u>	<u>2,435,829</u>	<u>47,091,067</u>
496,371	327,490	458,486	562,226	490,013	-	-	24,633,829
869	-	-	214	74	-	-	3,246,336
869	-	-	214	74	-	(2,435,829)	-
(498,109)	(327,490)	(458,486)	(562,654)	(490,161)	-	-	(30,315,189)
-	-	-	-	-	-	-	(2,729,785)
-	-	-	-	-	-	-	(59,613)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(27,680)
<u>1,174</u>	<u>-</u>	<u>-</u>	<u>1,444</u>	<u>854</u>	<u>-</u>	<u>-</u>	<u>96,872</u>
<u>1,174</u>	<u>-</u>	<u>-</u>	<u>1,444</u>	<u>854</u>	<u>-</u>	<u>(2,435,829)</u>	<u>(5,155,230)</u>
-	-	-	-	-	-	-	(1,387,000)
-	-	-	-	-	-	-	214,917
-	-	-	-	-	-	-	412,000
-	-	-	-	-	-	-	2,527,712
-	-	-	-	-	-	-	(4,000,000)
-	-	-	-	-	-	-	22,628
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,488</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,201,255)</u>
(806)	(215)	4,628	(304)	367	24,086	-	(7,946,161)
<u>1,410</u>	<u>1,041</u>	<u>1,490</u>	<u>1,737</u>	<u>834</u>	<u>21,001</u>	<u>-</u>	<u>31,473,545</u>
\$ 604	\$ 826	\$ 6,118	\$ 1,433	\$ 1,201	\$ 45,087	\$ -	\$ 23,527,384
\$ 26,208	\$ -	\$ (43,139)	\$ 44,174	\$ (27,243)	\$ -	\$ -	\$ -

(Continued)

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2010 (with comparative totals for the year ended March 31, 2009)

(Continued)

	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>	<u>Authority</u>	<u>RTS</u>	<u>Lift Line</u>	<u>BBS</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:						
Loss from operations	\$ (60,132,207)	\$ (60,031,033)	\$ (1,699,553)	\$ (46,091,640)	\$ (7,052,731)	\$ (664,806)
Adjustments to reconcile change in net assets to net cash flow from operating activities:						
Depreciation - locally funded	1,134,842	1,101,418	-	918,585	100,435	12,227
Depreciation - grant funded	8,108,763	7,751,860	-	6,317,633	902,613	113,450
Changes in:						
Accounts receivable	(750,046)	371,089	-	(831,325)	(3,115)	(20,444)
Materials and supplies inventory	(132,811)	80,038	-	(131,251)	(1,560)	-
Prepaid expenses and other assets	139,500	(232,708)	(36,460)	125,496	38,733	31
Accounts payable	1,386,108	263,401	-	1,535,125	(54,646)	(2,013)
Accrued wages, vacation, pension and payroll taxes	(2,909,003)	2,597,224	52,557	(3,204,225)	174,402	(1,826)
Reserve for litigated and unlitigated claims	(525,781)	(6,157)	-	(447,774)	(75,715)	-
Workers' compensation reserve	(149,472)	(919,612)	(587)	(49,862)	(20,510)	(45,491)
Other postemployment benefits	5,603,780	7,388,763	72,556	5,531,224	-	-
Inventory reserve	442,934	-	-	442,934	-	-
Deferred revenue	102,650	(114,953)	100,000	-	2,650	-
Net cash flows from operating activities	<u>\$ (47,680,743)</u>	<u>\$ (41,750,670)</u>	<u>\$ (1,511,487)</u>	<u>\$ (35,885,080)</u>	<u>\$ (5,989,444)</u>	<u>\$ (608,872)</u>

2010 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>
\$ (917,651)	\$ (352,205)	\$ (448,570)	\$ (672,307)	\$ (878,306)	\$ (1,354,438)	\$ -	\$ (60,132,207)
38,511	6,636	17,816	30,072	10,560	-	-	1,134,842
354,666	60,434	55,197	215,164	86,187	3,419	-	8,108,763
17,371	(2,590)	(8,862)	20,453	(21,491)	99,957	-	(750,046)
-	-	-	-	-	-	-	(132,811)
208	11	17	52	18	11,394	-	139,500
(1,877)	(6,104)	7,952	5,582	(2,045)	(95,866)	-	1,386,108
18,961	23,485	10,820	10,596	10,536	(4,309)	-	(2,909,003)
(2,292)	-	-	-	-	-	-	(525,781)
(40,349)	6,667	(422)	(1,037)	937	1,182	-	(149,472)
-	-	-	-	-	-	-	5,603,780
-	-	-	-	-	-	-	442,934
-	-	-	-	-	-	-	102,650
<u>\$ (532,452)</u>	<u>\$ (263,666)</u>	<u>\$ (366,052)</u>	<u>\$ (391,425)</u>	<u>\$ (793,604)</u>	<u>\$ (1,338,661)</u>	<u>\$ -</u>	<u>\$ (47,680,743)</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, 2010

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 ten (10) 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 ten component units are legally separate organizations and are collectively referred to as "the Organizations".

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

- Rochester-Genesee Regional Transportation Authority (RGRTA)
- 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.

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.

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, 2010 and 2009 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 restricted net assets at March 31, 2010 and 2009.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Cash and Short-Term Investments

Cash and short-term investments include cash on hand, money market accounts, and certificates of deposits with an initial term of less than three months. The Authority considers investments in money market accounts, and certificates of deposits 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 LATS, and accordingly, other than at LATS, which has recorded an allowance of \$2,970 for both years ending March 31, 2010 and 2009, 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 taxes receivable in the accompanying balance sheets. Management considers mortgage taxes receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Assistance Grants

The Organizations receive operating subsidies from the U.S. Department of Transportation under operating assistance grant contracts. The Organizations also receive operating 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 \$80,082 and \$10,100 for 2010 and 2009, respectively.

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	4 - 12 years
Non-revenue vehicles	4 - 12 years
Maintenance equipment	3 - 10 years
Other equipment	3 - 10 years
Computer equipment	3 - 10 years
Leasehold improvements	5 - 10 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 such time as enabling state legislation is enacted allowing for the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, operations 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.

External Operating Assistance Subsidies

External operating assistance subsidies have been received by the Authority and the Organizations 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, and advertising. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the March 31, 2009, financial statements to conform to the current year presentation.

3. RENAISSANCE SQUARE PROJECT/MAIN & CLINTON LOCAL DEVELOPMENT CORP.

During fiscal 2000, the Authority began work on the development of a downtown transit center to improve public transportation in the Rochester, New York area. In fiscal 2004, the Authority's Board of Commissioners authorized the formation of Rochester Central Station (RCS) to manage the development of the downtown transit center. Subsequent to the formation of RCS the name of the entity was changed to Renaissance Square Corporation (RSC). In October 2004, the Authority's Board of Commissioners authorized the Authority to join with the City of Rochester, Monroe County (the County) and Monroe Community College (MCC) in the formation of Main & Clinton Local Development Corp. (MCLDC) to further develop the project.

The scope of the project was revised in October 2004 to include a 210,000 square foot college campus, performing arts center and a transit center (collectively, "Renaissance Square" or "the Project"). MCLDC was established to oversee the joint development of Renaissance Square and coordinate the various constituent groups interested in the Renaissance Square project. The Chief Executive Officer (CEO) of the Authority represents the interest of the Authority as a member of the MCLDC Board of Directors. All votes taken by the CEO required prior authorization from the RGRTA Board of Commissioners. MCLDC was able to bind the Authority into contracts and agreements in the interest of the Project, subject to the Joint Development Agreement as described below.

The Board of Commissioners of the Authority had authorized its Chief Executive Officer to enter into agreements whereby the Authority were to provide up to 33% of the local share of costs for the preliminary design and environmental review phase of the project, and certain other costs, which were not eligible for reimbursement under Federal Transportation Administration (FTA) regulations. The authority was granted in accordance with the original authorization originally provided February 2005 and which expired August 31, 2007. On February 12, 2008, the Board of Directors of MCLDC approved a Preliminary Cost Sharing Agreement between MCLDC, the Authority, the County and MCC. The Preliminary Cost Sharing Agreement amended and restated the terms of the initial Joint Development Agreement but continued to outline each parties' financial responsibilities through the preliminary design phase of the Project. The Preliminary Cost Sharing Agreement was to continue until such time as all purposes of the agreement had been fulfilled or a party elected to terminate the agreement.

In July 2009, the Project was unable to obtain the appropriate approvals from the Rochester City Council. Without the appropriate approvals the Project partners did not have sufficient funds to complete Phase 1 of the Project. As a result, the Project was halted. MCLDC is now in the process of being dissolved; and the partners are each pursuing their respective development objectives separately. Currently, the Authority is seeking approval from the Rochester City Council for a street abandonment necessary for the development of a stand-alone downtown transit center.

As of March 31, 2010, the Authority has recorded an impairment of the Project's capital assets of approximately \$11.0 million, leaving an asset balance of approximately \$2.8 million remaining as construction in progress.

4. DEPOSITS AND INVESTMENTS

At March 31, 2010 and 2009, investments in money market accounts and certificates of deposit held by the Authority were \$44,748,513 and \$49,587,359, respectively. At March 31, 2010 and 2009, 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 balance sheet 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, 2010:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Insured FDIC</u>
Cash -			
Authority	\$ 17,817	\$ 17,817	\$ 17,817
RTS	(1,991,908)	1,113,649	1,113,649
Lift Line	5,241	3,885	3,885
BBS	5,888	489	489
LATS	604	312	312
OTS	826	452	452
STS	6,118	5,701	5,701
WATS	1,433	1,000	1,000
WYTS	1,201	788	788
GTCS	<u>45,087</u>	<u>66,612</u>	<u>66,612</u>
Total cash	<u>\$ (1,907,693)</u>	<u>\$ 1,210,705</u>	<u>\$ 1,210,705</u>

Investments held at the Authority are summarized as follows at March 31, 2010:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Short-term investments	\$ 23,443,169	\$ 23,443,169
Investment of self-insurance fund	5,173,794	5,173,794
Investment of capital reserve fund	4,369,067	4,369,067
Investment of paratransit reserve fund	3,148,253	3,148,253
Investment of other postemployment benefits reserve fund	<u>8,614,230</u>	<u>8,614,230</u>
Total investments - Authority	<u>\$ 44,748,513</u>	<u>\$ 44,748,513</u>

4. DEPOSITS AND INVESTMENTS (Continued)

Total cash and investments is summarized as follows at March 31, 2010:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ (1,907,693)	\$ 1,210,705
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>44,748,513</u>	<u>44,748,513</u>
Total cash and investments	<u>\$ 42,840,820</u>	<u>\$ 45,958,218</u>
Insured cash - FDIC		\$ 1,210,705
Insured short-term investments - FDIC		250,000
Uninsured - collateral held by pledging bank or third-party custodian in the Authority's name		<u>44,498,793</u>
Total insured and collateralized cash and investments		<u>\$ 45,959,498</u>

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, 2010, 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	\$ -	\$ (11,086,821)	\$ 11,821,498	\$ 734,677
RTS	11,086,821	-	(11,914,962)	(828,141)
Lift Line	(6,186,846)	6,162,099	(127,435)	(152,182)
BBS	(675,908)	791,616	12,395	128,103
LATS	(1,467,518)	1,405,749	5,335	(56,434)
OTS	(497,114)	496,767	15,727	15,380
STS	(559,095)	558,195	58,944	58,044
WATS	(1,328,431)	1,330,364	(16,392)	(14,459)
WYTS	(1,029,327)	1,077,470	51,426	99,569
GTCS	<u>(77,259)</u>	<u>92,702</u>	<u>-</u>	<u>15,443</u>
Net due to (from)	<u>\$ (734,677)</u>	<u>\$ 828,141</u>	<u>\$ (93,464)</u>	<u>\$ -</u>

4. DEPOSITS AND INVESTMENTS (Continued)

In 2010, 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 2010, the Authority, RTS, and Lift Line allocated costs to the Authority's component units. The amounts are reported as other operating revenue and as intercompany charges 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	\$ -	\$ 338,848	\$ -	\$ 338,848
RTS	885,090	-	-	885,090
Lift Line	183,517	212,660	-	396,177
BBS	23,048	42,933	8,241	74,222
LATS	26,068	48,413	8,241	82,722
OTS	24,161	43,909	8,241	76,311
STS	24,161	43,909	8,241	76,311
WATS	24,161	45,598	8,241	78,000
WYTS	24,161	43,346	8,241	75,748
GTC	-	8,510	-	8,510
Total	<u>\$ 1,214,367</u>	<u>\$ 828,126</u>	<u>\$ 49,446</u>	<u>\$ 2,091,939</u>

6. CAPITAL ASSETS

Capital assets consisted of the following at March 31:

	Authority				
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ 23,282	\$ -	\$ -	\$ -	\$ 23,282
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	23,282	-	-	-	23,282
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	-	-	-	-	-
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	-	-	-	-	-
Total capital assets being depreciated, net	-	-	-	-	-
Total capital assets	\$ 23,282	\$ -	\$ -	\$ -	\$ 23,282
RTS					
	March 31, 2009	Additions	Impairments/ Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ 2,640,060	\$ -	\$ -	\$ -	\$ 2,640,060
Construction-in-process	18,855,855	7,996,906	(10,659,632)	(1,541,495)	14,651,634
Total capital assets not being depreciated	21,495,915	7,996,906	(10,659,632)	(1,541,495)	17,291,694
Capital assets being depreciated:					
Land improvements	2,785,747	-	-	156,485	2,942,232
Building and structures	20,602,453	-	-	233,279	20,835,732
Revenue vehicles	67,931,292	17,759,737	(9,678,388)	-	76,012,641
Non-revenue vehicles	1,097,817	337,062	-	(17,990)	1,416,889
Maintenance equipment	3,688,746	39,930	-	17,431	3,746,107
Other equipment	8,568,929	163,934	(264,879)	-	8,467,984
Computer equipment	3,261,520	-	-	1,017,086	4,278,606
Leasehold improvements	538,524	-	-	134,645	673,169
Total capital assets being depreciated	108,475,028	18,300,663	(9,943,267)	1,540,936	118,373,360
Accumulated depreciation of capital assets:					
Land improvements	(2,665,281)	(56,790)	-	-	(2,722,071)
Building and structures	(16,977,858)	(781,879)	-	-	(17,759,737)
Revenue vehicles	(43,908,416)	(5,187,815)	9,678,388	-	(39,417,843)
Non-revenue vehicles	(970,221)	(103,496)	-	8,095	(1,065,622)
Maintenance equipment	(1,226,331)	(261,006)	-	(17,431)	(1,504,768)
Other equipment	(7,765,601)	(362,329)	264,879	-	(7,863,051)
Computer equipment	(2,271,956)	(456,740)	-	-	(2,728,696)
Leasehold improvements	(529,935)	(26,163)	-	-	(556,098)
Total accumulated depreciation	(76,315,599)	(7,236,218)	9,943,267	(9,336)	(73,617,886)
Total capital assets being depreciated, net	32,159,429	11,064,445	-	1,531,600	44,755,474
Total capital assets	\$ 53,655,344	\$ 19,061,351	\$ (10,659,632)	\$ (9,895)	\$ 62,047,168

6. CAPITAL ASSETS (Continued)

	Lift Line				
	March 31, 2009	Additions	Impairments/ Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ 364,056	\$ -	\$ -	\$ -	\$ 364,056
Construction-in-process	27,311	-	(27,311)	-	-
Total capital assets not being depreciated	391,367	-	(27,311)	-	364,056
Capital assets being depreciated:					
Land improvements	15,093	-	-	-	15,093
Building and structures	1,054,000	-	-	-	1,054,000
Revenue vehicles	5,181,085	1,305,846	(853,816)	(49,668)	5,583,447
Non-revenue vehicles	114,171	25,289	-	(4,179)	135,281
Maintenance equipment	231,325	-	-	(17,431)	213,894
Other equipment	287,490	-	-	-	287,490
Computer equipment	122,530	-	-	-	122,530
Leasehold improvements	-	-	-	-	-
Total capital assets being depreciated	7,005,694	1,331,135	(853,816)	(71,278)	7,411,735
Accumulated depreciation of capital assets:					
Land improvements	(175,066)	(8,389)	-	-	(183,455)
Building and structures	(626,453)	(23,702)	-	-	(650,155)
Revenue vehicles	(3,215,829)	(923,755)	853,816	49,668	(3,236,100)
Non-revenue vehicles	(114,172)	(3,085)	-	14,074	(103,183)
Maintenance equipment	(221,487)	(3,984)	-	17,431	(208,040)
Other equipment	(123,692)	(40,133)	-	-	(163,825)
Computer equipment	(122,530)	-	-	-	(122,530)
Leasehold improvements	-	-	-	-	-
Total accumulated depreciation	(4,599,229)	(1,003,048)	853,816	81,173	(4,667,288)
Total capital assets being depreciated, net	2,406,465	328,087	-	9,895	2,744,447
Total capital assets	\$ 2,797,832	\$ 328,087	\$ (27,311)	\$ 9,895	\$ 3,108,503
	BBS				
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	4,841	-	-	-	4,841
Total capital assets not being depreciated	4,841	-	-	-	4,841
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	1,058,446	349,585	(408,863)	(206,132)	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	1,148,537	349,585	(408,863)	(206,132)	883,127
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(929,299)	(121,908)	408,863	206,132	(436,212)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(31,858)	(637)	-	-	(32,495)
Computer equipment	(3,634)	-	-	-	(3,634)
Leasehold improvements	(44,135)	(3,132)	-	-	(47,267)
Total accumulated depreciation	(1,008,926)	(125,677)	408,863	206,132	(519,608)
Total capital assets being depreciated, net	139,611	223,908	-	-	363,519
Total capital assets	\$ 144,452	\$ 223,908	\$ -	\$ -	\$ 368,360

6. CAPITAL ASSETS (Continued)

LATS					
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	12,710	8,690	-	(21,400)	-
Total capital assets not being depreciated	12,710	8,690	-	(21,400)	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	3,181,768	489,419	(1,230,586)	(199,207)	2,241,394
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	78,540	-	-	15,060	93,600
Computer equipment	-	-	-	-	-
Leasehold improvements	1,678,968	-	-	6,340	1,685,308
Total capital assets being depreciated	4,939,276	489,419	(1,230,586)	(177,807)	4,020,302
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(2,392,778)	(333,982)	1,154,398	172,999	(1,399,363)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(57,330)	(9,230)	-	-	(66,560)
Computer equipment	-	-	-	-	-
Leasehold improvements	(112,599)	(49,965)	-	-	(162,564)
Total accumulated depreciation	(2,562,707)	(393,177)	1,154,398	172,999	(1,628,487)
Total capital assets being depreciated, net	2,376,569	96,242	(76,188)	(4,808)	2,391,815
Total capital assets	\$ 2,389,279	\$ 104,932	\$ (76,188)	\$ (26,208)	\$ 2,391,815
OTS					
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
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	833,043	327,490	(273,657)	4,634	891,510
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	889,939	327,490	(273,657)	26,803	970,575
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(598,441)	(66,542)	273,657	(4,634)	(395,960)
Non-revenue vehicles	-	-	-	(22,169)	(22,169)
Maintenance equipment	(13,258)	-	-	-	(13,258)
Other equipment	(22,607)	-	-	-	(22,607)
Computer equipment	-	-	-	-	-
Leasehold improvements	(19,534)	(528)	-	-	(20,062)
Total accumulated depreciation	(653,840)	(67,070)	273,657	(26,803)	(474,056)
Total capital assets being depreciated, net	236,099	260,420	-	-	496,519
Total capital assets	\$ 236,099	\$ 260,420	\$ -	\$ -	\$ 496,519

6. CAPITAL ASSETS (Continued)

	STS				
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
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	457,217	458,486	-	43,834	959,537
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	544,190	458,486	-	43,834	1,046,510
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(326,824)	(60,479)	-	(695)	(387,998)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(3,605)	(401)	-	-	(4,006)
Other equipment	(8,722)	(643)	-	-	(9,365)
Computer equipment	(5,826)	-	-	-	(5,826)
Leasehold improvements	(54,652)	(11,490)	-	-	(66,142)
Total accumulated depreciation	(399,629)	(73,013)	-	(695)	(473,337)
Total capital assets being depreciated, net	144,561	385,473	-	43,139	573,173
Total capital assets	\$ 144,561	\$ 385,473	\$ -	\$ 43,139	\$ 573,173
	WATS				
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	11,440	3,318	-	-	14,758
Total capital assets not being depreciated	11,440	3,318	-	-	14,758
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	2,215,650	559,336	(373,194)	2,877	2,404,669
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	2,445,913	559,336	(373,194)	2,877	2,634,932
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,626,691)	(237,244)	369,231	(47,051)	(1,541,755)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(39,364)	(674)	-	-	(40,038)
Computer equipment	(8,521)	(133)	-	-	(8,654)
Leasehold improvements	(173,168)	(7,185)	-	-	(180,353)
Total accumulated depreciation	(1,847,744)	(245,236)	369,231	(47,051)	(1,770,800)
Total capital assets being depreciated, net	598,169	314,100	(3,963)	(44,174)	864,132
Total capital assets	\$ 609,609	\$ 317,418	\$ (3,963)	\$ (44,174)	\$ 878,890

6. CAPITAL ASSETS (Continued)

WYTS					
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction-in-process	20,574	742	-	-	21,316
Total capital assets not being depreciated	20,574	742	-	-	21,316
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	979,050	489,419	(172,483)	403,662	1,699,648
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	1,039,794	489,419	(172,483)	403,662	1,760,392
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(801,297)	(94,857)	168,727	(376,419)	(1,103,846)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(2,330)	-	-	-	(2,330)
Other equipment	(36,126)	(1,890)	-	-	(38,016)
Computer equipment	(2,084)	-	-	-	(2,084)
Leasehold improvements	(15,480)	-	-	-	(15,480)
Total accumulated depreciation	(857,317)	(96,747)	168,727	(376,419)	(1,161,756)
Total capital assets being depreciated, net	182,477	392,672	(3,756)	27,243	598,636
Total capital assets	\$ 203,051	\$ 393,414	\$ (3,756)	\$ 27,243	\$ 619,952
GTCS					
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
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	(25,586)	(942)	-	-	(26,528)
Computer equipment	(24,747)	(2,477)	-	-	(27,224)
Leasehold improvements	(42,500)	-	-	-	(42,500)
Total accumulated depreciation	(92,833)	(3,419)	-	-	(96,252)
Total capital assets being depreciated, net	11,743	(3,419)	-	-	8,324
Total capital assets	\$ 11,743	\$ (3,419)	\$ -	\$ -	\$ 8,324

6. CAPITAL ASSETS (Continued)

	Primary Government				
	March 31, 2009	Additions	Retirements	Transfers	March 31, 2010
Capital assets not being depreciated:					
Land	\$ 3,027,398	\$ -	\$ -	\$ -	\$ 3,027,398
Construction-in-process	18,932,731	8,009,656	(10,686,943)	(1,562,895)	14,692,549
Total capital assets not being depreciated	21,960,129	8,009,656	(10,686,943)	(1,562,895)	17,719,947
Capital assets being depreciated:					
Land improvements	2,800,840	-	-	156,485	2,957,325
Building and structures	21,656,453	-	-	233,279	21,889,732
Revenue vehicles	81,837,551	21,739,318	(12,990,987)	-	90,585,882
Non-revenue vehicles	1,211,988	362,351	-	-	1,574,339
Maintenance equipment	3,939,665	39,930	-	-	3,979,595
Other equipment	9,116,682	163,934	(264,879)	15,060	9,030,797
Computer equipment	3,432,125	-	-	1,017,086	4,449,211
Leasehold improvements	2,597,643	-	-	140,985	2,738,628
Total capital assets being depreciated	126,592,947	22,305,533	(13,255,866)	1,562,895	137,205,509
Accumulated depreciation of capital assets:					
Land improvements	(2,840,347)	(65,179)	-	-	(2,905,526)
Building and structures	(17,604,311)	(805,581)	-	-	(18,409,892)
Revenue vehicles	(53,799,575)	(7,026,582)	12,907,080	-	(47,919,077)
Non-revenue vehicles	(1,084,393)	(106,581)	-	-	(1,190,974)
Maintenance equipment	(1,467,011)	(265,391)	-	-	(1,732,402)
Other equipment	(8,110,886)	(416,478)	264,879	-	(8,262,485)
Computer equipment	(2,439,298)	(459,350)	-	-	(2,898,648)
Leasehold improvements	(992,003)	(98,463)	-	-	(1,090,466)
Total accumulated depreciation	(88,337,824)	(9,243,605)	13,171,959	-	(84,409,470)
Total capital assets being depreciated, net	38,255,123	13,061,928	(83,907)	1,562,895	52,796,039
Total capital assets	\$ 60,215,252	\$ 21,071,584	\$ (10,770,850)	\$ -	\$ 70,515,986

7. CAPITAL LEASE OBLIGATIONS

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 balance sheets. 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:

2011	\$ 66,376
2012	<u>66,376</u>
Total minimum lease payments	132,752
Less: Amount representing interest	<u>(6,301)</u>
Present value of future minimum lease payments	126,451
Less: Current portion	<u>(61,990)</u>
	<u><u>\$ 64,461</u></u>

The cost of capital assets under capital lease amounted to \$300,000 as of March 31, 2010 and 2009. Accumulated amortization of capital assets under capital leases was \$300,000 and \$216,645 as of March 31, 2010 and 2009, respectively. Depreciation expense for capital assets under capital lease for the years ended was approximately \$85,000 and \$100,000 for March 31, 2010 and 2009, respectively.

8. PENSION PLANS

New York State and Local Employees' Retirement System

Plan Description

All of the Authority's employees (13) and GTCS's employees (7) participate in the New York State and Local Employees' Retirement System (the System). The System is a cost-sharing multiple-employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transactions of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Governor Alfred E. Smith Office Building, Albany, New York, 12244.

The total payroll for the Authority's employees covered by the System for the years ended March 31, 2010 and 2009 was \$1,601,042 and \$1,444,885, respectively. The GTCS payroll for employees covered by the System for the years ended March 31, 2010 and 2009 was \$417,153 and \$394,027 respectively.

Funding Policy

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

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for corrections officers, those persons who last became members on or after September 1, 1983.

The Authority's and GTCS's employees are all Tier 3 and Tier 4 members and are required to contribute 3% of their wages to the plan. 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 2010, 2009, and 2008 were equal to the required contributions for the year, and were recorded as expense as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Authority	\$ 116,663	\$ 114,720	\$ 96,507
GTCS	<u>22,780</u>	<u>31,214</u>	<u>41,766</u>
	<u>\$ 139,443</u>	<u>\$ 145,934</u>	<u>\$ 138,273</u>

8. PENSION PLANS (Continued)

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

Funding Policy (Continued)

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. (Lift-Line and Regional Entities Non-Union Plan)

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

In addition to providing pension benefits, the RTS Non-Union Plan provides certain postretirement health care and life insurance benefits. During fiscal year 2009, the Authority funded a portion of the cost of this expense with authorized withdrawals under Section 401(h) of the Internal Revenue Code from the overfunded portion of the RTS Non-Union pension plan of \$205,818. In accordance with the Plan document, the Authority is not required to fund a portion of the cost of this expense if the plan is not funded greater than 120%. During fiscal year 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. Both plans combine elements of defined benefit and defined contribution plans.

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, 14608.

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	Single Employer Defined Benefit Plan	Single Employer Defined Benefit	Single Employer Defined Benefit Plan
Contribution rates:				
Employer	1.5%(a)	(b)	0.0%	(c)
Plan members	1.5%(a)	0.0%	3.0%	3.0%
Normal Retirement Age	65	62	65	65
Benefits Provided	Monthly benefit equal to 1.65% of the average of the five highest years' W-2 earnings (subject to a 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	Unit Credit	Unit Credit
Amortization method	(d)	(d)	(d)	(d)
Amortization period	10 years	10 years	10 years	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	\$ 1,021,107	\$ 375,819	\$ 18,213	\$ 29,951
Employer contributions made	\$ 304,567	\$ -	\$ 110,960	\$ 42,065
Annual required contribution (f)	\$ 567,046	\$ -	\$ -	\$ 42,065
Amortization of unfunded actuarial liability (asset) - including interest	\$ (214,773)	\$ (406,265)	\$ (18,213)	\$ 30,453
Adjustment for Net Pension Obligation	\$ -	\$ -	\$ -	\$ -
Ending balance of Net Pension Obligation	\$ -	\$ -	\$ -	\$ -
Number of Members (Active and Inactive)	713	151	57	76

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

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, 2009	\$ 567,046	\$ 567,046	100.0%
November 1, 2008	\$ 533,961	\$ 533,961	100.0%
November 1, 2007	\$ 741,581	\$ 741,581	100.0%
November 1, 2006	\$ 1,089,837	\$ 1,089,837	100.0%
November 1, 2005	\$ 1,158,978	\$ 1,158,978	100.0%
November 1, 2004	\$ 1,155,299	\$ 1,155,299	100.0%
RTS NON-UNION PLAN			
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
April 1, 2004	\$ -	\$ -	N/A
LIFT LINE UNION PLAN			
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
April 1, 2004	\$ -	\$ 41,039	N/A
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN			
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%
May 1, 2004	\$ 22,893	\$ 22,893	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, 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%)
November 1, 2004	\$ 32.1	\$ 34.0	94.4%	\$ (1.9)	\$ 19.3	(9.8%)
RTS NON-UNION PLAN						
(\$ In Millions)						
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%	\$ 7.0	\$ 3.3	212.1%
April 1, 2005	\$ 17.8	\$ 10.8	164.8%	\$ 7.0	\$ 3.3	212.1%
April 1, 2004	\$ 17.4	\$ 10.3	168.9%	\$ 7.1	\$ 3.3	215.2%
LIFT LINE UNION PLAN						
(\$ In Thousands)						
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%
April 1, 2004	\$ 634.8	\$ 351.3	180.7%	\$ 283.5	\$ 1,355.0	20.9%
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN						
(\$ In Thousands)						
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%)
May 1, 2004	\$ 593.7	\$ 645.8	91.9%	\$ (52.1)	\$ 1,319.2	(3.9%)

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 2010 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 2010 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 and plan provisions as of December 1, 2009. The valuation was performed as of December 1, 2009, and results were projected to March 31, 2010, using the closed group projection methodology (no new hires).

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 2010 and 2009 fiscal years, 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	\$ 85,351	\$ 8,449,749	\$ 8,535,100
Interest on net OPEB obligation	7,998	791,802	799,800
Amortization of UAAL	<u>(10,425)</u>	<u>(1,030,095)</u>	<u>(1,040,520)</u>
Annual OPEB cost	82,924	8,211,456	8,294,380
Contributions made	<u>(10,368)</u>	<u>(2,680,232)</u>	<u>(2,690,600)</u>
Increase in Net OPEB Obligation	72,556	5,531,224	5,603,780
Net OPEB Obligation - beginning of year	<u>263,506</u>	<u>14,174,479</u>	<u>14,437,985</u>
Net OPEB Obligation - end of year	<u>\$ 336,062</u>	<u>\$ 19,705,703</u>	<u>\$ 20,041,765</u>

9. POSTEMPLOYMENT BENEFITS (Continued)

Percentage of Annual OPEB Cost

Contributed	31.5%
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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 December 1, 2009 the actuarial valuation the following methods and assumptions were used:

Actuarial Cost Method	Unit Credit, level dollar
Discount Rate*	5.0%
Medical Care Cost Trend Rate	10.0% in fiscal 2010, decreasing by one percentage point per year to an ultimate rate of 5.0% in fiscal 2015 and after.
Dental Care Costs	7.00% in fiscal 2010, 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. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of covered Payroll (b)-(a)/(c)
4/1/07	\$ -	\$ 94,100,000	\$ 94,100,000	0.0%	\$ 21,751,746	432.6%
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%

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.

10. SELF-INSURANCE (Continued)

Workers Compensation Reserve

	Balance - March 31, 2008	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2009
Authority	\$ 717	\$ 1,200	\$ (1,330)	\$ 587
RTS	5,201,626	27,684	(769,662)	4,459,648
Lift Line	506,592	(4,295)	(87,884)	414,413
BBS	384,600	(56,126)	(13,181)	315,293
LATS	83,988	(10,587)	(4,695)	68,706
OTS	516	823	(917)	422
STS	516	614	(708)	422
WATS	1,749	2,148	(2,466)	1,431
WYTS	<u>1,262</u>	<u>1,823</u>	<u>(2,053)</u>	<u>1,032</u>
Total	<u>\$ 6,181,566</u>	<u>\$ (36,716)</u>	<u>\$ (882,896)</u>	<u>\$ 5,261,954</u>

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	<u>-</u>	<u>1,182</u>	<u>-</u>	<u>1,182</u>
Total	<u>\$ 5,261,954</u>	<u>\$ 469,682</u>	<u>\$ (619,154)</u>	<u>\$ 5,112,482</u>

Reserve for Litigated and Unlitigated Claims

	Balance - March 31, 2008	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2009
RTS	\$ 826,791	\$ 569,484	\$ (109,108)	\$ 1,287,167
Lift Line	169,212	(24,823)	(25,055)	119,334
LATS	430,730	(16,163)	(412,275)	2,292
STS	-	115	(115)	-
WATS	19,683	3,106	(731)	22,058
WYTS	<u>-</u>	<u>3,119</u>	<u>(3,019)</u>	<u>100</u>
Total	<u>\$ 1,446,426</u>	<u>\$ 534,838</u>	<u>\$ (550,303)</u>	<u>\$ 1,430,951</u>

10. SELF-INSURANCE (Continued)

Reserve for Litigated and Unlitigated Claims (Continued)

	Balance - March 31, 2009	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2010
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>

Changes in investments designated for self-insurance during fiscal 2010 are as follows:

Balance - beginning of year	\$ 5,336,024
Interest earnings on self-insurance investment received	249,770
Claim payments	<u>(412,000)</u>
Balance - end of year	<u>\$ 5,173,794</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.

11. CAPITAL RESERVE FUND (Continued)

Changes in the investments designated for capital reserve during fiscal 2010 are as follows:

Balance - beginning of year	\$ 5,390,898
Additional funding from local depreciation funds	1,387,000
Authorized disbursements of funds for local share of capital purchases	(2,527,712)
Interest earnings on capital reserve investments	<u>118,881</u>
Balance - end of year	<u>\$ 4,369,067</u>

12. COMMITMENTS

Leases

Lift Line leases property under various non-cancelable operating lease agreements expiring through March 2012, with annual rent increasing based on the percentage change in the Consumer Price Index. Rent expense at Lift Line under the terms of these agreements was approximately \$41,000 in 2010.

Future minimum lease payments under operating leases are as follows for the years ending March 31:

	<u>Lift Line</u>
2011	\$ 41,004
2012	<u>10,251</u>
	<u>\$ 51,255</u>

Fuel Swap

In November 2008, RTS entered into a transaction with Bank of America (the BOA) to mitigate the volatile risk of diesel fuel costs for budgetary and cost control purposes. RTS entered into a fuel swap that locked in the price of diesel fuel at \$2.1000 per gallon from April 1, 2009 through March 31, 2010. RTS reimbursed the BOA the difference between the average daily price for diesel fuel for each month of the agreement, if the price of diesel fuel was less than \$2.1000 per gallon for the period April 1, 2009 through March 31, 2010. The monthly total notional quantity was 1,590,000 gallons. As a result of the transaction the RTS made net payments to the BOA of \$422,156 during 2010, and the amounts are recognized in the accompanying statements of revenue, expenses, and changes in net assets.

In November 2008, RTS entered into another transaction with the BOA to mitigate the volatile risk of diesel fuel costs for budgetary and cost control purposes. RTS entered into a fuel swap that locks in the price of diesel fuel at \$2.2500 from April 1, 2010 through March 30, 2012. RTS will reimburse the BOA the difference between the average daily price for diesel fuel for each month of the agreement, if the price of diesel fuel is less than \$2.2500 per gallon for the period April 1, 2010 through March 31, 2012. The monthly total notional quantity is 3,000,000 gallons. RTS will use profits generated from the transaction to assist with paying for increases in the cost of diesel fuel; losses from the transaction will be used to offset the decrease in prices of diesel fuel. This agreement became effective subsequent to year-end and only represents a commitment as of March 31, 2010.

13. CONTINGENCIES

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

14. SOIL REMEDIATION LIABILITY

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

- An imminent threat to public health due to pollution exists,
- 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.

In 2009, RTS identified and estimated costs related to a remediation obligation. RTS recorded a non operating expense and corresponding liability for soil contamination remediation obligations that do not meet the criteria for capitalization. During 2009, RTS recognized total expense of \$1,807,598 and as of March 31, 2009, recorded a soil remediation liability of \$699,480. During 2009, RTS was able to utilize grants from the U.S. Department of Transportation and New York State Department of Transportation to partially offset these remediation costs. In 2009, RTS received \$1,015,790 in grants which have been recorded as non operating revenue on the accompanying statements of revenue, expenses, and changes in net assets.

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 has reduced its soil remediation liability to \$585,310 as of March 31, 2010.

RTS has estimated it will expend approximately \$289,000 in fiscal 2011 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 maintenance headquarters.

15. INVENTORY RESERVE

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. The parties are now 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 and estimated legal expenses.

Effective, April 1, 2010, Neopart Inc., pursuant to an agreement with the RTS dated February 10, 2010, assumed parts supply management services for RTS.

16. GOVERNMENTAL ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

Accounting and Financial Reporting for Intangible Assets

In June 2007, GASB issued statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. This statement establishes consistency over the reporting of intangible assets that meet certain criteria. Assets that would fall under this standard include internally developed computer software. The Authority would be required to apply the provisions of the standard retrospectively to June 30, 1980. The Authority must adopt the provisions of this statement for the year ended March 31, 2011. Management has not yet assessed the impact this standard may have on its financial statements.

Accounting and Financial Reporting for Derivative Instruments

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. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. GASB 53 is effective for the fiscal year ended March 31, 2011. Management has not yet assessed the impact this standard may have on its financial statements.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

Exhibit I

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

				Federal Costs Incurred			Federal Grant Revenue			
<u>Grant No.</u>	<u>CFDA No.</u>	<u>Grant Purpose</u>	<u>Grant Term</u>	<u>Approved Federal Grant Amount</u>	<u>During Fiscal 2010</u>	<u>Cumulative Through March 31, 2010</u>	<u>Earned to March 31, 2010</u>	<u>Billed to March 31, 2010</u>	<u>Received During Fiscal 2010</u>	<u>Received Cumulative to March 31, 2010</u>
<u>AUTHORITY</u>										
<u>FEDERAL HIGHWAY ADMINISTRATION:</u>										
NY-37-X067	20.516	2008 Job Access Reverse Commute	8/1/08 - 7/31/09	345,261	132,343	345,261	345,261	345,261	345,261	345,261
2009JARC	20.516	2009 Job Access Reverse Commute	8/1/09 - 7/31/10	405,246	197,944	197,944	-	-	-	-
NY-57-X001	20.521	New Freedom	8/1/07-	167,477	42,365	106,422	106,422	106,422	46,851	96,076
<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	8,698	1,860,304
K006898	93.558	Temporary Assistance for Needy Families	7/1/08 - 12/31/09	2,000,000	1,004,147	1,989,526	1,989,526	1,989,526	1,987,818	1,987,818
K006977	93.558	Temporary Assistance for Needy Families	10/1/2009-12/31/10	2,000,000	1,590,642	1,590,642	1,590,642	1,590,642	2,448	2,448
<u>FEDERAL TRANSIT ADMINISTRATION FORMULA GRANTS:</u>										
NY-90-X541	20.507	Preventive maintenance, TIDE, Lift Line buses	N/A	10,738,500	2,875,949	10,467,079	10,467,079	10,467,079	2,108,796	9,039,669
NY-95-X006	20.507	RTS Buses, TIDE	N/A	5,700,000	3,342,778	3,475,569	3,475,569	3,475,569	3,209,330	3,342,121
NY-90-X526	20.507	Preventive maintenance, Transit buses, Hybrid buses, shelter, Renaissance Square	N/A	25,571,282	702,933	24,802,428	24,802,428	24,802,428	1,013,847	24,802,428
NY-90-X582	20.507	Preventive maintenance, Lift replacement, Diesel buses, TIDE	N/A	9,366,212	4,654,848	8,867,309	8,867,309	8,867,309	4,794,915	8,867,309
NY-90-X585	20.507	Preventive maintenance, Buses, Transit Enhancement	N/A	9,605,460	3,258,855	9,189,999	9,189,999	9,189,999	3,213,930	9,136,994
NY-90-X615	20.507	Preventive maintenance, Purchase signage, Transit Enhancement	N/A	9,189,875	3,245,588	5,448,917	5,448,917	5,448,917	5,448,917	5,448,917
NY-95-X005	20.507	RTS Buses	N/A	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
2010 RGRTA 5307	20.507	Preventive maintenance, Purchase Buses, Transit Enhancement	N/A	9,593,178	2,161,905	2,161,905	-	-	-	-
<u>FEDERAL TRANSIT CAPITAL IMPROVEMENT GRANTS:</u>										
NY-03-0429	20.500	Renaissance Square	N/A	8,290,841	1,186,885	3,866,232	3,866,232	3,866,232	1,432,128	3,857,930
NY-04-0002	20.500	Livingston County Bus Facility	N/A	990,000	8,023	990,000	990,000	990,000	8,023	990,000
<u>HIGHWAY PLANNING AND CONSTRUCTION GRANTS:</u>										
D-125016/D-125017	20.505	R-GRTA - UPWP	N/A	490,816	247,401	439,875	439,875	439,875	104,723	282,197
<u>AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009</u>										
NY-96-X019	20.507	Transit Buses, Site Improvements	N/A	15,796,418	2,169,284	2,188,478	2,188,478	2,188,478	2,093,447	2,093,447
NY-66-X001	20.507	Non Revenue	N/A	466,000	402,281	402,281	402,281	402,281	402,281	402,281
5311 Economic Stimulus	20.507	Regional Buses, Bus Shelters	N/A	4,102,000	2,674,914	2,674,914	2,674,914	2,674,914	1,179	1,179

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 2010	Cumulative Through March 31, 2010	Earned to March 31, 2010	Billed to March 31, 2010	Received During Fiscal 2010	Received Cumulative to March 31, 2010
AUTHORITY (Continued)										
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS:										
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	-	-
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	-	-
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	-	-
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	-	-
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	-	-
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	-	-
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	-	-
C-003654	20.509	Section 5311 capital assistance	N/A	1,124,000	2,305	678,005	678,005	678,005	246,005	678,005
Total Authority				120,874,066	32,832,890	84,822,287	82,462,438	82,462,438	28,968,598	75,734,384

GTCS

HIGHWAY PLANNING AND CONSTRUCTION GRANTS

D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/03-03/31/04	1,464,733	-	1,325,824	1,325,824	1,325,824	4,409	1,325,824
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/04-03/31/05	1,114,866	25,506	1,027,632	1,027,632	1,027,632	47,399	1,005,463
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/05-03/31/06	1,192,046	7,481	973,923	973,923	973,923	60,586	968,735
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/06-03/31/07	1,332,332	56,039	1,516,238	1,516,238	1,516,238	99,362	1,495,076
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/07-03/31/08	1,326,108	271,129	1,116,445	1,116,445	1,116,445	328,280	1,043,214
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/08-03/31/09	1,180,474	396,992	823,462	823,462	823,462	411,546	611,184
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	04/01/09-03/31/10	1,468,818	590,158	590,158	590,158	590,158	495,680	495,680
Total GTCS				9,079,377	1,347,305	7,373,682	7,373,682	7,373,682	1,447,262	6,945,176
Total Authority and GTCS				\$ 129,953,443	\$ 34,180,195	\$ 92,195,969	\$ 89,836,120	\$ 89,836,120	\$ 30,415,860	\$ 82,679,560

The accompanying notes are an integral part of this exhibit

**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 21, 2010

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 Organization) as of and for the year ended March 31, 2010, and have issued our report thereon dated June 21, 2010. 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 audits, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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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 Organization'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 Organization in a separate letter dated June 2010.

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.