

**FINANCIAL STATEMENTS**  
**CENTRAL NEW YORK REGIONAL**  
**TRANSPORTATION AUTHORITY**  
**AND SUBSIDIARIES**  
**MARCH 31, 2012 AND 2011**

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central New York Regional Transportation  
Authority and Subsidiaries  
Syracuse, New York

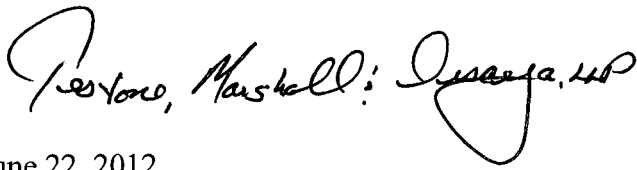
We have audited the accompanying consolidating financial statements of Central New York Regional Transportation Authority and Subsidiaries (the "Authority"), a component unit of the State of New York, as of and for the years ended March 31, 2012 and 2011, as listed in the table of contents. These consolidating financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Central New York Regional Transportation Authority and Subsidiaries as of March 31, 2012 and 2011 and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2012 on our consideration of Central New York Regional Transportation Authority and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 19 and Supplemental Schedule of Other Postemployment Benefits Plan Schedule of Funding Progress and Supplemental Schedule of Pension Plans Schedule of Funding Progress on pages 39 and 40 be presented to supplement the consolidating financial statements. Such information, although not a part of the consolidating financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidating financial statements, and other knowledge we obtained during our audits of the consolidating 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.

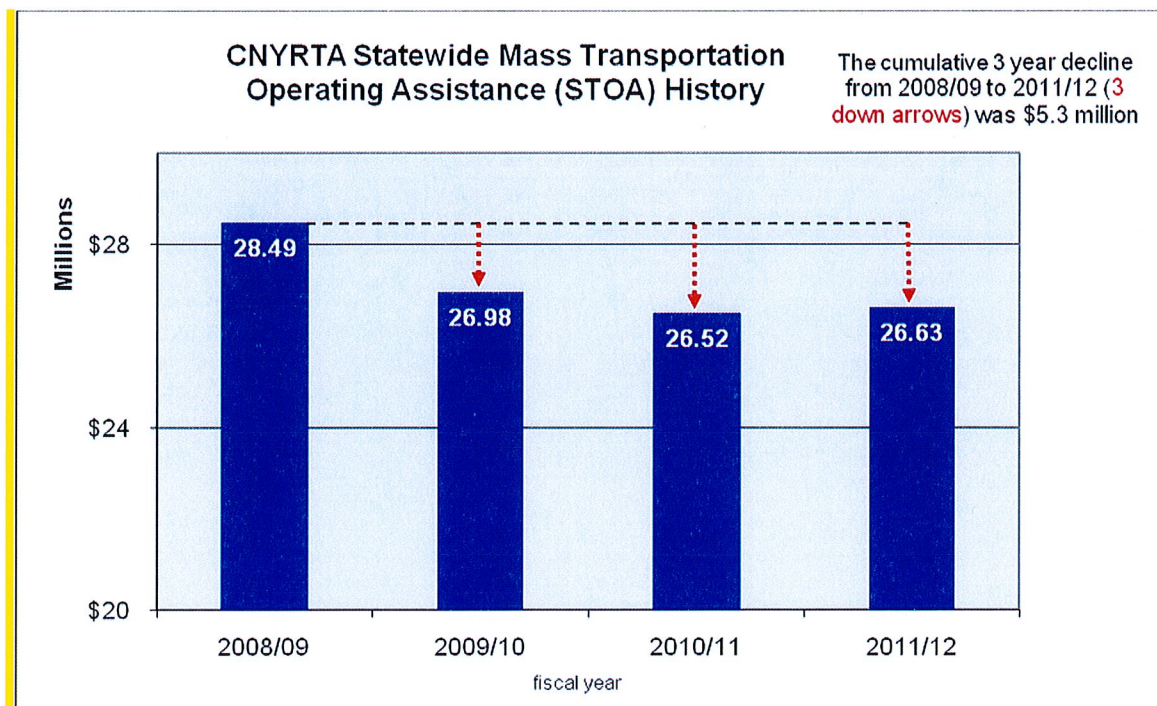
A handwritten signature in black ink that reads "Preston, Marshall: Isaacs, LLP". The signature is written in a cursive style with a large, looping initial "P" and "M".

June 22, 2012  
Syracuse, New York

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

**During the Year**

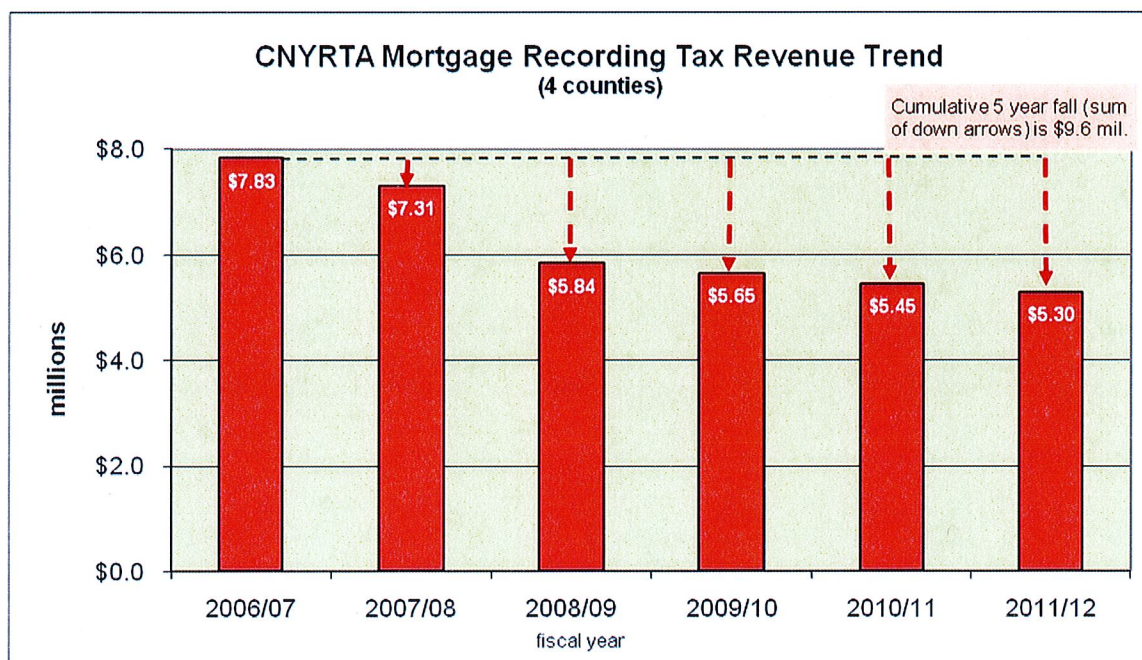
The fiscal year ended March 31, 2012 was one of relative stability from a financial perspective. The multiple service adjustments and two fare increases over the previous three years have brought expenses into line with available revenue streams overall, despite two primary external funding sources (state operating assistance and the mortgage recording tax) remaining at their greatly lowered levels. Internally generated revenues (from fares and institutional transportation service agreements) were increased by deliberate action while expenses were held almost level with the prior year, resulting in a “balanced” year overall. Public transit finances continued to be very negatively affected by the stagnant economic conditions in the U.S. and in upstate New York in particular. The recession has had a delayed and markedly negative effect on governmental entities, reducing New York State’s tax revenues and constricting state expenditures over the past few years, affecting state subsidies to transit. As the chart below shows, statewide transit operating assistance (STOA) has been falling since 2008/09 and Central New York Regional Transportation Authority and Subsidiaries (“CNYRTA”) has received \$5.3 million less than it would have been had the 2008/09 amount been held level. STOA is the largest single source of operating funding for the Authority’s Centro bus operations, covering about 47% of operating costs. CNYRTA’s STOA funding for the year ended March 31, 2012 was nominally higher than the prior year but nearly \$1.9 million below the 2008/09 level. The continuing reductions have had a significant negative impact on the CNYRTA’s budget and its overall financial strength during the past three years.



(Continued)

**CENTRAL NEW YORK REGIONAL  
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Another lingering impact of the recession has been the continuing decline in the locally dedicated funding source for New York's transit authorities - the mortgage recording tax (MRT) levied on real estate transactions. All of the state's upstate authorities receive this revenue, which was created under state tax law when the authorities were formed in the late 1960s and early 1970s. The portion of the MRT for the CNYRTA is .25% of the value of mortgages recorded in the counties which are members of the Authority (with a \$25 tax reduction for single and two family homes). It is the CNYRTA's practice to conservatively budget for such revenues; the amount budgeted for the year ended March 31, 2012 was raised nominally (about 3%) compared to the prior year's actual receipts, in anticipation of a modest economic recovery during the year. Unfortunately, revenues received were below both budget and the prior year, continuing a five year negative trend.



In response to these continuing external revenue situations, additional service reductions/consolidations and fare increases were implemented on May 4, 2011. New York's transportation authorities are, in essence, financial wards of the state because of the fallibilities of these two critical state-based revenue sources. Fortunately for the CNYRTA, actions taken have compensated for the reduced subsidies and allowed the Authority to bring its annual expenses into line with the revenue streams in the year ended March 31, 2012 and, barring any unforeseen events, going forward in the short term.

In total, excluding \$9.9 million in depreciation and \$12.4 million of current year OPEB charges, the Authority's operating revenues, operating assistance and mortgage recording tax revenues exceeded consolidated operating expenses by \$328,000. The budget had anticipated a \$400,000 operating loss, excluding GASB 45 and depreciation.

Unlike the prior year, STOA payments from New York State were timely during the year, so no short term cash flow borrowing was necessary.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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During the year, ridership declined overall as a result of the fare increases throughout the system in May of 2011, and as a result of the service reductions in certain operations also instituted at that time. A significant portion of the decline occurred in the fixed route operation in Onondaga County, which had the highest rate of increase in the cash fare. Multi-ride passes were priced at a reduced average per-ride cost to mitigate the impact of the fare increase on regular riders; sales of such passes increased significantly during the year. Despite the loss of ridership, revenues from line operations increased significantly on a consolidated basis – the fare increase yielded the necessary additional revenues.

Significant construction progress was made on the Downtown Syracuse Transit Hub (Hub) during the year, to the point where a public opening is expected in July of 2012. Three years ago, the CNYRTA obtained title, through eminent domain proceedings, to the real property in Syracuse for the purpose of constructing this passenger-friendly, off-street bus transfer hub for its Onondaga County fixed-route operation. Once opened, the Hub will replace the existing “Common Center” transfer location at the corners of Fayette & Salina Streets, where there is significant traffic/pedestrian conflict, where waiting passengers are often exposed to severe weather conditions, and which is overwhelmed when large numbers of buses line up frequently during the day for timed transfers. The current Centro passenger convenience structures at Common Center will be completely removed once the Hub commences operation. A judicial process was commenced several years ago to determine the purchase price for the real property acquired for the Hub; a final ruling by the New York State Supreme Court was anticipated in late in 2011, but was not forthcoming. The Authority paid the owner \$1.5 million initially, based on the Authority’s independent appraisal, but the ultimate payment for the land will be finalized only when this legal proceeding is concluded.

Twelve new Orion buses, built in Oriskany, NY, were delivered and placed into Centro service in Utica and surrounding towns. 62 additional Orion buses (56 40 ft. CNG for Onondaga County, 5 35 ft. for Utica and 1 30 ft. for Rome) were ordered during the year, with delivery expected in the summer and fall of 2012.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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## **Financial Highlights**

### **General**

Due to the requirements of Governmental Accounting Standards Board Statement #45 (GASB 45) combined with the effect of the inclusion of depreciation as an operating expense, the CNYRTA had a large formal operating loss for the fifth year in a row. GASB requires governmental entities to value and reflect in their financial statements (but not necessarily fund) the costs of non-pension Other Postemployment Benefits (OPEB) promised to current active employees and current retirees. For the CNYRTA, these postemployment benefits predominantly reflect the cost of current and future retiree health care. The accrual entry required for GASB 45 compliance for the year ended March 31, 2012 was determined by a qualified actuary, and incorporates multiple assumptions about future health care cost trends, employee retention levels, mortality rates and other technical factors. The calculation of OPEB costs, net of health costs of \$3.1 million actually paid during the year for current retirees, was \$12.4 million, reflecting both a normal ("going forward") cost component and an amortization of the unfunded actuarial accrued liability over a period of 30 years. The GASB 45 amount does not have to be funded, and the CNYRTA could not and did not set aside such funding during the year. Under current financial statement presentation requirements, with depreciation and OPEB recognition included as operating expenses, the Authority had a consolidated operating loss of \$22 million. Without regard to depreciation and the OPEB expenses, the CNYRTA had an operating gain of just over \$300,000 for the year. These positive results are due to a combination of factors, including reduced operating costs and higher passenger revenues.

In the future, it is anticipated that the OPEB accrual entry will begin to decline as newly hired employees, both salaried and non-salaried, will no longer be entitled to post-retirement health care, a change in benefits practice which occurred during the fiscal year ended March 31, 2012.

Revenue from transit passenger services exceeded budget and prior year significantly, because of the fare increases in May of 2011. Miscellaneous revenues were higher than the prior year and mortgage recording tax revenue (over which the Authority has no control) – underperformed budget again, declining for the sixth year in a row. Total maintenance expenses were below budget but higher than last year, while health care costs and pension costs came in below budget and below last year. Transportation costs were higher than anticipated as the work force was reduced, through attrition only, to match the lowered service levels which commenced in May of 2011, and because there were increased special program activities (JARC, New Freedom) which were funded by higher than anticipated federal revenues specifically for these programs. Fuel was higher than budget as diesel fuel costs rose significantly during the year. CNG prices were locked in by the Authority for the year and were on budget. The alternative fuel usage credit for use of compressed natural gas (CNG) in 120 transit buses and sales to outside CNG users was taken during the year, resulting in a recorded fuel cost offset of about \$471,000. However, this federal program ended in December 31, 2011 and may or may not be renewed by Congress. This is the fifth fiscal year in which this rebate was recognized as an offset to the fuel cost line of CNY Centro.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Highlights (Cont'd)**

**General (Cont'd)**

The CNYRTA and its subsidiaries ended the fiscal year less than 1% higher than budget in total expenses (excluding depreciation and post-employment benefits) and on the same basis, about 1% higher than the prior year's expenses.

As noted above, total mortgage recording tax revenues were very disappointing at \$5.3 million against a budget of \$5.6 million, due to the lingering and seemingly unabated effects of the economic recession in upstate New York. The actual MRT revenue received during this year was \$154,000 below the prior year and \$2.6 million below what was received in the year ended March 31, 2006 (five years ago). New York State operating assistance was nominally higher (\$115,000) than the prior year - but nearly \$2 million below the amount received in the year ended March 31, 2009. The amount of federal capital funds used to reimburse preventive maintenance activities on revenue vehicles and facilities, along with a matching portion from New York State, was decreased significantly during the fiscal year in anticipation of the major bus replacement during calendar 2012.

There were local matching expenditures of about \$1,361,000 required for Federal capital project activities; these current year expenditures were made from previously set-aside funds. Capital grant spending from outside funding sources (federal and state) totaled about \$16.5 million. No contribution was set-aside from current mortgage recording tax operating revenues during the year to fund the local share of capital grants, as current year MRT receipts were insufficient for such purpose.

The Authority had no outstanding debt of its own issuance, either short or long-term, at March 31, 2012. Even though it did not issue it, the Authority had previously accepted legal responsibility for the approximately \$133,200 of the former Utica Transit Authority (UTA) debt remaining at March 31, 2012, owed to Oneida County, as part of the UTA Asset Acquisition Agreement. UTA had entered into this obligation with Oneida County in order to fund the local share of buses and building improvements in 1994 and 1999. Unless paid off in advance, future payments will continue to be made by the Authority until the debt is totally paid off in 2014.

**Statutory Revenues**

Mortgage recording taxes, a portion of which is remitted by the county clerks of participating counties to major New York State transportation authorities for eligible real estate transaction closings in counties in which they operate, are highly unpredictable and can fluctuate from year to year depending upon economic factors over which the authorities have no control. Despite continued unpredictability and six consecutive years of declines, these revenues still are a key locally generated funding source for operating, capital and other reserve fund needs. The MRT is most certainly a "wild card" in the finances of New York State's public transportation authorities - a wild card that is languishing badly.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Highlights (Cont'd)**

**Statutory Revenues (Cont'd)**

Mortgage tax revenues had peaked in the mid-1990s, fell significantly later that decade and remained at reduced levels until 2001. After the terrorist attacks of 2001, the Federal Reserve lowered short-term interest rates in an effort to stave off a recession and stimulate the economy. Over time, interest rates on mortgages fell to historical lows for a period of several years, and CNYRTA's MRT receipts rose significantly. In 2004, the Federal Reserve began raising rates and continued to do so for two years in an effort to control inflation. During that time, MRT receipts fell slightly, but not drastically, and then rose as home values generally increased. In September of 2007, the Federal Reserve again began cutting rates in an effort to buoy a struggling economy battered by high energy prices, sub-prime mortgage failures and other economic concerns which combined to heighten fears of a recession. Short-term interest rates were cut some 3% by the end of the CNYRTA's fiscal year on March 31, 2008, and MRT revenues reached an all-time high for the authority that year. During the year ended March 31, 2009 (notably, in September of 2008), the credit crunch hit the economy head-on along with housing and financial institution failures and very high oil prices, together creating a deep and extended recession which is still affecting the economy. As a result of these pressures, MRT receipts for the year ended March 31, 2009 fell precipitously (20%) from the prior year. There were enough general economic concerns to have hampered confidence locally, and there have been and continue to be numerous local layoffs and manufacturing plant closings, which translate into fewer real-estate transactions, and lowered housing values mean smaller real-estate transactions and less MRT receipts for the Authority. The American Recovery and Reinvestment Act, enacted in February of 2009, included a provision for a significant tax credit for first time home owners, but this did not appear to have a positive impact on MRT received by the Authority. Total receipts in the fiscal year ended March 31, 2010 fell 3.3% to \$5.65 million and dropped another 3.5% to \$5.45 million in the year ended March 31, 2011. For the year ended March 31, 2012, receipts were about \$5.3 million, again about 3% (\$154,000) below the prior year -- fully \$2.6 million (33%) below receipts for the record year ended March 31, 2006, during which nearly \$7.9 million was received.

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**CENTRAL NEW YORK REGIONAL  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Highlights (Cont'd)**

**Operating and Special Assistance Revenues**

Operating assistance funding from New York State, through its Statewide Transit Operating Assistance (STOA) Program, has slipped from covering 51% of the four county transit operating costs three years ago (excluding depreciation and post-employment benefits) to covering approximately 47% of those costs. Operating assistance may go up or down in any given year based on the Governor's Executive Budget, increases or decreases to the Executive Budget made by the Legislature prior to budget passage, and even an "enacted" budget amount may be reduced later in the year by further action of the Governor, which actually occurred in the fiscal years ended March 31, 2009, 2010 and 2011. In the year ended March 31, 2012, there was a nominal increase in STOA of \$115,000, to a total of \$26,633,000, stemming the systematic annual reductions since the year ended March 31, 2009. There is no comprehensive multi-year plan or funding source in place for this program, making it exceedingly difficult for the Authority to make service and fare decisions on other than a short-notice basis. Much of the funding for upstate transit is from the state's general fund, where overall state budget deficits (and funding reductions) have occurred. The four participating counties are required to match the "18b" portion of STOA, which amounted to \$3,178,000. The 18b amounts matched by the counties have not changed since the early 1990s (except for Oneida, which began the match in the year ended March 31, 2006).

Special Assistance Revenues applied to the operating budgets of transit operations included a significant percentage increase in Federal Job Access/Reverse Commute and New Freedom funding and in New York State Temporary Assistance for Needy Families (TANF). Federal and state capital funds allocated by the Authority to preventive maintenance activities were significantly lower in this fiscal year in order to preserve capital funds for the upcoming 62 bus replacement, which will cost approximately \$26.5 million.

**Statement of Net Assets**

Net unrestricted assets are negative, having been significantly affected by five years of OPEB entries totaling more than \$60 million charged as operating costs.

An amount borrowed in a previous fiscal year (with Board approval) from the Board-designated Self-Insurance Reserve fund for extraordinary claims was restored during the year when state reimbursement for its 10% share was reimbursed under a capital grant agreement. The continuing Self-Insurance Reserve balance is \$3,625,000, supporting the authority's \$1.5 million self-insured retention for auto-related injury claims.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Financial Highlights (Cont'd)**

**CNY Centro and Centro Call-A-Bus (Onondaga County) Operations**

Centro in Onondaga County is the original CNYRTA bus operation, commencing service in January of 1972, taking over for the privately owned and bankrupt Syracuse Transit Corporation. CNY Centro (the fixed route operation) is by far the largest subsidiary and is the nucleus of the regional Centro system. In addition to traditional core regular-route services fundamental to its mission, CNY Centro provides specialized large-scale services which enhance the quality of life and help power the economic engine of the community. These types of services include an extensive network of Park-n-Ride shuttle services from remote locations in the region to the main gate of the New York State Fair and open-to-the-public mass transit services within and around the Syracuse University campus and to all Carrier Dome events. In addition, there are subsidy arrangements with Le Moyne College and Onondaga Community College for use of the system by students of these institutions. CNY Centro is a participant in the evolving "Connective Corridor" which is a collaborative effort between the City of Syracuse, Syracuse University, and the CNYRTA and which is supported by federal and state grants. The approximate fleet size in the Syracuse area in fixed route service is 160 large buses. CNY Centro staff provides all support and administrative functions for the other subsidiary operations, the largest of which is now Centro of Oneida. Ridership in Onondaga County was down more than 5% as a result of the fare increase and service consolidations implemented in May of 2011, but revenue yield from such increases was substantial.

Centro Call-A-Bus is the complementary paratransit service to CNY Centro's fixed route service, required by the Americans with Disabilities Act since the early 1990s. Call-A-Bus is a CNYRTA innovation that was a pioneer endeavor starting in 1974 (though not required by law until the ADA was passed sixteen years later). In the past few years, the demand for rides on Call-A-Bus rose by double digits, but dropped slightly during the year with the fare increase of May 2011. The cost of service provision has generally increased over the past several years as a result of this higher demand. The approximate fleet size is 22 vehicles including one large bus; significant subcontracted service is operated by qualified taxi and van operators. Centro Call-A-Bus was charged an allocation of the cost of applicable general support provided by the CNY Centro, Inc. for such centralized functions as accounting, procurement, training, safety, security, human resources, payroll, marketing and public information, and information technology.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Highlights (Cont'd)**

**Centro of Oswego and Centro of Cayuga Operations**

These separate public transit operations, each with its own manager, small garage/office facility and fleet of 14 or 15 vehicles, were stable from a service standpoint during this fiscal year.

In 2004, Centro of Cayuga service in the City of Auburn was completely restructured and 6 new low-floor replacement buses were placed into service, which had a very positive impact on ridership, especially for seniors living in downtown Auburn. Centro of Cayuga continues to operate a network of regional and intercity routes to employment and retail centers as well as to the Authority's Regional Transportation Center in Syracuse, and also has an agreement with the local community college in Auburn for transportation of students. A new downtown transfer hub was opened for Centro of Cayuga by the City of Auburn in January of 2008. Ridership was higher for Centro of Cayuga, despite the fare increase, with a notable increase in Cayuga Community College student usage.

During the fiscal year ended March 31, 2012, Centro once again carried a significant number of passengers to the New York State Fair from both Oswego and Cayuga counties through Park-n-Ride operations at various locations.

Centro of Oswego, which operates in the cities of Oswego and Fulton as well as in several rural areas of Oswego County, provided extensive service to students at SUNY Oswego, including on-campus circulators, routes that link to the Oswego community, and connections to passenger rail and intercity buses at the Authority's Regional Transportation Center in Syracuse. Centro of Oswego also has an agreement with a local community college in Fulton for transportation of students. Overall, ridership decreased for this subsidiary during the year, with fewer student riders due to an atypically mild winter and other factors.

The Authority's collective Centro bus fleets and personnel are key support elements of the federally mandated nuclear emergency evacuation plans for the Oswego area, which has three nuclear power plants in the Town of Scriba, just east of the City of Oswego. The Oswego County Department of Emergency Management provides training for Centro employees on an annual basis.

Centro of Oswego and Centro of Cayuga are charged an allocation of the costs of general support provided by the CNY Centro, Inc. for such centralized functions as maintenance and operations supervision, route planning, accounting, procurement, training, safety, security, human resources, payroll, revenue collection, marketing and public information, and information technology.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**Financial Highlights (Cont'd)**

**Centro of Oneida Operations**

This second largest CNYRTA subsidiary (38 buses, about 85 full time employees) includes two "divisions", one serving Utica and surrounding towns, and one serving the City of Rome. The Centro of Oneida management team, located at the Utica facility, supervises both operations. The CNYRTA service assumption in 2005 allowed a single management entity for both divisions, resulting in savings in personnel and administrative costs. Utica's operations are located in a leased garage/office facility at Leland and Wurz Avenues in Utica; Oneida County is the owner of the building and the lease is for a nominal annual amount. Centro of Oneida maintains the building. There is a leased sales office/information center in the Radisson Hotel on Genesee Street, which was relocated within the hotel and improved several years ago. The main bus transfer point in downtown Utica, where Elizabeth, Bleecker and Genesee Streets meet, is known as "The Busy Corner". It is anticipated that in late 2012 or early 2013, this transfer point will be relocated to a stand-alone, covered bus transfer facility one block to the east (to Charlotte St.). It will be off-street and include a sales office/information center, and eliminate the need for a separate leased information center. The transfer facility is currently under construction, and is being built by the City of Utica using Federal Transit Administration discretionary capital grant funds. Centro of Oneida will be a tenant in this facility at nominal cost, and the Authority's capital investment in the facility is expected to be nominal.

Shortly after the Utica area routes were restructured in August and October of 2007, ridership began rising significantly. Ridership in this operation has remained stable despite a second route restructuring in 2010, but declined slightly in the fiscal year ended March 31, 2012 due to the fare increase in May of 2011.

The Utica division of Centro of Oneida operates 31 buses and one auto in fixed route and paratransit services, and has approximately 14 salaried employees who focus mainly on operating and maintenance activities in both Utica and Rome.

The Rome division of Centro of Oneida operates 7 buses in fixed route and paratransit service and leases, for nominal annual amounts, two facilities: a small maintenance/storage building on Race St., and an enclosed passenger waiting station in the Liberty Street Parking Garage. The City of Rome is the owner of both of these facilities. The Liberty Street location serves as the main transfer point for Rome passengers, and the internal portion of the waiting area was rehabilitated shortly after the Authority took over in 2005 – an improvement that was well received by transit riders. Only light vehicle repairs and servicing are performed in Rome, with heavier maintenance performed at the Utica facility or in Syracuse at the main Centro facility, as time and space allow. Ridership declined slightly in Rome for the year ended March 31, 2012 due to the fare increase implemented in May of 2011. Modernization and state of good repair activities implemented since the Authority assumed this operation in October of 2005 - including new bus schedules, electronic bus destination signs, electronic fareboxes, rebuilt buses, marketing activities and predictable service - have all made the Rome system much more user-friendly and responsive to community needs.

(Continued)

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**Financial Highlights (Cont'd)**

**Centro of Oneida Operations (Cont'd)**

The CNYRTA has been pursuing capital funds and a suitable location for a modern, unified maintenance/office facility for the combined operations of the Utica and Rome divisions of Centro of Oneida. The prospect of obtaining federal funding for such a facility, however, has dimmed due to the change in spending philosophy at the federal level - the transit "earmark" funding program - which had been created by elected officials to fund specific bus and transit facility replacements deemed to be of particular benefit to local community - has virtually been eliminated. Therefore, it is likely that Centro of Oneida will be forced to remain in the current facilities in Utica and Rome for the foreseeable future. The Utica facility is subject to seasonal flooding, lacks the capacity to sufficiently expand and has other issues while the Rome maintenance facility is old, outdated and in need of further repairs. Some additional capital funds will be required in order to keep these facilities viable. While the Authority does not own any of the Oneida facilities, they will have to be kept in a state of good repair until the opportunity to build a new consolidated facility presents itself at some time in the future. Some state and federal funds which had previously been accumulated for the purpose of building such a facility have since been reallocated toward regular replacements of full-sized buses placed into service in 1999 which will have now reached the end of their 12 year federally-mandated useful lives and have or will shortly be replaced.

Internal support services for Centro of Oneida, as for the other CNYRTA subsidiaries, are primarily provided by the CNY Centro operation in Syracuse, infusing specialized, transit-specific skills and knowledge and increasing the sphere of shared services. Centro of Oneida was charged an allocation of the cost of applicable general support provided by the CNY Centro, Inc. for such centralized functions as route planning, accounting, procurement, training, safety, security, human resources, payroll, marketing and public information, and information technology.

**Centro Parking Operations**

In an effort to increase locally generated revenues which could in turn support transit services, Centro Parking was created by the Authority in 1978. Under contract with SUNY's Upstate Medical University, Centro Parking managed two new multi-level parking garages and operated a small valet service for SUNY's Institute for Human Performance (the latter commenced during the fiscal year). Also during the year, SUNY Upstate took over operation of the former Community General Hospital on Onondaga Hill to the west of Syracuse, and engaged Centro Parking to operate the visitor parking garage at that location. All costs incurred by Centro Parking under the parking management contract with SUNY Upstate are reimbursed by SUNY, and a management fee is also received by Centro Parking.

Centro Parking also leases land from New York State located under or adjacent to Interstate Route 81, where it sells monthly parking spaces to individuals and institutions. Overall, Centro Parking revenues were higher than the prior year due to increased activities under its contract with SUNY Upstate.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Financial Highlights (Cont'd)**

**Ongoing Issues**

In recent years, the CNYRTA advocated, in conjunction with the New York Public Transit Association (NYPTA) as well as some other upstate transportation authorities, for an increase in the mortgage recording tax rate for transit to .50% from .25%. In the absence of this increase, or a rapid and significant increase in state operating assistance, the Authority has had no choice but to generally reduce the extent of its services to the public and has increased the fares twice in the past three years. The Authority is also advocating for a prohibition against the common practice whereby local industrial development agencies are able to unilaterally exempt large project financings from the transit portion of the mortgage recording tax.

The CNYRTA and other upstate transportation authorities continue to advocate for a multi-year state operating assistance funding plan which would provide stability and predictability in the level of appropriations, so that changes in service levels and fares can be better planned and executed. Much of this effort is being undertaken collectively with other transit agencies across the state under the aegis of the New York Public Transit Association (NYPTA). In the past few years, State operating assistance appropriations have been significantly reduced, leaving the Authority no choice but to use significant reserves, to convert formula capital funding into preventive maintenance reimbursements, to implement fare increases and/or service reductions and to take other measures in attempts to stem recurring operating losses. In the fiscal year ending March 31, 2012, the STOA amount was increased nominally compared to the prior fiscal year, but remained \$1.9 million below the amount received in the year ended March 31, 2009. Going forward, for the year ending March 31, 2013, the amount of operating assistance approved in the State budget was increased for all upstate transit authorities by 6.95%, which, combined with repeated and significant fare, service and other actions the CNYRTA has taken in the past several years to better align expenses with revenue streams, should provide for short to intermediate financial stability - barring any major unforeseen economic occurrences in the near future.

The CNYRTA is primarily self-insured for health care benefits, with an insured stop-loss on individual cases. As a self-insured entity, health care costs can fluctuate from year to year, depending severity and frequency of individual illnesses, prescription drug utilization and other factors. For the year ended March 31, 2012, the Authority's health care costs were below budget and below the prior year. The Authority has engaged a health care consultant on a multi-year basis in an effort to better control health care costs going forward.

(Continued)



**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Ongoing Issues (Cont'd)**

**Other Highlights**

The Authority has a strong internal control environment which has historically produced very good results from financial practice audits conducted by the Office of the New York State Comptroller. The Authority also has been found to be in full compliance in all 23 (now 24) areas reviewed in each of the past three Triennial Reviews performed by the Federal Transit Administration, including a June 2011 Review during this fiscal year. This "trifecta" is unprecedented in Region 2 (New York-New Jersey) of the FTA. The Authority seeks to consistently uphold such control/compliance philosophy and practices, and also has a strong ethics program with written guides for employees. An internal outside interest disclosure form must also be completed annually by all salaried employees. The Authority has timely complied with the independent New York State Authority Budget Office's various policy guidance issuances and reporting requirements.

An extensive Procurement Systems Review was also conducted by the FTA during March of 2012. This review looked at six general procurement system requirements, and subjected more than ninety procurement contracts to fifty different requirements each. The final report, received subsequent to year end, reported that no deficiencies were found in either the overall system requirements or in the 90+ individual procurement contracts reviewed.

After experiencing a leveling off of premium costs in the fiscal year ended March 31, 2005, the CNYRTA was able to obtain rate reductions for its excess liability coverage in each of the next four fiscal years. With the May 2010 renewal, the premium remained the same as the prior year. For the May 2011 renewal during this fiscal year, the premium was again lowered in comparison to the prior year. These continually less costly renewals over a seven year period are due to strong hiring, safety, and training programs which have resulted in improved accident claims history, and also due to extensive efforts in the marketplace by the Authority's broker. Ongoing use of the state-of-the art driver training simulators, other training center investments, continuous training for both new and current drivers, and even improved preventive maintenance activities and maintenance training are other factors in this trend. The premium for the May 2011 renewal was 42% lower than the May 2005 renewal seven years ago.

Anticipating the retirements of certain executive, senior and other staff in the next few years, the CNYRTA has developed a succession plan, which continues to be refined and updated. The plan includes the restructuring of certain areas in the short term and staff development in the intermediate term, so that the organization has the human resources developed to provide continuity necessary for sustained success over the long term. The first retirement of a long-serving senior staff member will occur in the fall of 2012.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Ongoing Issues (Cont'd)**

**Other Highlights (Cont'd)**

Other Authority accomplishments during the year:

- Ordered 62 replacement buses (also made in Oriskany, NY) for Centro in Onondaga County (56 compressed natural gas buses), Centro of Oneida in Utica (5 diesel buses) and Centro of Oneida in Rome (1 diesel bus), and was awarded \$13.4 million in competitively sought Federal Transit Administration "State of Good Repair" funds for this purpose. This completed the financing for this major project, totally eliminating the need to borrow for this project.
- Developed and implemented a Centro "e-store" for online bus pass sales, concurrent with the May 2011 fare increase.
- Completed labor negotiations with two of the three bargaining units representing Centro employees, so that all labor agreements are active and current. During this process, health and pension benefits for both new non-represented and new represented employees were significantly restructured.
- Dedicated staff liaisons to OSHA and PESH to further strengthen employee safety programs.
- Applied to and received payment from the IRS for the final year of the alternative fuel usage rebate program for use of compressed natural gas (CNG) in motor vehicles. Centro received \$0.50 per equivalent gasoline gallon of CNG used in its 120 full-sized CNG transit buses, which made up nearly 75% of its large bus fleet in Onondaga County during this period. With 915,000 gasoline gallon equivalents used by Centro during calendar year 2011, the Authority received a payment of about \$460,000 to offset fuel costs. Calendar 2011 was final year of this program, which had been previously extended by the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, although Congress may choose to renew this program in the future to encourage use of alternative fuels in motor vehicles.
- Prepared for an April 1 implementation of comprehensive new accounting, grant, sales order and procurement software system which truly meets current and future needs, and allows improved business processes to be implemented.
- Participated in a broad range of security-related programs, events, training classes and exercises involving the Transportation Security Administration (TSA), the U.S. Department of Homeland Security, the NYS Division of Homeland Security and Emergency Services - Office of Counter Terrorism, the Onondaga County Sheriff's Office and the Syracuse Police Department.

**Fleet Status**

In Onondaga County, the Authority operated 120 full-sized transit buses powered by compressed natural gas (CNG). A majority of them (78) will have reached the end of their federally mandated minimum useful lives of 12 years during 2012, but the number replaced will be less than 78 due to service reductions in Onondaga County over the past three years. CNG vehicles will still represent the majority of the fleet of full-sized buses operated by CNY Centro in Onondaga County going forward. The Authority also operates 9 diesel-electric hybrid buses in the same operation.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Ongoing Issues (Cont'd)**

**Fleet Status (Cont'd)**

Although diesel-electric hybrids are modestly more fuel efficient, have slightly cleaner emissions and are generally quieter than any other buses in the fleet, they have a much higher capital cost (over \$600,000 per bus) and there are costly mid-life battery replacements for the hybrid power systems. In combination, these factors make the additional purchase of such technology prohibitive, especially when a large number of vehicles are to be replaced at the same time, compared to the life cycle costs of new CNG or clean-diesel powered vehicles.

The Authority continues to make CNG fuel available to several public and private fleets and other individuals at its public station in Syracuse. As noted above, the Authority has taken full advantage of the federal incentive of \$.50 per equivalent gasoline gallon for the CNG fuel used by its 120 bus fleet and CNG sold to outside customers. This incentive was extended for three months to December 31, 2009 under the Troubled Asset Relief Program (TARP), and was extended by an additional 24 months to December 31, 2011 by the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010. The CNYRTA has received rebates of between \$500,000 and \$600,000 per 12 month period since the program began on October 1, 2006. As of the end of the fiscal year, there is no program in place, and the last date for which the Authority was able to claim this credit was December 31, 2011. The total amount rebated to the Authority from October 1, 2006 through December 31, 2011 was just over \$2.1 million.

**Regional Transportation Center**

In 1998 the Authority, together with its subsidiary corporation Intermodal Transportation Center, Inc. (ITC, Inc.), opened the William F. Walsh Regional Transportation Center (RTC) located on what is now Alliance Bank Parkway near the former Carousel Center (recently rebadged as Destiny USA) and the Regional Market in the City of Syracuse. Startup operating costs for the RTC required that the Authority, in that initial year, subsidize the RTC in the amount of \$102,000. For many years, because of increased income received from RTC operations and through expense control, the amount of this support remained below the initial year, until the year ended March 31, 2006 when the deficit was \$126,000. For the years ended March 31, 2009, 2010 and 2011 respectively, the net deficits (excluding depreciation and post-retirement benefits under GASB 45 requirements) were \$178,000, \$144,000 and \$100,000 respectively. For the year ended March 31, 2012, the comparable deficit was \$136,000. Revenues from tenants and parking increased over the prior year, while operating costs increased slightly. The RTC opened in the summer of 1998 and is now more than 13 years old.

Since 1998, the existence of the RTC has accounted for at least 40,000 annual transit rides provided by its fellow Centro bus operating subsidiaries; the increased revenues resulting from these rides are not reflected in the RTC's financial statements.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Ongoing Issues (Cont'd)**

**Regional Transportation Center (Cont'd)**

There remain concerns, as there have been since 9/11/2001, regarding the potential for terrorist attacks in the U.S., with the transportation infrastructure in particular considered a possible target. Attacks a few years ago on the transportation infrastructure in both London and Madrid have added to these concerns. Should such an attack occur on U.S. soil, it could affect RTC tenants negatively. Obtaining liability insurance coverage for the RTC, given this perceived and/or real risk, has been challenging, but has thus far been accomplished at reasonable and consistent premium cost.

The US Border Patrol and Transportation Safety Administration periodically conduct random checks of passengers as well as training activities at the RTC.

The RTC fulfills its mission within the Central New York region, enhancing tourism and providing people with the opportunity, since 1998, to move efficiently between different "modes" of transportation in a safe, clean, positive environment. These transportation modes include intercity rail (Amtrak), intercity bus (Greyhound, Trailways and MegaBus), and regional/local mass transit (via the Authority's regional Centro bus operations). Convenient connections to Syracuse's Hancock International Airport (a few miles away) are also available through local taxi operators.

Several capital improvements have been made since original construction in the late 1990s, funded by federal and state capital grants (with 10% CNYRTA share), including back-up electrical power generation, improved drainage and major restroom improvements/expansions. An energy mitigation system, including new efficient lighting and HVAC controls, was completed in the year ended March 31, 2008, reducing utility costs. A vastly improved visual surveillance system was installed in the summer of 2008. During the fiscal year ended March 31, 2009, the CNYRTA improved the bus turnaround/staging area used by the intercity bus tenants (Greyhound and Trailways) to accommodate the increased turning radius requirements of the larger 45-foot long coaches they now operate.

Parking spaces for travelers using the RTC are often full, so another major capital improvement is planned for 2012 – a reconfiguration/expansion of the parking area and improvement of traffic flows throughout the property. This should result in increased convenience to travelers and visitors coming through the facility, as well as improve access for persons with disabilities. There will likely be increased parking revenue opportunities as well.

The RTC will become even more visible and crucial to Syracuse area with the nearly completed 1.3 million square foot three-story addition morphing the Carousel Center into "Destiny USA". Several nationally recognized tenants, (retail, entertainment, dining) have recently signed leases for space in the expanded mall area. The RTC is virtually across the street from Destiny USA, which is likely to draw additional regional and international (Canadian) traffic, with some of those visitors coming into the community by regional and intercity bus, as well as by passenger rail.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012**

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**Ongoing Issues (Cont'd)**

**Regional Transportation Center (Cont'd)**

A pending matter since completion of the Regional Transportation Center is the conveyance to ITC, Inc. by CSX of a parcel of land owned by CSX and located, to some extent, beneath the RTC rail platform. CSX has not decided what value (if any) it will assign to such conveyance. Until the date of such conveyance, ITC, Inc. continues to legally occupy such parcel as Tenant.

**OnTrack Bridge Project**

It was previously reported that an adjunct of the Regional Transportation Center was the development and construction of a rail bridge to link the RTC with the then existing OnTrack rail shuttle service. In early 1999, unanticipated engineering problems resulted in Conrail's (predecessor to CSX) issuance of a Stop Work Order halting further construction of the bridge. Since that date, and also as previously reported, all work under the bridge construction contracts involving ITC, Inc. and/or the CNYRTA was discontinued and all such contracts were closed out. Since that time, the Authority worked cooperatively with the Onondaga County Industrial Development Agency (OCIDA), Delaware-Otsego Corporation (the parent corporation of OnTrack), the New York State Thruway Authority ("NYSTA") and NYSDOT for the transfer of this project and related New York State grant funding from the Authority to OCIDA. This transfer was long ago completed.

The bridge project, despite the absence of the OnTrack operation or a successor thereto, would have positive ramifications in terms of improved Amtrak access to the RTC passenger platform. Further, the prospect of improved, "higher-speed" Amtrak passenger service between Buffalo and Albany would be well served by this additional trackage into the RTC. New York State has aggressively pursued and has been successful in obtaining initial federal funds to begin upgrading parts of the State's passenger rail system. This will allow the first steps toward the inception of higher-speed rail service contemplated through the Syracuse area along the "Empire Corridor".

(Concluded)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF NET ASSETS  
MARCH 31, 2012 AND 2011**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>								
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	\$ 7,428,994	\$ 7,835,511	\$ 243,025	\$ 251,750	\$ 325	\$ 325	\$ 350	\$ 350
Cash and cash equivalents - designated	3,625,000	3,461,938	-	-	-	-	-	-
Accounts receivable:								
Trade and other	849,050	547,511	639,361	845,393	10,255	5,350	8,773	680
Operating assistance	526,938	49,349	-	-	-	-	-	-
Grants	2,477,942	3,196,875	605,658	1,678,655	-	-	-	-
Materials and supplies	-	-	2,677,735	2,536,953	-	-	-	-
Prepaid expenses and other current assets	34,786	52,870	502,473	245,996	24,280	8,190	21,464	7,303
Total current assets	14,942,710	15,144,054	4,668,252	5,558,747	34,860	13,865	30,587	8,333
CASH AND CASH EQUIVALENTS - DESIGNATED	55,925	35,419	-	-	-	-	-	-
CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION	-	-	55,992,903	50,345,591	2,224,331	2,128,434	1,352,789	1,508,431
DUE FROM (TO) AFFILIATES - NET	(2,277,196)	99,700	2,948,764	322,194	179,594	219,008	196,499	207,754
<b>TOTAL ASSETS</b>	<b>\$ 12,721,439</b>	<b>\$ 15,279,173</b>	<b>\$ 63,609,919</b>	<b>\$ 56,226,532</b>	<b>\$ 2,438,785</b>	<b>\$ 2,361,307</b>	<b>\$ 1,579,875</b>	<b>\$ 1,724,518</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts payable and accrued expenses	\$ 53,685	\$ 1,763,439	\$ 1,972,053	\$ 621,644	\$ 46,929	\$ 33,022	\$ 48,886	\$ 14,912
Accrued salaries	18,813	1,688	315,426	524,617	18,812	41,786	16,459	31,557
Accrued liabilities and benefits	60,611	49,333	1,611,299	1,456,312	78,002	87,355	93,314	85,689
Current portion of other postemployment benefits	34,862	37,234	1,892,077	1,939,232	129,942	124,111	117,264	99,289
Current portion of long-term debt	-	-	-	-	-	-	-	-
Total current liabilities	167,971	1,851,694	5,790,855	4,541,805	273,685	286,274	275,923	231,447
OTHER POSTEMPLOYMENT BENEFITS	834,870	695,766	37,888,843	30,420,854	2,426,697	1,922,889	2,035,653	1,593,711
ESTIMATED CLAIMS PAYABLE	-	-	2,565,273	2,127,937	28,436	28,436	92,729	108,230
LONG-TERM DEBT	-	-	-	-	-	-	-	-
DEFERRED COMPENSATION	55,925	35,419	-	-	-	-	-	-
Total liabilities	1,058,766	2,582,879	46,244,971	37,090,596	2,728,818	2,237,599	2,404,305	1,933,388
<b>NET ASSETS:</b>								
Unrestricted	11,662,673	12,696,294	(38,627,955)	(31,209,655)	(2,514,364)	(2,004,726)	(2,177,219)	(1,717,301)
Invested in capital assets - net of related debt	-	-	55,992,903	50,345,591	2,224,331	2,128,434	1,352,789	1,508,431
Total net assets	11,662,673	12,696,294	17,364,948	19,135,936	(290,033)	123,708	(824,430)	(208,870)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,721,439</b>	<b>\$ 15,279,173</b>	<b>\$ 63,609,919</b>	<b>\$ 56,226,532</b>	<b>\$ 2,438,785</b>	<b>\$ 2,361,307</b>	<b>\$ 1,579,875</b>	<b>\$ 1,724,518</b>

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF NET ASSETS  
MARCH 31, 2012 AND 2011**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 300	\$ 2,824	\$ -	\$ -	\$ 7,672,994	\$ 8,090,760
Cash and cash equivalents - designated	-	-	-	-	-	-	3,625,000	3,461,938
Accounts receivable:								
Trade and other	4,892	7,300	9,555	11,631	2,305	2,505	1,524,191	1,420,370
Operating assistance	-	-	-	-	-	-	526,938	49,349
Grants	400,932	80,976	497,265	976,777	-	-	3,981,797	5,933,283
Materials and supplies	-	-	373,008	352,193	-	-	3,050,743	2,889,146
Prepaid expenses and other current assets	6,018	8,420	55,820	15,320	12,473	4,762	657,314	342,861
Total current assets	411,842	96,696	935,948	1,358,745	14,778	7,267	21,038,977	22,187,707
CASH AND CASH EQUIVALENTS - DESIGNATED	-	-	-	-	-	-	55,925	35,419
<b>CAPITAL ASSETS - NET OF ACCUMULATED DEPRECIATION</b>								
	1,574,045	2,685,101	7,982,398	4,066,930	14,108,571	14,587,169	83,235,037	75,321,656
DUE FROM (TO) AFFILIATES - NET	(127,580)	204,021	374,912	99,257	(1,294,993)	(1,151,934)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,858,307</b>	<b>\$ 2,985,818</b>	<b>\$ 9,293,258</b>	<b>\$ 5,524,932</b>	<b>\$ 12,828,356</b>	<b>\$ 13,442,502</b>	<b>\$ 104,329,939</b>	<b>\$ 97,544,782</b>
<b>CURRENT LIABILITIES:</b>								
Accounts payable and accrued expenses	\$ 154,453	\$ 168,603	\$ 75,634	\$ 143,382	\$ 26,776	\$ 26,905	\$ 2,378,416	\$ 2,771,907
Accrued salaries	-	-	63,047	75,197	-	-	432,557	674,845
Accrued liabilities and benefits	41,289	37,212	326,630	315,923	7,688	6,788	2,218,833	2,038,612
Current portion of other postemployment benefits	421,518	344,409	567,306	552,293	6,339	6,206	3,169,308	3,102,774
Current portion of long-term debt	-	-	47,821	54,517	-	-	47,821	54,517
Total current liabilities	617,260	550,224	1,080,438	1,141,312	40,803	39,899	8,246,935	8,642,655
OTHER POSTEMPLOYMENT BENEFITS	6,043,457	4,467,349	10,450,701	8,240,707	119,524	94,796	59,799,745	47,436,072
ESTIMATED CLAIMS PAYABLE	34,832	41,268	741,657	772,132	-	-	3,462,927	3,078,003
LONG-TERM DEBT	-	-	85,329	133,150	-	-	85,329	133,150
DEFERRED COMPENSATION	-	-	-	-	-	-	55,925	35,419
Total liabilities	6,695,549	5,058,841	12,358,125	10,287,301	160,327	134,695	71,650,861	59,325,299
<b>NET ASSETS:</b>								
Unrestricted	(6,411,287)	(4,758,124)	(10,914,115)	(8,641,632)	(1,440,542)	(1,279,362)	(50,422,809)	(36,914,506)
Invested in capital assets - net of related debt	1,574,045	2,685,101	7,849,248	3,879,263	14,108,571	14,587,169	83,101,887	75,133,989
Total net assets	(4,837,242)	(2,073,023)	(3,064,867)	(4,762,369)	12,668,029	13,307,807	32,679,078	38,219,483
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,858,307</b>	<b>\$ 2,985,818</b>	<b>\$ 9,293,258</b>	<b>\$ 5,524,932</b>	<b>\$ 12,828,356</b>	<b>\$ 13,442,502</b>	<b>\$ 104,329,939</b>	<b>\$ 97,544,782</b>

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
MARCH 31, 2012 AND 2011**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>OPERATING REVENUES:</b>								
Passenger	\$ -	\$ -	\$ 12,044,511	\$ 10,147,285	\$ 523,555	\$ 483,141	\$ 480,313	\$ 391,862
Advertising, parking (net) and other	188,731	201,364	553,539	118,564	146	150	200	186
Mortgage taxes for operations	5,299,269	5,453,071	-	-	-	-	-	-
Operating and other assistance	-	-	21,123,701	23,871,414	2,260,673	2,203,430	2,290,396	2,615,420
Total operating revenues	<u>5,488,000</u>	<u>5,654,435</u>	<u>33,721,751</u>	<u>34,137,263</u>	<u>2,784,374</u>	<u>2,686,721</u>	<u>2,770,909</u>	<u>3,007,468</u>
<b>OPERATING EXPENSES:</b>								
Maintenance of equipment and facilities	-	-	8,361,300	8,245,264	519,133	516,645	559,663	453,687
Fuel	-	-	1,896,628	1,996,879	372,970	337,593	456,441	332,319
Transportation	-	-	10,510,446	11,046,327	1,047,869	1,153,159	934,541	1,002,000
Marketing and public information	-	-	431,295	387,642	5,253	7,113	6,154	7,131
Human resources	-	-	301,964	292,274	-	-	-	-
Insurance and risk management	27,403	44,381	1,198,267	975,997	43,645	43,670	15,565	51,095
General and administrative	772,377	711,864	1,811,690	1,344,826	568,345	579,381	496,707	569,865
Employee benefits and payroll taxes	332,815	404,878	18,447,622	18,499,128	1,116,018	1,012,056	1,068,227	1,327,039
Depreciation expense	-	-	6,678,077	7,408,747	352,768	334,195	305,197	298,965
Total operating expenses	<u>1,132,595</u>	<u>1,161,123</u>	<u>49,637,289</u>	<u>50,197,084</u>	<u>4,026,001</u>	<u>3,983,812</u>	<u>3,842,495</u>	<u>4,042,101</u>
OPERATING INCOME (LOSS)	<u>4,355,405</u>	<u>4,493,312</u>	<u>(15,915,538)</u>	<u>(16,059,821)</u>	<u>(1,241,627)</u>	<u>(1,297,091)</u>	<u>(1,071,586)</u>	<u>(1,034,633)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Grants received for capital additions	-	-	11,250,053	5,866,091	446,701	5,090	149,555	-
Gain on disposal of capital assets	-	-	2,327	95,705	-	3,355	-	-
Interest expense	-	(33,688)	-	-	-	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>(33,688)</u>	<u>11,252,380</u>	<u>5,961,796</u>	<u>446,701</u>	<u>8,445</u>	<u>149,555</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>4,355,405</u>	<u>4,459,624</u>	<u>(4,663,158)</u>	<u>(10,098,025)</u>	<u>(794,926)</u>	<u>(1,288,646)</u>	<u>(922,031)</u>	<u>(1,034,633)</u>
<b>TRANSFER OF FUNDS:</b>								
Transfer of funds - operating	(4,027,822)	(3,467,115)	1,816,834	876,665	379,221	451,896	306,471	326,667
Transfer of funds - capital	(1,361,204)	(1,290,920)	1,075,336	1,287,835	1,964	-	-	-
Total transfers	<u>(5,389,026)</u>	<u>(4,758,035)</u>	<u>2,892,170</u>	<u>2,164,500</u>	<u>381,185</u>	<u>451,896</u>	<u>306,471</u>	<u>326,667</u>
CHANGE IN NET ASSETS	(1,033,621)	(298,411)	(1,770,988)	(7,933,525)	(413,741)	(836,750)	(615,560)	(707,966)
NET ASSETS - BEGINNING OF YEAR	<u>12,696,294</u>	<u>12,994,705</u>	<u>19,135,936</u>	<u>27,069,461</u>	<u>123,708</u>	<u>960,458</u>	<u>(208,870)</u>	<u>499,096</u>
NET ASSETS - END OF YEAR	<u>\$ 11,662,673</u>	<u>\$ 12,696,294</u>	<u>\$ 17,364,948</u>	<u>\$ 19,135,936</u>	<u>\$ (290,033)</u>	<u>\$ 123,708</u>	<u>\$ (824,430)</u>	<u>\$ (208,870)</u>



**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
MARCH 31, 2012 AND 2011**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>OPERATING REVENUES:</b>								
Passenger	\$ 397,722	\$ 289,813	\$ 1,320,032	\$ 1,215,960	\$ -	\$ -	\$ 14,766,133	\$ 12,528,061
Advertising, parking (net) and other	-	-	40,344	39,266	500,336	471,841	1,283,296	831,371
Mortgage taxes for operations	-	-	-	-	-	-	5,299,269	5,453,071
Operating and other assistance	4,830,673	5,178,598	7,152,112	6,443,721	-	-	37,657,555	40,312,583
Total operating revenues	5,228,395	5,468,411	8,512,488	7,698,947	500,336	471,841	59,006,253	59,125,086
<b>OPERATING EXPENSES:</b>								
Maintenance of equipment and facilities	294,879	391,275	2,091,079	1,723,091	348,947	314,283	12,175,001	11,644,245
Fuel	258,000	293,004	989,466	716,760	-	-	3,973,505	3,676,555
Transportation	3,784,311	3,721,652	3,092,258	2,935,446	-	-	19,369,425	19,858,584
Marketing and public information	-	1,148	11,533	10,820	-	-	454,235	413,854
Human resources	-	-	9,972	7,786	-	-	311,936	300,060
Insurance and risk management	41,475	58,025	95,216	534,343	49,171	41,190	1,470,742	1,748,701
General and administrative	1,166,243	1,186,011	659,563	621,868	232,607	216,635	5,707,532	5,230,450
Employee benefits and payroll taxes	2,329,509	2,254,195	4,320,890	4,410,820	30,791	26,002	27,645,872	27,934,118
Depreciation expense	1,111,056	947,377	894,471	1,045,013	574,153	572,432	9,915,722	10,606,729
Total operating expenses	8,985,473	8,852,687	12,164,448	12,005,947	1,235,669	1,170,542	81,023,970	81,413,296
OPERATING INCOME (LOSS)	(3,757,078)	(3,384,276)	(3,651,960)	(4,307,000)	(735,333)	(698,701)	(22,017,717)	(22,288,210)
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Grants received for capital additions	-	1,650,421	4,535,590	508,550	86,000	27,761	16,467,899	8,057,913
Gain on disposal of capital assets	55	13,501	7,031	13,671	-	-	9,413	126,232
Interest expense	-	-	-	-	-	-	-	(33,688)
Total non-operating revenues (expenses)	55	1,663,922	4,542,621	522,221	86,000	27,761	16,477,312	8,150,457
NET INCOME (LOSS) BEFORE TRANSFERS	(3,757,023)	(1,720,354)	890,661	(3,784,779)	(649,333)	(670,940)	(5,540,405)	(14,137,753)
<b>TRANSFER OF FUNDS:</b>								
Transfer of funds - operating	992,804	825,898	532,492	985,989	-	-	-	-
Transfer of funds - capital	-	-	274,349	-	9,555	3,085	-	-
Total transfers	992,804	825,898	806,841	985,989	9,555	3,085	-	-
CHANGE IN NET ASSETS	(2,764,219)	(894,456)	1,697,502	(2,798,790)	(639,778)	(667,855)	(5,540,405)	(14,137,753)
NET ASSETS - BEGINNING OF YEAR	(2,073,023)	(1,178,567)	(4,762,369)	(1,963,579)	13,307,807	13,975,662	38,219,483	52,357,236
NET ASSETS - END OF YEAR	\$ (4,837,242)	\$ (2,073,023)	\$ (3,064,867)	\$ (4,762,369)	\$ 12,668,029	\$ 13,307,807	\$ 32,679,078	\$ 38,219,483

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
MARCH 31, 2012 AND 2011**

	Central New York Regional Transportation Authority		CNY Centro, Inc.		Centro of Oswego, Inc.		Centro of Cayuga, Inc.	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Passenger receipts	\$ -	\$ -	\$ 12,044,511	\$ 10,147,285	\$ 518,650	\$ 481,216	\$ 472,220	\$ 391,786
Mortgage tax receipts	5,228,637	5,499,391	-	-	-	-	-	-
Operating assistance	-	1,419,286	21,123,701	23,871,414	2,260,673	2,203,430	2,290,396	2,615,420
Receipts from grants	718,933	1,407,326	1,072,997	-	-	-	-	-
Other operating receipts	-	185,690	759,571	162,265	146	150	200	186
Payments to vendors and suppliers	(2,456,034)	(1,845,420)	(4,996,568)	(5,696,761)	(1,225,836)	(1,213,727)	(1,233,161)	(1,143,149)
Payments and benefits to employees	(690,659)	(746,770)	(24,007,490)	(24,785,446)	(1,745,705)	(1,719,966)	(1,574,030)	(1,922,651)
Payments for insurance and risk management	(11,696)	(81,323)	(5,198,038)	(5,152,792)	(226,563)	(182,638)	(273,351)	(225,435)
Net cash provided by (utilized in) operating activities	2,789,181	5,838,180	798,684	(1,454,035)	(418,635)	(431,535)	(317,726)	(283,843)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Payments for interest	-	(33,688)	-	-	-	-	-	-
Proceeds from Revenue Anticipation Notes	-	5,000,000	-	-	-	-	-	-
Payments on Revenue Anticipation Notes	-	(5,000,000)	-	-	-	-	-	-
Operating transfers	(1,650,926)	(3,821,257)	(809,736)	1,290,391	418,635	410,070	317,726	271,021
Net cash provided by (utilized in) noncapital financing activities	(1,650,926)	(3,854,945)	(809,736)	1,290,391	418,635	410,070	317,726	271,021
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Proceeds from grants received for capital additions	-	-	11,250,053	5,866,091	446,701	5,090	149,555	-
Transfers in (out) - capital	(1,361,204)	(1,290,920)	1,075,336	1,287,835	1,964	-	-	-
Purchase of capital assets	-	-	(12,325,389)	(7,153,926)	(448,665)	(5,090)	(149,555)	-
Payments on long-term debt	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	2,327	98,816	-	3,355	-	-
Net cash provided by (utilized in) capital and related financing activities	(1,361,204)	(1,290,920)	2,327	98,816	-	3,355	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(222,949)</b>	<b>692,315</b>	<b>(8,725)</b>	<b>(64,828)</b>	<b>-</b>	<b>(18,110)</b>	<b>-</b>	<b>(12,822)</b>
<b>BALANCES - BEGINNING OF YEAR</b>	<b>11,332,868</b>	<b>10,640,553</b>	<b>251,750</b>	<b>316,578</b>	<b>325</b>	<b>18,435</b>	<b>350</b>	<b>13,172</b>
<b>BALANCES - END OF YEAR</b>	<b>\$ 11,109,919</b>	<b>\$ 11,332,868</b>	<b>\$ 243,025</b>	<b>\$ 251,750</b>	<b>\$ 325</b>	<b>\$ 325</b>	<b>\$ 350</b>	<b>\$ 350</b>
<b>Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:</b>								
Operating income (loss)	\$ 4,355,405	\$ 4,493,312	\$ (15,915,538)	\$ (16,059,821)	\$ (1,241,627)	\$ (1,297,091)	\$ (1,071,586)	\$ (1,034,633)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:</b>								
Depreciation	-	-	6,678,077	7,408,747	352,768	334,195	305,197	298,965
<b>Changes in operating assets and liabilities:</b>								
<b>Accounts receivable:</b>								
Trade and other	(301,539)	30,646	206,032	43,701	(4,905)	(1,925)	(8,093)	(76)
Operating assistance	(477,589)	1,419,286	-	-	-	-	-	-
Grants	718,933	1,407,326	1,072,997	(681,762)	-	-	-	-
Materials and supplies	-	-	(140,782)	20,671	-	-	-	-
Prepaid expenses and other current assets	18,084	(34,674)	(256,477)	131,513	(16,090)	13,118	(14,161)	11,249
Accounts payable and accrued expenses	(1,709,754)	(1,665,836)	1,350,409	58,206	13,907	(1,057)	33,974	6,682
Other accrued expenses	28,403	(10,485)	(54,204)	(120,557)	(32,327)	5,797	(7,473)	10,213
Other postemployment benefits	136,732	179,000	7,420,834	7,774,201	509,639	511,000	459,917	409,000
Unredeemed tokens	-	-	-	-	-	-	-	-
Estimated claims payable	-	-	437,336	(28,934)	-	4,428	(15,501)	14,757
Deferred compensation	20,506	19,605	-	-	-	-	-	-
Total adjustments	(1,566,224)	1,344,868	16,714,222	14,605,786	822,992	865,556	753,860	750,790
Net cash provided by (utilized in) operating activities	\$ 2,789,181	\$ 5,838,180	\$ 798,684	\$ (1,454,035)	\$ (418,635)	\$ (431,535)	\$ (317,726)	\$ (283,843)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
MARCH 31, 2012 AND 2011**

	Centro Call-A-Bus, Inc.		Centro of Oneida, Inc.		Intermodal Transportation Center, Inc.		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Passenger receipts	\$ 397,722	\$ 289,813	\$ 1,320,042	\$ 1,215,960	\$ -	\$ -	\$ 14,753,145	\$ 12,526,060
Mortgage tax receipts	-	-	-	-	-	-	5,228,637	5,499,391
Operating assistance	4,830,673	5,178,598	7,152,112	6,443,721	-	-	37,657,555	41,731,869
Receipts from grants	-	165,568	479,512	(580,662)	-	-	2,271,442	992,232
Other operating receipts	2,408	-	42,420	30,999	500,536	473,881	1,305,281	853,171
Payments to vendors and suppliers	(4,776,120)	(4,511,146)	(2,609,802)	(2,073,848)	(580,783)	(546,403)	(17,878,304)	(17,030,454)
Payments and benefits to employees	(1,689,963)	(1,745,469)	(6,055,566)	(5,816,626)	(5,930)	-	(35,769,343)	(36,736,928)
Payments for insurance and risk management	(89,180)	(77,476)	(540,593)	(286,928)	(56,882)	(36,247)	(6,396,303)	(6,042,839)
Net cash provided by (utilized in) operating activities	(1,324,460)	(700,112)	(211,875)	(1,067,384)	(143,059)	(108,769)	1,172,110	1,792,502
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
Payments for interest	-	-	-	-	-	-	-	(33,688)
Proceeds from Revenue Anticipation Notes	-	-	-	-	-	-	-	5,000,000
Payments on Revenue Anticipation Notes	-	-	-	-	-	-	-	(5,000,000)
Operating transfers	1,324,405	686,611	256,837	1,054,395	143,059	108,769	-	-
Net cash provided by (utilized in) noncapital financing activities	1,324,405	686,611	256,837	1,054,395	143,059	108,769	-	(33,688)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Proceeds from grants received for capital additions	-	1,650,421	4,535,590	508,550	86,000	27,761	16,467,899	8,057,913
Transfers in (out) - capital	-	-	274,349	-	9,555	3,085	-	-
Purchase of capital assets	-	(1,650,421)	(4,809,939)	(508,550)	(95,555)	(30,846)	(17,829,103)	(9,348,833)
Payments on long-term debt	-	-	(54,517)	(59,013)	-	-	(54,517)	(59,013)
Proceeds from sale of capital assets	55	13,501	7,031	14,030	-	-	9,413	129,702
Net cash provided by (utilized in) capital and related financing activities	55	13,501	(47,486)	(44,983)	-	-	(1,406,308)	(1,220,231)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(2,524)	(57,972)	-	-	(234,198)	538,583
BALANCES - BEGINNING OF YEAR	-	-	2,824	60,796	-	-	11,588,117	11,049,534
BALANCES - END OF YEAR	\$ -	\$ -	\$ 300	\$ 2,824	\$ -	\$ -	\$ 11,353,919	\$ 11,588,117
<b>Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:</b>								
Operating income (loss)	\$ (3,757,078)	\$ (3,384,276)	\$ (3,651,960)	\$ (4,307,000)	\$ (735,333)	\$ (698,701)	\$ (22,017,717)	\$ (22,288,210)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (utilized in) operating activities:</b>								
Depreciation	1,111,056	947,377	894,471	1,045,013	574,153	572,432	9,915,722	10,606,729
<b>Changes in operating assets and liabilities:</b>								
<b>Accounts receivable:</b>								
Trade and other	2,408	(3,880)	2,076	(8,267)	200	2,040	(103,821)	62,239
Operating assistance	-	-	-	-	-	-	(477,589)	1,419,286
Grants	(319,956)	165,568	479,512	(580,662)	-	-	1,951,486	310,470
Materials and supplies	-	-	(20,815)	(2,650)	-	-	(161,597)	18,021
Prepaid expenses and other current assets	2,402	19	(40,500)	89,936	(7,711)	4,943	(314,453)	216,104
Accounts payable and accrued expenses	(14,150)	(51,404)	(67,748)	29,743	(129)	(15,046)	(393,491)	(1,638,712)
Other accrued expenses	4,077	1,590	(1,443)	(47,260)	900	(439)	(62,067)	(161,141)
Other postemployment benefits	1,653,217	1,611,000	2,225,007	2,276,000	24,861	26,002	12,430,207	12,786,203
Unredeemed tokens	-	-	-	-	-	-	-	-
Estimated claims payable	(6,436)	13,894	(30,475)	437,763	-	-	384,924	441,908
Deferred compensation	-	-	-	-	-	-	20,506	19,605
Total adjustments	2,432,618	2,684,164	3,440,085	3,239,616	592,274	589,932	23,189,827	24,080,712
Net cash provided by (utilized in) operating activities	\$ (1,324,460)	\$ (700,112)	\$ (211,875)	\$ (1,067,384)	\$ (143,059)	\$ (108,769)	\$ 1,172,110	\$ 1,792,502

See Notes to Financial Statements

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
CONSOLIDATING STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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RECONCILIATION OF DESIGNATED AND UNRESTRICTED CASH AND CASH  
EQUIVALENTS TO TOTAL CASH AND CASH EQUIVALENTS

	<u>Unrestricted</u>	<u>Current Designated</u>	<u>Non-current Designated</u>	<u>Total</u>
March 31, 2012	\$ 7,672,994	\$ 3,625,000	\$ 55,925	\$ 11,353,919
March 31, 2011	\$ 8,090,760	\$ 3,461,938	\$ 35,419	\$ 11,588,117

See Notes to Financial Statements

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**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
MARCH 31, 2012 AND 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Consolidation**

The Central New York Regional Transportation Authority and Subsidiaries (the “Authority”) is a component unit of the State of New York.

The consolidating financial statements include the accounts of the Authority and its public benefit subsidiary corporations, CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc., Centro of Oneida, Inc., Centro Call-A-Bus, Inc. and the Intermodal Transportation Center, Inc. CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc., Centro of Oneida, Inc. and Centro Call-A-Bus provide public bus transportation. Intermodal Transportation Center, Inc. owns and operates the William F. Walsh Regional Transportation Center, which serves as a hub for local and intercity bus and passenger rail transportation.

The accounts of the Authority include the activities of Centro Parking, Inc., a public benefit subsidiary corporation, which are not significant. Revenue and expenses for Centro Parking, Inc. are as follows:

	<b>2012</b>	<b>2011</b>
Parking revenues	\$ 284,913	\$ 249,334
Facility maintenance	(88,231)	(53,487)
General and administrative	(30,229)	(33,446)
Net income	\$ 166,453	\$ 162,401
 Assets	 \$ 2,130,753	 \$ 1,909,098
 Liabilities	 \$ 165,345	 \$ 110,144

**Measurement Focus and Basis of Accounting**

The Authority operates as a proprietary fund. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

The Authority utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

The Authority’s policy is not to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
MARCH 31, 2012 AND 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Operating Revenues and Expenses**

Operating revenues and expenses include all revenues and expenses used to fund the general operations of the Authority. Grants received for capital additions, along with funds used to finance the Authority's local share of additions, are considered non-operating revenues.

**Cash and Cash Equivalents**

The Authority and subsidiaries consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Materials and Supplies Inventory**

Materials and supplies include primarily replacement parts for revenue vehicles and parts for the CNG fueling station. Materials and supplies are valued at the lower-of-cost or market with cost determined using the first-in, first-out method.

**Acquisition and Depreciation of Capital Assets**

Assets acquired by the Authority are recorded at cost, including the Authority's local share of a grant, if any. Depreciation of assets is computed and recorded by the straight-line method. Estimated useful lives of the assets, as determined by industry standards, range from 5 to 40 years.

**Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when legal limitations are imposed on their use by other governments, creditors or grantors.

**Subsequent Events**

Subsequent events have been evaluated through June 22, 2012, which is the date the financial statements were available to be issued.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
MARCH 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Operating Assistance Funds and Authority Transfers**

The Authority administers and disburses all operating assistance funds received from various governmental agencies. The funds are recorded upon notification from the agency of the amount of assistance, and are reflected in income in accordance with the terms and periods covered by the specific assistance notification.

In addition to the operating assistance received from the various governmental agencies, the Authority transfers funds to its subsidiaries to meet the unsubsidized cost of operations.

The following amounts were used to fund the service costs of the operating companies:

	2012					
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Total
Operating assistance:						
United States Department of Transportation:						
Rural and Small						
Urbanized Area Operating	\$ 51,700	\$ 178,900	\$ 158,800	\$ -	\$ 340,000	\$ 729,400
CMAQ	48,685	-	-	-	-	48,685
Job Access/Reverse Commute (JARC)	-	-	-	390,240	219,959	610,199
New Freedom	202,449	-	-	19,692	-	222,141
Special Reimbursements – Maintenance and Tire Leasing	4,323,600	-	-	-	700,000	5,023,600
New York State Department of Transportation:						
Regular operating – STOA	13,471,600	1,956,200	1,969,200	4,159,000	5,077,000	26,633,000
Special Reimbursements – Maintenance and Tire Leasing	540,450	-	-	-	175,000	715,450
Other New York State:						
Temporary Assistance for Needy Families (TANF)/Community Solutions (CST)	-	-	-	90,672	125,000	215,672
City of Fulton	-	20,000	-	-	-	20,000
City of Oswego	-	15,000	-	-	-	15,000
Onondaga County	2,280,977	-	-	128,900	-	2,409,877
Oneida County	-	-	-	-	515,153	515,153
Oswego County	-	90,573	-	-	-	90,573
Cayuga County	-	-	162,396	-	-	162,396
Other Federal	204,240	-	-	-	-	204,240
Other Local	-	-	-	42,169	-	42,169
Subtotal	21,123,701	2,260,673	2,290,396	4,830,673	7,152,112	37,657,555
Authority transfers	1,816,834	379,221	306,471	992,804	532,492	4,027,822
TOTAL	<u>\$ 22,940,535</u>	<u>\$ 2,639,894</u>	<u>\$ 2,596,867</u>	<u>\$ 5,823,477</u>	<u>\$ 7,684,604</u>	<u>\$ 41,685,377</u>

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Operating Assistance Funds and Authority Transfers (Cont'd)**

	2011					
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Total
Operating assistance:						
United States Department of Transportation:						
Rural and Small						
Urbanized Area Operating	\$ 46,900	\$ 162,300	\$ 144,000	\$ -	\$ 535,000	\$ 888,200
CMAQ	14,205	-	-	106,400	-	120,605
Job Access/Reverse Commute (JARC)	-	-	-	405,681	-	405,681
Special Reimbursements – Maintenance and Tire Leasing	7,373,500	-	-	-	700,000	8,073,500
New York State Department of Transportation:						
Regular operating – STOA	13,234,144	1,915,557	2,309,024	4,457,097	4,601,726	26,517,548
Special Reimbursements – Maintenance and Tire Leasing	921,688	-	-	-	87,500	1,009,188
Other New York State:						
Temporary Assistance for Needy Families (TANF)/Community Solutions (CST)	-	-	-	37,400	4,340	41,740
City of Fulton	-	20,000	-	-	-	20,000
City of Oswego	-	15,000	-	-	-	15,000
Onondaga County	2,280,977	-	-	128,900	-	2,409,877
Oneida County	-	-	-	-	515,155	515,155
Oswego County	-	90,573	-	-	-	90,573
Cayuga County	-	-	162,396	-	-	162,396
Other	-	-	-	43,120	-	43,120
Subtotal	23,871,414	2,203,430	2,615,420	5,178,598	6,443,721	40,312,583
Authority transfers	876,665	451,896	326,667	825,898	985,989	3,467,115
TOTAL	<u>\$ 24,748,079</u>	<u>\$ 2,655,326</u>	<u>\$ 2,942,087</u>	<u>\$ 6,004,496</u>	<u>\$ 7,429,710</u>	<u>\$ 43,779,698</u>

**2. DESIGNATED CASH AND CASH EQUIVALENTS**

Designated cash and cash equivalents is used to fund the self-insurance reserve (see Note 6) and to fund a supplemental deferred compensation plan (see Note 5).

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Self-insurance reserve - current	\$ 3,625,000	\$ 3,461,938
Deferred compensation plan - non-current	55,925	35,419
Total Designated Cash and Cash Equivalents	<u>\$ 3,680,925</u>	<u>\$ 3,497,357</u>

**3. CASH ON DEPOSIT**

At March 31, 2012, the carrying amount of the Authority and its subsidiaries' bank deposits was \$11,353,919 and the bank balance was \$11,900,348. These bank balances were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by qualifying investments held in the pledging bank's trust department by a third-party trustee.

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**CENTRAL NEW YORK REGIONAL  
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**4. CAPITAL ASSETS AND DEPRECIATION**

Capital assets, at cost, consist of:

	March 31, 2012						March 31,	
	CNY Centro, Inc.	Centro of Oswego, Inc.	Centro of Cayuga, Inc.	Centro Call-A-Bus, Inc.	Centro of Oneida, Inc.	Intermodal Transportation Center, Inc.	2012 Total	2011 Total
Land	\$ 4,115,824	\$ 6,400	\$ 8,052	\$ -	\$ 46,782	\$ 712,742	\$ 4,889,800	\$ 4,889,800
Construction in progress	15,184,588	-	-	-	-	84,434	15,269,022	4,046,246
Improvements	267,758	53,348	59,295	-	790,926	122,063	1,293,390	1,293,390
Buildings	27,044,523	1,614,705	1,204,613	-	373,725	20,001,324	50,238,890	50,214,125
Revenue vehicles	57,993,959	3,356,248	4,247,364	4,737,270	15,016,734	-	85,351,575	79,953,198
Other equipment	14,987,080	505,466	286,656	20,375	1,164,330	5,915	16,969,822	16,022,734
Furniture and office equipment	4,495,570	40,743	39,243	-	693,453	232,404	5,501,413	5,422,070
Total	124,089,302	5,576,910	5,845,223	4,757,645	18,085,950	21,158,882	179,513,912	161,841,563
Less: accumulated depreciation	68,096,399	3,352,579	4,492,434	3,183,600	10,103,552	7,050,311	96,278,875	86,519,907
<b>TOTAL</b>	<b>\$ 55,992,903</b>	<b>\$ 2,224,331</b>	<b>\$ 1,352,789</b>	<b>\$ 1,574,045</b>	<b>\$ 7,982,398</b>	<b>\$ 14,108,571</b>	<b>\$ 83,235,037</b>	<b>\$ 75,321,656</b>

Capital asset activity for the year ended March 31, 2012:

	Total Balance at March 31, 2011	Increases	Decreases	Total Balance at March 31, 2012
Not being depreciated:				
Land	\$ 4,889,800	\$ -	\$ -	\$ 4,889,800
Construction in progress	4,046,246	11,222,776	-	15,269,022
Subtotal	8,936,046	11,222,776	-	20,158,822
Other capital assets:				
Improvements	1,293,390	-	-	1,293,390
Buildings	50,214,125	24,765	-	50,238,890
Revenue Vehicles	79,953,198	5,398,377	-	85,351,575
Other equipment	16,022,734	1,024,701	(77,613)	16,969,822
Furniture and Office Equipment	5,422,070	158,484	(79,141)	5,501,413
Subtotal	152,905,517	6,606,327	(156,754)	159,355,090
Total capital assets	161,841,563	17,829,103	(156,754)	179,513,912
Accumulated depreciation:				
Improvements	681,134	41,665	-	722,799
Buildings	22,734,803	1,881,236	-	24,616,039
Revenue Vehicles	50,398,119	6,350,268	-	56,748,387
Other Equipment	8,757,944	1,230,140	(70,563)	9,917,521
Furniture and Office Equipment	3,947,907	412,413	(86,191)	4,274,129
Total	86,519,907	9,915,722	(156,754)	96,278,875
Net capital assets	\$ 75,321,656	\$ 7,913,381	\$ -	\$ 83,235,037

Total depreciation expense charged to operating expenses was \$9,915,722 for the year ended March 31, 2012.

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**CENTRAL NEW YORK REGIONAL  
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**5. DEFERRED COMPENSATION PLANS**

The Authority and subsidiaries offer their employees optional participation in the New York State Deferred Compensation Plan which was created under Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their wages until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Amendments by the Small Business Jobs Protection Act of 1996 and the Internal Revenue Code require the deferred amounts to be set aside in trust for the exclusive benefit of the participants. During the year ended March 31, 1998, the Authority adopted Government Auditing Standards Board No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Under this standard, plan assets and the related liability are no longer the Authority's property. The Plan Administrator manages all investments and makes payments upon employees' retirement. The Section 457 Deferred Compensation designated cash and investment account and the related deferred compensation liability are no longer recorded on the financial statements of the Authority.

Additionally, the Authority established a new deferred compensation plan during the year ended March 31, 2011. For the years ended March 31, 2012 and 2011, contributions to the plan were \$20,397 and \$19,420, respectively.

**6. ESTIMATED CLAIMS PAYABLE AND SELF-INSURANCE RESERVE**

The Authority is self-insured for individual, personal injury and property damage claims up to \$1,500,000 for automobile liability and \$1,000,000 for general liability for any one occurrence. In addition, the Authority is self-insured for employee health benefits claims up to \$250,000, for any one occurrence, with a \$1,250,000 lifetime claim maximum. The Authority was self-insured for worker's compensation claims until June 1, 2000 at which time it became fully insured. The Authority utilizes third-party administrators to oversee the two self-insured programs. Reserves for outstanding claims, which include specific incremental costs, are included in estimated claims payable at March 31, 2012 and 2011. The Authority has designated \$3,625,000 of net assets at March 31, 2012 as a special reserve (See Note 2).

The Authority is involved in several lawsuits which have arisen in the ordinary course of its business. These cases are in the pre-trial stage. The Authority believes it has meritorious defenses and intends to vigorously defend these cases. However, the ultimate outcome of this litigation cannot presently be determined. Management believes that the reserves for claims payable, established by third party administrators, are sufficient to cover any probable claims.

The changes in estimated claims payable:

<u>Balance</u> <u>March 31, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2012</u>
<u>\$ 3,078,003</u>	<u>\$ 8,823,846</u>	<u>\$ 8,438,922</u>	<u>\$ 3,462,927</u>

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**CENTRAL NEW YORK REGIONAL  
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**6. ESTIMATED CLAIMS PAYABLE AND SELF-INSURANCE RESERVE (CONT'D)**

<u>Balance</u> <u>March 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2011</u>
<u>\$ 2,636,095</u>	<u>\$ 6,960,794</u>	<u>\$ 6,518,886</u>	<u>\$ 3,078,003</u>

**7. GRANT ASSISTED PROJECTS**

Grant assisted projects in progress at March 31, 2012 consist of:

	<u>Total Amount of Project</u>	<u>Total Amounts Expended</u>	<u>Balance March 31, 2012</u>
Purchase of paratransit vehicles	\$ 10,861,910	\$ 10,219,885	\$ 642,025
Construct bus terminal	10,625,000	10,004,592	620,408
Purchase replacement buses	5,372,500	2,717	5,369,783
Purchase replacement buses for Oneida, Cayuga and Oswego	920,000	911,680	8,320
Preventative maintenance, acquire software and hardware, construct bus terminal and operating assistance	16,932,650	12,567,940	4,364,710
Preventative maintenance, operating assistance and purchase replacement buses	9,672,530	7,210,139	2,462,391
Replace underground storage tanks	300,000	296,474	3,526
Supervisor vehicle, facility upgrade and support	750,000	744,910	5,090
Install security cameras and door access cards	420,000	406,824	13,176
Renovations at Oswego Garage	325,000	294,550	30,450
Renovations at Cayuga Garage	325,000	305,481	19,519
Job access and reverse commute	1,596,134	1,220,400	375,734
Call-A-Bus	416,802	187,200	229,602
New Freedom	534,700	423,880	110,820
Welfare-to-Work-Community Solutions for Transportation Grant	100,000	93,913	6,087

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**7. GRANT ASSISTED PROJECTS (CONT'D)**

In connection with the above projects, the Authority is committed to participate with its own funds in amounts not to exceed approximately \$2,650,000.

**8. PENSION PLANS**

The Authority and its subsidiaries provide retirement benefits to substantially all full-time employees through salaried and non-salaried plans. In addition, the Authority participates in the New York State and Local Employees' Retirement System (ERS) for certain employees of Centro of Oneida, Inc. and one employee of Central New York Regional Transportation Authority.

**PENSION PLANS FOR SALARIED AND NON-SALARIED EMPLOYEES OF CNY  
CENTRO, INC., CENTRO OF OSWEGO, INC., CENTRO OF CAYUGA, INC. AND  
CENTRO CALL-A-BUS**

CNY Centro, Inc., Centro of Oswego, Inc., Centro of Cayuga, Inc. and Centro Call-A-Bus provide retirement benefits to salaried and non-salaried full-time employees (hired before the dates where these plans were closed, as noted below) through non-contributory defined benefit salaried and non-salaried plans. Benefits become fully vested after five years of credited service for the salaried plan and ten years of credited service for the non-salaried plan. Salaried employees hired after September 1, 2011 are not eligible to participate in the defined benefit salaried plan. Non-salaried employees hired after August 3, 2011 are not eligible to participate in the defined benefit non-salaried plan. Full-time employees hired after these dates must participate in the new 401(a) defined contribution plans created for the 3% employer contributions made and are further required by labor agreement or company policy to contribute at least 3% of their wages to the New York State Deferred Compensation Plan (see Note 5).

**DEFINED BENEFIT PLANS**

The pension benefit obligations, which represent the actuarial present value of projected benefits adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date, were as follows as of April 1, 2011 (date of the most recent actuarial valuation):

	<u>Salaried</u>	<u>Non-Salaried</u>
Pension benefit obligation	\$ 20,351,920	\$ 28,878,590
Net assets available for benefits (at market value)	17,188,582	23,958,271
Unfunded pension benefit obligation	<u>\$ 3,163,338</u>	<u>\$ 4,920,319</u>

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**8. PENSION PLANS (CONT'D)**

**DEFINED BENEFIT PLANS (CONT'D)**

	<u>Salaried</u>	<u>Non-Salaried</u>
Present value of accumulated benefits:		
Retired members	\$ 4,380,175	\$ 15,246,787
Deferred Vested/Vested Terminees	746,681	1,391,342
Active employees	<u>9,895,275</u>	<u>12,240,461</u>
Total	<u>\$ 15,022,131</u>	<u>\$ 28,878,590</u>

The payroll for employees covered by the salaried plan amounted to approximately \$5,330,000 in the actuary's report for the year ended March 31, 2012. Total payroll for the Authority and its subsidiaries amounted to approximately \$27,000,000 for the same period.

Significant actuarial assumptions used in the above valuation include (a) a discount rate of 7.5%, (b) a rate of return on the investment of assets of 7.5% a year compounded annually and (c) projected salary increases of 5.5% a year compounded annually (salaried plan only).

Pension contributions are actuarially determined under the entry age normal cost method level of percentage of compensation for the salaried plan. For the non-salaried plan, pension contributions are determined using the unit credit method in which the accrued liability, or funding target is equal to the present value of accrued benefits and normal cost is equal to the present value of benefits assumed to accrue in the next year. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

It is the policy of the Authority and its subsidiaries to fund between the minimum and maximum actuarially determined contribution, which consists of the normal cost, plus the amortization of the unfunded accrued liability, including liabilities arising from plan amendments and changes in actuarial assumptions, over 10 years for the maximum and 30 years for the minimum contribution.

Actuarial gains and losses are amortized over 15 years. Pension contributions for the year ended March 31, 2012 are as follows:

	<u>Salaried</u>	<u>Non-Salaried</u>
Normal cost (with interest to end of year)	\$ 699,185	\$ 733,728
Interest	71,126	84,095
Amortization of unfunded accrued liability	<u>249,157</u>	<u>387,544</u>
30-year funding contribution (minimum)	<u>\$ 1,019,468</u>	<u>\$ 1,205,367</u>
Contribution recorded	\$ 1,019,468	\$ 1,205,367
Contribution deposited	<u>1,019,468</u>	<u>1,205,367</u>
Contribution accrued	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**8. PENSION PLANS (CONT'D)**

**DEFINED BENEFIT PLANS (CONT'D)**

For the three years ended March 31, 2012, 2011 and 2010, available assets were sufficient to fund 84%, 78%, and 57%, respectively, of the pension benefit obligation of the salaried plan. For the same period, available assets were sufficient to fund 83%, 80% and 58%, respectively, of the pension benefit obligation of the non-salaried plan.

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. 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. The schedule of funding progress, presented as required supplementary information following the notes to the consolidating financial statement, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**DEFINED CONTRIBUTION PLANS**

Salaried employees of CNY Centro, Centro of Oswego, Centro of Cayuga and Centro Call-A-Bus hired after September 1, 2011 and non-salaried employees of those companies hired after August 3, 2011 must participate in the new 401(a) defined contribution pension plans to which the employer will make a maximum contribution of 3% of wages on behalf of each employee. Separately, by collective bargaining agreement or by company policy, employees must contribute at least 3% of wages into the New York State Deferred Compensation Plan (see Note 5) on their own behalf. Only full-time employees are eligible to participate in the 401(a) plans. Benefits in the 401(a) employer contributions vest after ten years of service for the non-salaried plan and after five years of service for the salaried plan. For the year ended March 31, 2012, employer contributions to the 401(a) plans were \$19 for salaried and \$89 for non-salaried.

**PENSION PLAN FOR UNION EMPLOYEES OF CENTRO OF ONEIDA, INC.**

Centro of Oneida, Inc. provides retirement benefits to its union employees through a defined contribution plan. The plan is funded by 10% employer contributions and a 4% employee contribution based upon weekly employee gross wages. The 10% employer contributions are limited to a 40 hour work week per employee. Union employees who are age 21 and older are eligible. Benefits become vested after ten years of service. For the years ended March 31, 2012 and 2011, employer contributions to this plan were \$199,573 and \$195,316, respectively.

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**CENTRAL NEW YORK REGIONAL  
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**8. PENSION PLANS (CONT'D)**

**PENSION PLAN WITH THE NEW YORK STATE AND LOCAL EMPLOYEES'  
RETIREMENT SYSTEM**

The Authority participates in the ERS for salaried employees of Centro of Oneida, Inc., non-salaried employees that were former employees of Rome VIP and one employee of Central New York Regional Transportation Authority. The ERS is a cost sharing multiple public employer defined benefit retirement system (System). The System provides for retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System offers a wide range of plan benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits vest after five years of credited service.

All participating employers are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to participating employers. The System is noncontributory except for employees who joined the ERS between July 26, 1976 and December 31, 2009, who contribute 3% of their salary during the first 10 years of service. Employees who joined ERS after January 1, 2010 must contribute 3% of their salary for all their years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the System.

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 control of the funds. The System issues publicly available reports that include financial statements and required supplementary information. This report may be obtained by writing to:

The New York State and Local Retirement System  
Governor Smith State Office Building  
Albany, New York 12244

The Authority is required to contribute based upon actuarially-determined rates. The required contributions were \$207,429, \$154,853 and \$95,537 for the years ended March 31, 2012, 2011, and 2010, respectively.

**9. OTHER POSTEMPLOYMENT BENEFITS**

During the year ended March 31, 2008 the Authority adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, on a prospective basis. In the past, the Authority reported the costs of retiree benefits on a pay-as-you-go basis.

(Continued)

**CENTRAL NEW YORK REGIONAL  
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**9. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

**Plan Description**

The Authority provides OPEB to its employees under a single-employer, self-insured benefit plan. The plan provides medical, dental and prescription drug coverage to retirees and their covered dependents. For salaried employees hired after September 1, 2011 and for non-salaried employees hired after August 3, 2011, the Authority will no longer offer OPEB for these new employees. The financial information for the Authority's plan is contained solely within these consolidating financial statements.

**Funding Policy**

The contribution requirements of the salaried plan members were established and may be amended by the Board of Directors. Contribution requirements of the union employees were established and may be re-negotiated in future bargaining agreements. Contribution requirements are established on an annual premium equivalent rate calculated by a third party administrator based on a projected pay-as-you-go financing requirement. For the year ended March 31, 2012 the Authority contributed \$3,073,646 to the total cost of the plan. Plan members receiving benefits contributed \$47,678. The tables below indicate the required contribution rates for the various employee groups. The retiree contributions are frozen at the dollar amount at retirement and the Authority contribution increases as the premium increases.

Salaried Retirees After January 1, 2008:

	<u>Years of Service</u>			
	<u>5-10</u>	<u>10-20</u>	<u>20-30</u>	<u>30 +</u>
Medical and dental	10%	7%	5%	3%

Salaried individuals who retired prior to January 1, 2008 were not required to contribute toward the plan; however, there are certain individuals who receive Medicare Part B reimbursement, in exchange for paying a portion of the medical benefits.

Union Retirees Hired Before June 29, 2007:

	<u>Years of Service</u>				
	<u>0-5</u>	<u>5-10</u>	<u>10-15</u>	<u>15-20</u>	<u>20 +</u>
Medical	100%	15%	10%	5%	0%
Dental	0%	0%	0%	0%	0%

(Continued)



**CENTRAL NEW YORK REGIONAL  
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**9. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

**Funding Policy (Cont'd)**

Union Retirees Hired After June 29, 2007:

	<u>Years of Service</u>					
	<u>0-5</u>	<u>5-10</u>	<u>10-15</u>	<u>15-20</u>	<u>20-25</u>	<u>25 +</u>
Medical	100%	50%	15%	10%	5%	0%
Dental	0%	0%	0%	0%	0%	0%

Centro of Oneida, Inc. Retirees (Salaried and Union) pay 15% of the medical and dental premiums at retirement beginning January 1, 2008.

**Annual OPEB Cost and Net OPEB Obligation**

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the Authority's net OPEB obligation.

Annual required contribution	\$ 16,530,536
Interest on net OPEB Obligation	1,768,860
Adjustment to ARC	<u>(2,747,865)</u>
Total ARC	15,551,531
Contributions	<u>(3,121,324)</u>
Increase in OPEB Obligation	12,430,207
Net OPEB Obligation at March 31, 2011	<u>50,538,846</u>
Total Net OPEB Obligation at March 31, 2012	<u>\$ 62,969,053</u>

For the years ended March 31, 2012, 2011 and 2010, annual OPEB costs were \$15,551,531, \$15,920,146 and \$15,630,544, respectively. The percentage of annual OPEB costs contributed to the plan was 20%, 20% and 21% for the years ended March 31, 2012, 2011 and 2010, respectively.

**Funded Status and Funding Progress**

As of April 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$199,364,923 and there were no Plan assets. The covered payroll (annual payroll of active employees covered by the Plan was approximately \$27.5 million, and the ratio of the liability to the covered payroll was 726%.

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
MARCH 31, 2012 AND 2011**

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**9. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

**Funded Status and Funding Progress (Cont'd)**

Actuarial valuations of an ongoing plan involve estimates of the 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. The schedule of funding progress, presented as required supplementary information following the notes to the consolidating financial statements, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2011 actuarial valuation the Entry Age Normal Cost Method was used. The actuarial assumptions include a 3.5% investment rate of return, which is based on the portfolio of the Authority's general assets used to pay these benefits, an annual medical cost trend ranging from 5.8% to 7.5% initially, decreasing to 5% in fiscal year 2016 and an annual prescription drug trend of 9% decreasing to 5% in fiscal 2016. The UAAL is being amortized based on a level percentage of payroll. The remaining amortization period at March 31, 2012 is thirty years.

**10. DEBT**

**Long-term debt:**

Future maturities of the long-term debt portion:

YEAR ENDING MARCH 31,	Principal	Interest	Total
2014	48,375	4,338	52,713
2015	36,954	1,849	38,803
TOTAL	<u>\$ 85,329</u>	<u>\$ 6,187</u>	<u>\$ 91,516</u>

(Continued)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
NOTES TO CONSOLIDATING FINANCIAL STATEMENTS  
MARCH 31, 2012 AND 2011**

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**11. OPERATING LEASE COMMITMENTS**

The Authority leases parking lots for \$8,300 annually from New York State, on a year to year basis.

Centro of Oneida, Inc. leases certain properties on a month to month basis for a nominal amount annually. In addition, Centro of Oneida, Inc. has a lease agreement with the Radisson Hotel – Utica Centre to operate its Information Center. The lease term is for one year through April 30, 2013.

Rent expense on these leases for the years ended March 31, 2012 and 2011 was approximately \$23,000. Future minimum lease payments for the non-cancelable operating lease (Radisson Hotel – Utica Centre) are \$14,513 and \$1,213 for the years ending March 31, 2013 and 2014, respectively.

**12. OTHER BUSINESS MATTERS**

As of March 31, 2012, the Authority had negative unrestricted net assets of \$50,422,809 resulting from five years of recording expense entries for other postemployment benefits. The negative change in net assets, for the year ended March 31, 2012, was \$5,540,405. The Authority is dependent upon New York State and Federal capital, operating and other assistance; loss of this assistance would be extremely detrimental to the Authority's public transit operations.

Management is highly confident that both New York State and the Federal government will continue to fund a significant portion the Authority's operating and capital costs, as they have traditionally done for decades. Public transportation would not exist, and does not exist, in either the United States or the rest of the world without significant operating and capital subsidies.

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(Concluded)

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE OF OTHER POSTEMPLOYMENT  
BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED MARCH 31, 2012**

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry AGE	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4/1/11	\$ -	\$ 199,364,923	\$ 199,364,923	0%	\$ 27,469,200	726 %
4/1/10	\$ -	\$ 171,656,363	\$ 171,656,363	0%	\$ 28,074,569	611 %
4/1/09	\$ -	\$ 156,520,039	\$ 156,520,039	0%	\$ 27,356,738	572 %

**CENTRAL NEW YORK REGIONAL  
TRANSPORTATION AUTHORITY AND SUBSIDIARIES  
SUPPLEMENTAL SCHEDULE OF PENSION PLANS  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED MARCH 31, 2012**

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	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
SALARIED PLAN:							
	4/1/11	\$ 17,188,582	\$ 20,351,920	\$ 3,163,338	84%	\$ 5,331,004	59%
	4/1/10	\$ 14,584,927	\$ 18,637,922	\$ 4,052,995	78%	\$ 5,442,255	74%
	4/1/09	\$ 9,744,128	\$ 17,141,009	\$ 7,396,881	57%	\$ 5,181,846	100%
NON-SALARIED PLAN:							
	4/1/11	\$ 23,958,271	\$ 28,878,590	\$ 4,920,319	83%	\$ 21,668,996	23%
	4/1/10	\$ 21,446,675	\$ 26,905,134	\$ 5,458,459	80%	\$ 20,784,869	26%
	4/1/09	\$ 15,068,507	\$ 25,824,270	\$ 10,755,763	58%	\$ 19,493,731	55%