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

Financial Statements
as of March 31, 2012
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

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

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INDEPENDENT AUDITORS' REPORT

June 21, 2012

To the Commissioners of
Rochester-Genesee Regional Transportation Authority:

We have audited the accompanying financial statements of the Rochester-Genesee Regional Transportation Authority and each of its blended component units (the "Authority," a New York State public benefit corporation, which is a component unit of the State of New York) as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Authority's 2011 financial statements and in our report dated June 17, 2011, we expressed unqualified opinions on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority and each of its blended component units as of March 31, 2012, and the individual and consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 21, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 audit.

(Continued)

INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Bonadio & Co., LLP

Overview of the Financial Statements

Rochester-Genesee Regional Transportation Authority (Authority) is a public benefit corporation and a component unit of the State of New York. Through its enabling legislation, the Authority is charged with the provision of public transportation service throughout the respective jurisdictions of its seven (7) member county governments, a combined area of 3,700 square miles with a population of 1.1 million. The Authority itself is comprised of nine (9) component units. Corporate governance is provided through Rochester-Genesee Regional Transportation Authority, Inc.. Transit operations are provided through eight (8) units. Regional Transit Service (RTS) and Lift Line Inc. provide fixed route and demand responsive service, respectively, within Monroe County. Transit services for each of the other member counties (Genesee, Wyoming, Orleans, Wayne, Livingston, and Seneca) are provided by a unit designated for each county. The Authority also acts as administrative host agency for the region's metropolitan planning organization, Genesee Transportation Council (GTC). The financial statements for the Authority and all nine (9) component units are prepared in conformance with generally accepted accounting principles.

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

The Authority's fiscal year runs from April 1st through March 31st. The statement of net assets presents the financial position of the Authority as of March 31, 2012. Conversely, the statement of revenue, expenses, and changes in net assets provides a summary of the Authority's activities and operations for the entire 2012 fiscal year. The statement of cash flows presents relevant information about the cash receipts and cash payments for the reporting period. The notes to the financial statements provide important supporting information to aid in understanding the financial statements.

The following discussion of the Authority's financial performance provides an overview and analysis of key data contained within the Authority's financial statements for the fiscal year ended March 31, 2012. It is best understood when read in conjunction with the Authority's financial statements, as described above.

General Overview

Fiscal 2012 finished with a deficit from operations and subsidies of $.9 million. After adjustment for a $2.4 million charge for accrued Other Postemployment Benefits (OPEB), which requires no actual funding, net income from operations and governmental subsidies totaled $1.5 million. Net assets grew by 10%, or $9.8 million, to a total of $110.1 million. Available Unrestricted Net Assets (AUNA) at year end increased by 7% from the prior year, reaching $26.2 million.

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

General Overview (Continued)

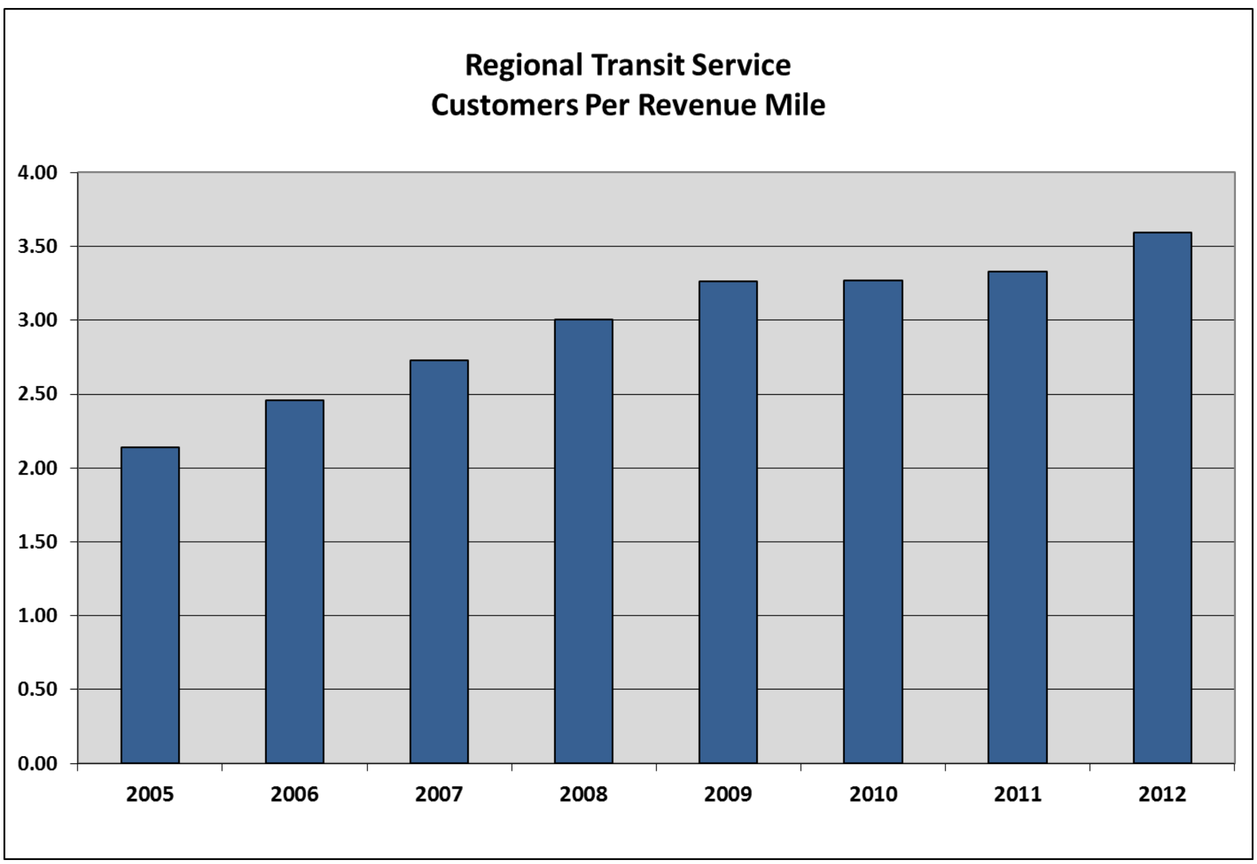
From an operational perspective, transit service demand across all operating companies totaled 18.4 million customer trips, representing a 3.7% increase from the prior year. The following provides customer trip data for each operating unit, as compared to the prior year.

RGRTA Customer Trips (000's): FY 2012 vs. FY 2011									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2012	17,570	168	66	246	46	88	160	92	18,436
2011	16,900	168	63	245	76	79	145	93	17,771
% Change	4.0%	-0.2%	4.2%	0.2%	-40.2%	11.0%	9.8%	-1.0%	3.7%

On a consolidated basis, service productivity, as measured by customers per revenue mile, improved 6.7%. The chart below compares service productivity for each operating company over the past two years.

Customers Per Revenue Mile: FY 2012 vs. FY 2011									
	RTS	Lift Line	BBS	LATS	OTS	STS	WATS	WYTS	Consolidated
2012	3.59	0.13	0.51	0.55	0.27	0.36	0.22	0.22	2.20
2011	3.33	0.13	0.47	0.56	0.33	0.31	0.20	0.24	2.07
% Change	8.0%	0.1%	7.1%	-1.2%	-19.0%	15.9%	8.4%	-5.2%	6.7%

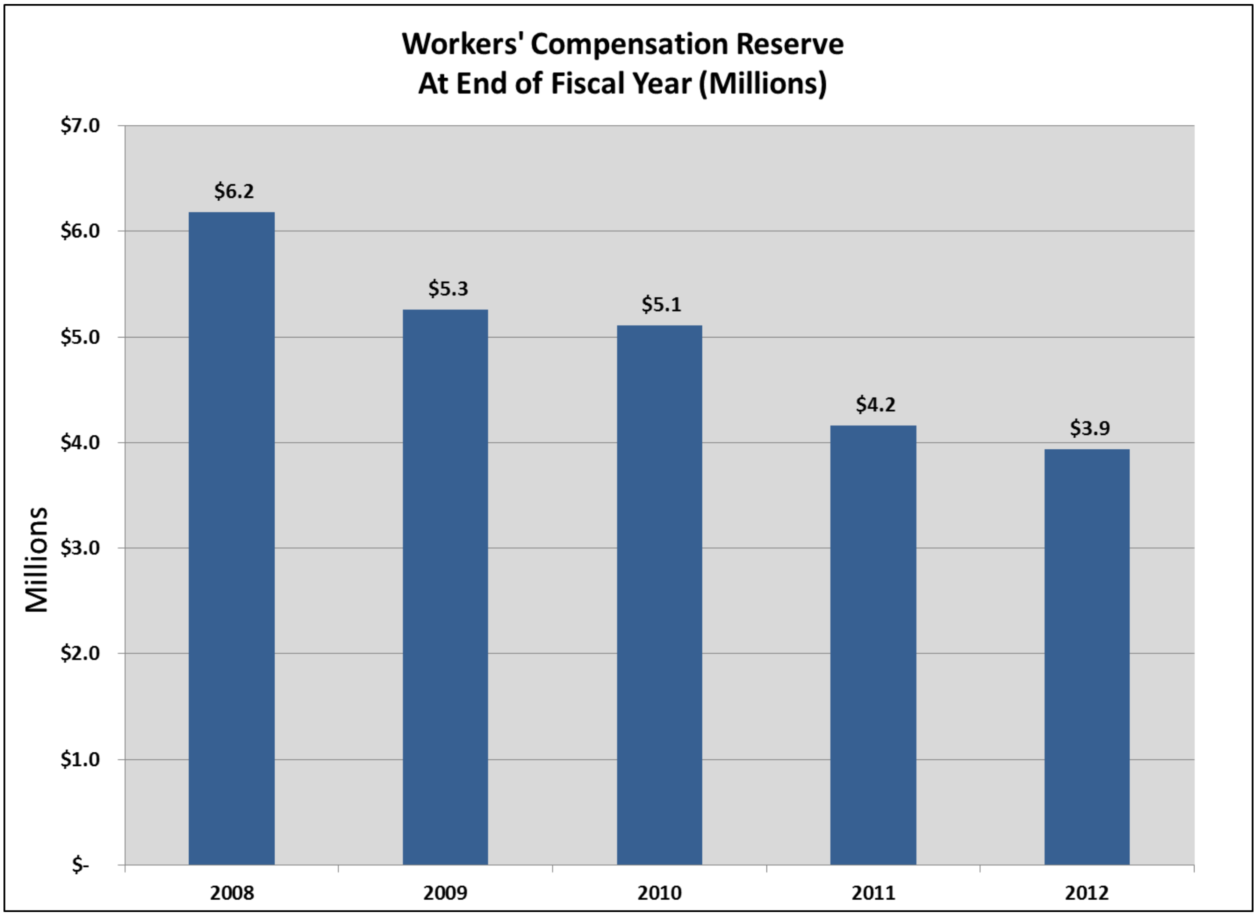
Customers per revenue mile at RTS, which provides 95% of the Authority's total customer trips, increased for the eighth consecutive year. Over this same period RTS service productivity as measured by customers per revenue mile, has increased nearly 70%, driven by a 25% increase in customer trips and a 26% reduction in vehicle revenue miles.



Statement of Net Assets

Total assets measured $153.1 million, representing an increase of $12.2 million or 8.7% over the prior year. Current assets totaled $40.8 million, decreasing $10.8 million or 20.9% from the prior year due to the investment of a portion of working capital and various reserve funds in United States government backed securities. Noncurrent assets finished the year at $112.3 million, increasing $23.0 million or 25.8%, due to investments in capital assets increasing $11.3 million, derivative commitments expiring, and the aforementioned investments in government securities.

Total liabilities at year end, were $43.1 million, increasing $4.0 million or 10.3% from the prior year. Current liabilities totaled $17.9 million, increasing $1.5 million from the prior year driven by an increase in reserves for litigated claims. The Workers' Compensation Reserve totaled $3.9 million at year end. As shown on the chart below, Workers' Compensation Reserves have decreased $2.3 million or 37% over the past five years as the result of a sustained effort to strengthen case management and improve safety practice.



Long-term liabilities totaled $25.2 million, increasing $2.5 million or 11.1%. This increase primarily results from a $2.4 million charge for accrued OPEB benefits, accompanied by increased reserves for environmental remediation liabilities. The Authority's total actuarial accrued OPEB liability at year end was $24.8 million. The fiscal 2012 annual required contribution (ARC) for OPEB totaled $5.5 million. For the past several years management has been striving to control the growth of both annual and long-term health insurance costs. As of March 31, 2012, the total actuarial accrued liability for OPEB was $66.8 million and the OPEB reserve fund contained $8.7 million.

Total net assets were $110.1 million, representing an increase of $9.8 million or 9.7% over the prior year. Invested in capital assets (net) rose to $87.3 million, while unrestricted net assets ended the year at $22.8 million, decreasing $1.6 million or 6.7% from the prior year.

Statement of Net Assets (Continued)

STATEMENT OF NET ASSETS - COMPARISON TO PRIOR YEAR (000'S)				
	FISCAL 2012	FISCAL 2011	VARIANCE	%
ASSETS:				
CURRENT ASSETS				
Cash and Short-Term Investments	$ 20,171	$ 29,730	$ (9,559)	-32%
Accounts Receivable Total	11,871	11,482	389	3%
Self insurance & capital reserve funds	7,975	9,762	(1,788)	-18%
Other Current Assets	801	651	150	23%
Total Current Assets	40,818	51,625	(10,808)	-21%
NONCURRENT ASSETS				
Capital Assets, Net	87,287	75,989	11,298	15%
Fixed price fuel swap asset	-	1,514	(1,514)	-100%
Government Securities	21,827	-	21,827	100%
Paratransit reserve fund	3,126	3,120	6	0%
Other post employment benefits reserve fund	82	8,655	(8,574)	-99%
Total Noncurrent Assets	112,322	89,278	23,044	26%
TOTAL ASSETS	**$ 153,139**	**$ 140,904**	**$ 12,236**	**9%**
LIABILITIES AND NET ASSETS:				
CURRENT LIABILITIES				
Accounts Payable and Other Current Liability	$ 6,653	$ 6,303	$ 350	6%
Accrued Wages, Vacation, Pension, Taxes	4,150	3,863	288	7%
Reserve for WC and Total Reserve for Claims	6,404	5,207	1,197	23%
Soil Remediation Liability	228	552	(324)	-59%
Inventory Reserve	443	443	-	0%
Total Current Liabilities	17,878	16,368	1,511	9%
LONG TERM LIABILITIES				
Accrued OPEB liability	24,779	22,353	2,426	11%
Soil Remediation Liability, net of current portion	415	331	84	25%
Total Long Term Liabilities	25,194	22,683	2,510	11%
TOTAL LIABILITIES	**43,072**	**39,051**	**4,021**	**10%**
DEFERRED INFLOWS:				
Accumulated increase in fair value of fixed price fuel swap	-	1,514	(1,514)	-100%
NET ASSETS				
Invested in Capital Assets, net of related debt	87,287	75,925	11,363	15%
Unrestricted	22,779	24,414	(1,635)	-7%
Total Net Assets	110,067	100,339	9,728	10%
TOTAL LIABILITIES AND NET ASSETS	**$ 153,139**	**$ 140,904**	**$ 12,235**	**9%**

Note: Totals may not foot due to rounding differences

Available Unrestricted Net Assets (AUNA)
AUNA are those unrestricted net assets not designated for any specific purpose and are available to fund future operating costs or other uses as determined by the Board of Commissioners. As shown in the table below, AUNA totaled $26.2 million as of March 31, 2012, representing an increase of $1.7 million, or 6.9% from the prior year. These assets provide the Authority with important flexibility to meet future financial challenges.

Calculation of Available Unrestricted Net Assets as of 03/31/12						
		3/31/2012		3/31/2011	Variance	%
Unrestricted net assets		$ 22,779		$ 24,414	$ (1,635)	-7%
Add: OPEB Liability*		24,779		22,353	2,426	11%
Subtotal		47,558		46,767	791	2%
Less:						
Government Securities**	9,916		-		9,916	100%
Self Insurance	3,658		5,024		(1,365)	-27%
Capital Reserve	4,316		4,739		(422)	-9%
OPEB Reserve	82		8,655		(8,574)	-99%
PARA Transit Reserve	3,126		3,120		6	0%
Prepaid Expenses	240		169		71	42%
Inventory	451		482		(31)	-6%
		(21,789)		(22,189)	400	-2%
Less: GTC unrestricted net assets		389		(107)	496	-463%
Available unrestricted net assets		$ 26,158		$ 24,471	$ 1,687	7%

*Total accrued OPEB liability is added to unrestricted net assets because current governmental accounting standards do not require that governmental units actually fund OPEB liabilities.

**Self Insurance, Capital Reserve, OPEB Reserve, and PARA Transit Reserve portion invested in the Govt. securities.

Statement of Revenues, Expenses, and Changes in Net Assets

REVENUE, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2012 (000'S)

	Fiscal 2012	Fiscal 2011	Variance	%
Operating Revenue				
Total Customer Fares	$ 11,274	$ 11,790	$ (516)	-4.4%
Total Route Subsidies	15,696	15,177	519	3.4%
Total Other Revenues	3,840	1,828	2,013	110.1%
Total Operating Revenue	**30,810**	**28,795**	**2,015**	**7.0%**
Operating Expenses and Depreciation				
Total Personnel Expenses	59,416	55,214	4,203	7.6%
Total Non Personnel Expenses	21,081	19,014	2,067	10.9%
Total Operating Expenses Excluding Depreciation	80,497	74,228	6,270	8.4%
Total Depreciation	11,762	9,973	1,789	17.9%
Total Operating Expenses and Depreciation	**92,260**	**84,201**	**8,059**	**9.6%**
Loss From Operations	**(61,449)**	**(55,406)**	**(6,043)**	**10.9%**
Non Operating Income (expense)				
Investment Earnings	114	223	(109)	-48.8%
Mortgage Tax Receipts	6,807	7,300	(493)	-6.8%
Loss on Impairment of Capital Assets	(24)	(53)	28	-53.9%
Other Non Operating Income (expense)	273	(214)	487	-227.8%
Total Non Operating Income (expense)	**7,170**	**7,257**	**(87)**	**-1.2%**
External Operating Assistance Subsidies				
Federal	7,792	7,816	(24)	-0.3%
State of New York	31,246	31,127	118	0.4%
Local Governmental Entities	3,726	3,726	0	0.0%
Total External Operating Assistance Subsidies	**42,763**	**42,669**	**94**	**0.2%**
Change in Net Assets before Capital Contributions	**(11,516)**	**(5,479)**	**(6,037)**	**110.2%**
Capital Contributions				
Federal	19,666	12,731	6,935	54.5%
State	1,578	1,614	(36)	-2.2%
Total Capital Contributions	**21,243**	**14,344**	**6,899**	**48.1%**
Change in Net Assets	9,728	8,865	862	9.7%
Net Assets BOY	100,339	91,474	8,865	9.7%
Net Assets EOY	**$ 110,067**	**$ 100,339**	**$ 9,728**	**9.7%**

Note: Totals may not foot due to rounding differences.

Operating Revenue
Total operating revenue for the fiscal year was $30.8 million, increasing $2.0 million or 7% from the prior year. The chart below contains a summary comparison of the major categories of operating revenue for the past two fiscal years.

Operating Revenue Comparison (Millions)				
	2012	2011	Change	% Change
Customer Fares	$ 11.3	$ 11.8	$ (0.5)	-4.4%
Special Transit Fares	15.7	15.2	0.5	3.4%
Other	3.8	1.8	2.0	110.1%
Total	$ 30.8	$ 28.8	$ 2.0	7.0%

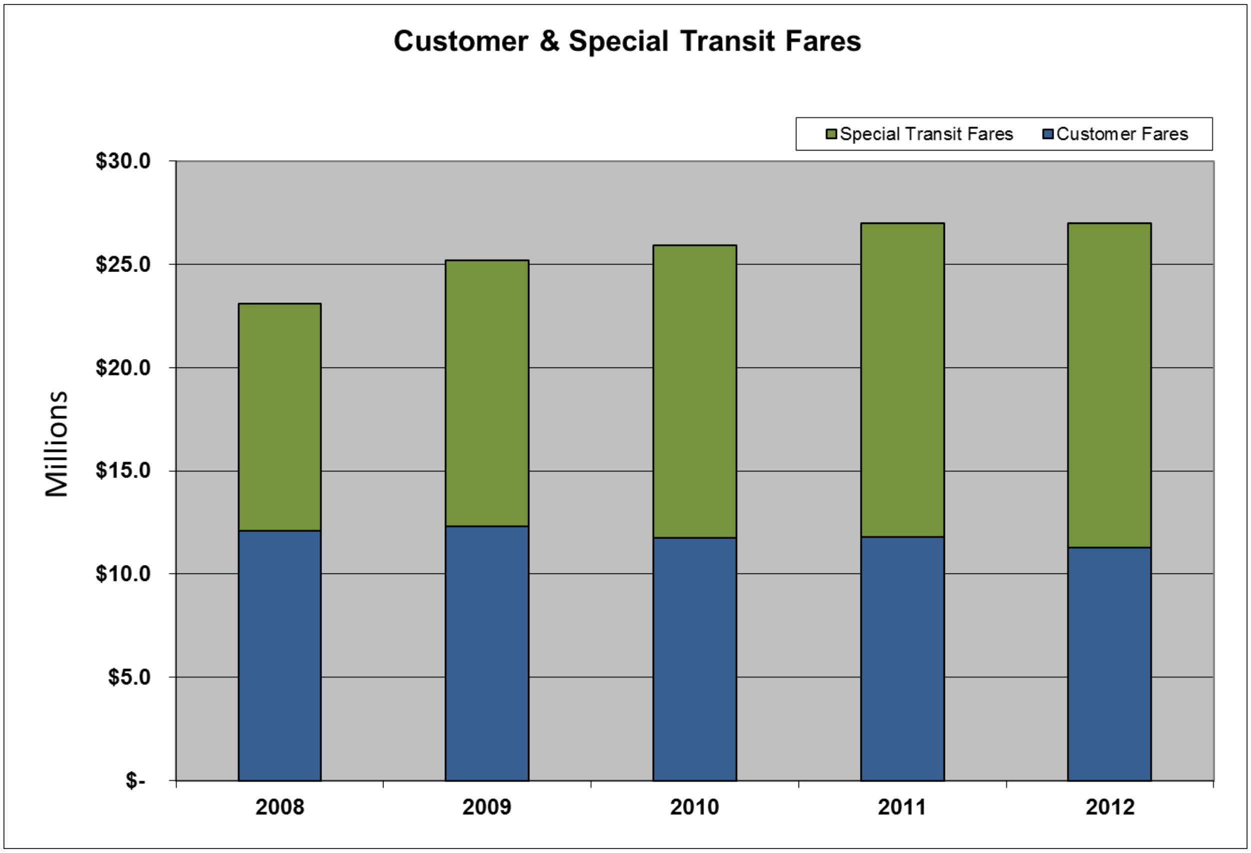
Customer Fares
Customer fare revenue includes cash fares paid onboard the bus and prepaid fare media sales to individual customers and various local agencies that distribute bus passes to their clients. These revenues totaled $11.3 million during 2012, declining $.5 million or 4.4% from the prior year, due to a reduction in fare media purchased by social service agencies. The average RTS fare per customer for cash and fare media based trips was $.86, compared to $.95 for the prior year.

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

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

During 2012, revenue from subsidy agreements grew by $.5 million or 3.4%, totaling $15.7 million. The following chart illustrates the annual growth of both customer fares and special transit fares over the past five years. The growth of special transit fare revenue streams has enabled the Authority to reduce its dependence on governmental operating subsidies.

Special Transit Fares (Continued)



Other Operating Revenue
Other operating revenue includes advertising fees and various recoveries or reimbursements from other parties. These revenues totaled $3.8 million during 2012, increasing $2.0 million or 110% from the previous year. This increase is largely driven by fuel price hedge transactions which totaled $1.2 million.

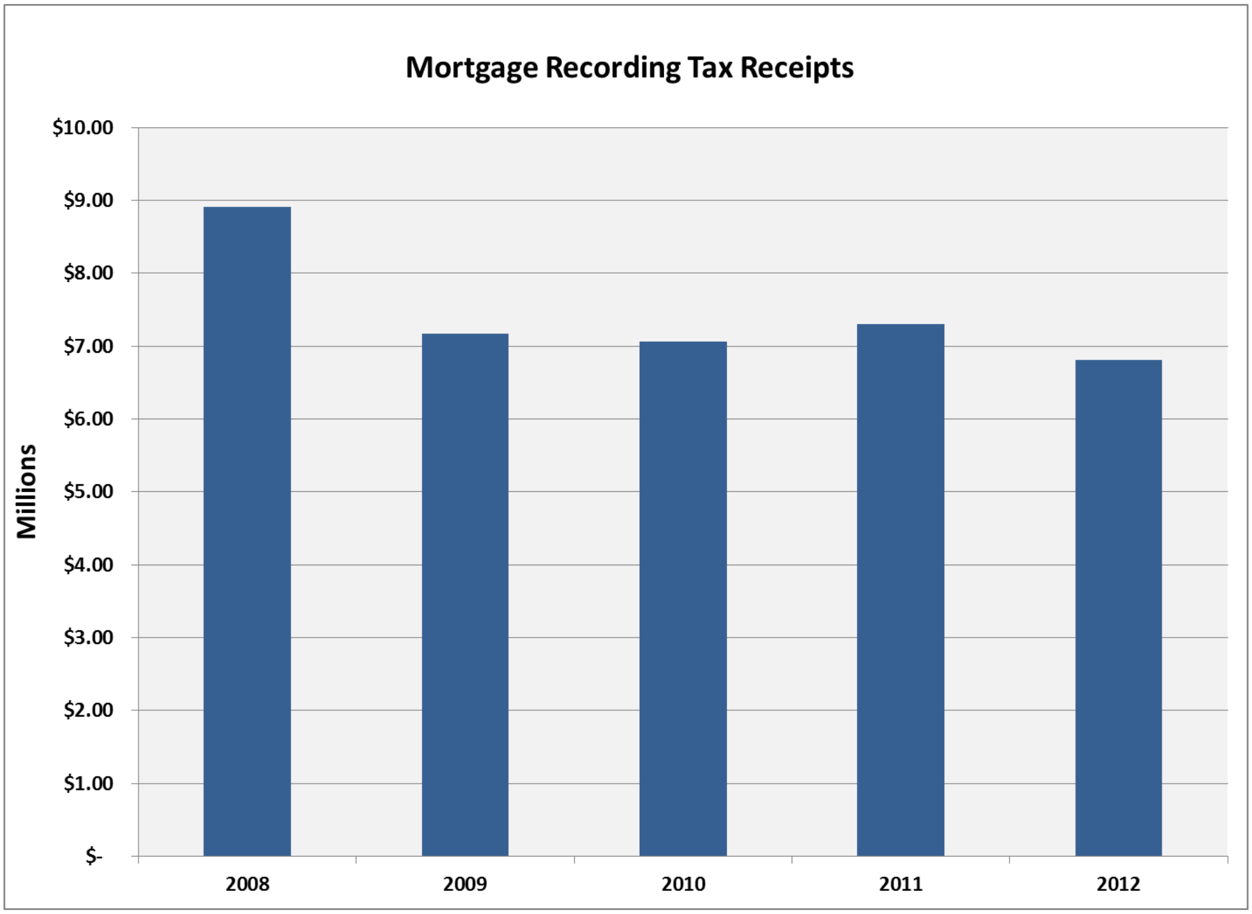
Nonoperating Income (Expense)
The major components of nonoperating income (expense) are Mortgage Recording Tax (MRT), investment earnings, and other miscellaneous gains or losses. Nonoperating income (expense) for 2012 totaled $7.2 million, an amount slightly lower from the prior year.

Nonoperating Revenue (Expense) (000's)

	2012	2011	Change	% Change
Investment Earnings	$ 114	$ 223	$ (109)	-49%
Mortgage Recording Tax	6,807	7,300	(493)	-7%
Other	250	(266)	516	-194%
Total	$ 7,171	$ 7,257	$ (86)	-1%

Investment interest rates available from certificates of deposit or money market accounts continued to fall during 2012, declining from 50 basis points (bps) to 25 bps, and exacerbating the challenge of generating interest earning revenues from the Authority's significant liquid assets. To counteract this phenomenon, during the final quarter of fiscal 2012, the Authority broadened its treasury management strategy to include investments in higher yielding government backed securities, utilizing the assistance of a professional fixed income investment advisor. As of March 31, 2012, a portfolio of such securities totaling approximately $21.8 million had been assembled.

Nonoperating Income (Expense) (Continued)
Fiscal 2012 MRT revenues totaled $6.8 million, decreasing 6.8% from the prior year. It should be noted that MRT receipts during the first quarter of 2011 were boosted significantly from the tail end of a federal stimulus program that was very successful in encouraging consumers to enter the housing market. Unfortunately, the stimulus was short lived. So despite the comparative decline of total MRT revenues from 2011 to 2012, the overall trend for monthly MRT receipts was modestly positive; reflecting a gradual improvement in the local real estate market. Annual MRT receipts over the past five years are shown in the chart below.



External Operating Assistance Subsidies

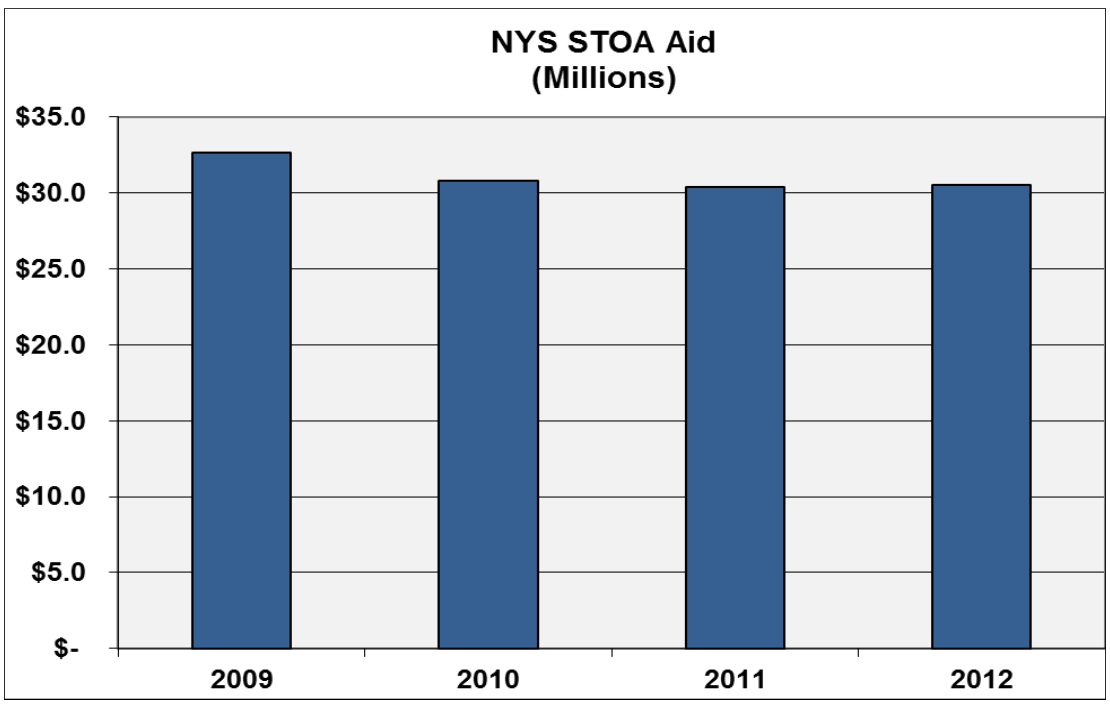
Member Counties
New York State Transportation Law (section 18B) requires that each member county of the Authority annually provide a fixed operating subsidy for public transportation services provided within their respective jurisdictions. The combined total of these annual subsidies is $3.7 million,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

External Operating Assistance Subsidies (Continued)

Member Counties (Continued)

Member County Annual 18B Contribution	
County	Amount
Monroe	$ 3,524,051
Genesee	53,282
Wyoming	20,120
Wayne	38,378
Orleans	30,181
Livingston	35,024
Seneca	24,964
Total	$ 3,726,000

State of New York
The largest single revenue source supporting transit operations is New York State Transit Operating Assistance (STOA). During 2012, STOA was $31.2 million, essentially flat from the prior year.



Federal Aid

There are five main components of federal aid provided to the Authority which support public transportation operations. They are formula capital assistance under the Section 5307 program for urban transit only; New Freedom; formula assistance under the Job Access and Reverse Commute (JARC) program; planning grants through the Unified Planning Works Program (UPWP); and rural transit operating support under the Section 5311 program. Formula aid is awarded to public transportation providers across the country based upon congressional appropriations and is allocated using a complex formula combining elements of population, revenue miles, customers, and other factors. Traditionally, the Authority allocates approximately one-third of the annual 5307 grant to offset preventive maintenance costs within its operating budget. The balance is designated for capital investment purposes.

During 2012, the Authority received a total of $7.8 million in federal operating subsidies, remaining flat from the prior year. The chart below provides a detailed comparison of the various federal operating subsidies for 2012 and 2011.

It should be noted that the annual operating expenses of GTCS, Inc., the administrative host agency of the Genesee Transportation Council, are entirely supported by grants from the federal government.

Federal Operating Subsidies (000's)

Program	2012	2011	Change
JARC	$ 364	$ 353	$ 11
New Freedom	19	38	(20)
Formula (5307)	5,216	5,338	(122)
UPWP	261	124	137
Rural transit (5311)	509	462	47
Other	204	86	118
GTCS	1,220	1,416	(195)
Total	$ 7,792	$ 7,816	$ (24)

Operating Expenses

Total operating expenses (excluding depreciation) for 2012 were $80.5 million, representing an increase of $6.3 million or 8.4% from the prior year.

Personnel

Fiscal 2012 personnel expenses, including wages, benefits, and accruals for liabilities related to Other Postemployment Benefits (OPEB), totaled $59.4 million, increasing $4.2 million or 7.7% from the prior year.

Personnel Expenses (millions)	2012	2011	Change	% Change
Salaries and Wages	$ 40.2	$ 37.9	$ 2.3	6.1%
Employee Benefits	16.8	15.4	1.4	8.8%
Retroactive wage accrual variance	-	(0.4)	0.4	-100.0%
Sub-Total	**57.0**	**52.9**	**4.1**	**7.8%**
Other postemployment benefits	2.4	2.3	0.1	5.0%
Total	**$ 59.4**	**$ 55.2**	**$ 4.2**	**7.7%**

Personnel (Continued)
Total salaries and wages for 2012 were $40.2 million, increasing $2.3 million or 6.1% from the prior year. The number of full time equivalent positions totaled 681 as compared to 684 in the prior year.

Employee benefit expenses totaled $16.8 million, increasing $1.4 million or 8.8% from the prior year.

Non personnel
Non-personnel expenses include a variety of categories, such as fuel and lubricants; vehicle parts and shop supplies; contracted services; utilities; insurance and liability costs; and miscellaneous costs. Non-personnel expenses for 2012 totaled $21.1 million, increasing $2.1 million or 10.9% from the prior year, after adjusting fuel costs to recognize net hedge cash flows.

Non Personnel Expenses	2012	2011	Change	% Change
Contracted Services	$ 4,707	$ 4,369	$ 337	7.7%
Fuel/Lubricants (net of hedge)	6,458	5,987	471	7.9%
Vehicle Parts	2,977	3,219	(242)	-7.5%
Other Materials/Supplies	1,395	1,443	(48)	-3.3%
Utilities	769	833	(64)	-7.7%
Casualty & Liability	2,110	1,776	334	18.8%
Miscellaneous/Other	2,665	1,486	1,179	79.3%
Total	$ 21,081	$ 19,114	$ 1,967	10.3%

Capital Contributions
Capital contributions made by the Authority are funded by a combination of federal and/or state grants and local monies from the Authority's capital reserve fund. The standard share allocation is 80% federal, 10% state, and 10% local. In the past, the Authority has also been the recipient of $16 million federal stimulus grant allocations. During fiscal 2012 the Authority made capital investments totaling $23.0 million. A summary of the various types and funding sources is shown in the chart below. Additional information regarding capital asset activity can be found in note 5 (Capital Assets) in the notes to the financial statements.

2012 Capital Contributions (000's)	
Investments by Major Category	**Total**
RTS Buses	$ 10,093
LL and Regional Buses	403
RTS Transit Center	1,291
Site Improvements	9,419
Non Revenue Vehicles	27
TIDE	927
Leasehold Improvements	28
Other	796
Total	**$ 22,984**
Supporting Funding Sources	
Federal	$ 19,666
State	1,578
Total Grant	**$ 21,243**
Local	1,740
Total Funding Source	**$ 22,984**

RTS Transit Center

During fiscal 2011, the Authority obtained federal approval to proceed with a modified version of the former Renaissance Square Project. The modified project is a stand-alone RTS Transit Center to be located on Mortimer Street in downtown Rochester. As of March 31, 2012, design reached 50% completion and a total of $5.1 million has been invested in the modified project which has a total estimated cost of approximately $49 million. During fiscal 2012, the Authority spent $1.3 million advancing project design and defending litigation which has delayed property acquisition and required a revision to the project schedule. The projected opening of the new facility is summer 2014.

TIDE

During 2012 investments totaling $.9 million moved the Authority towards full implementation of its major technology project known as TIDE (Technology Initiatives Driving Excellence). TIDE investments enhanced the customer travel experience with the installation of information signs displaying real time next bus arrival times at the busiest travel locations. Real time information was further expanded to mobile phones with the launch of "Where's My Bus," which sends an automated response with the next bus arrival time.

RTS Campus and Site Improvements

During 2012, significant progress was achieved on Phase One of a planned three phase improvement project for the RTS campus located at 1372 East Main Street. These facilities were constructed in 1974 and require significant upgrades to improve safety, efficiency, and security for bus and administrative operations. Phase One involves the construction of a $13.3 million addition, renovations, and related site improvements for the Authority's administrative building. The completion of phase One will occur in October 2012. Phases Two and Three of the project encompass improvements to the Operations and Service buildings and a proposed expansion of the campus footprint to provide additional parking and improved traffic circulation. The total estimated costs for these next two phases are $35.8 million. Federal funding for Phase Two ($13.2) is expected to receive final FTA approval by September 2012. Funding for Phase Three ($22.6) has not yet been secured.

Conclusion

The Authority's continued emphasis on strategic planning and performance measurement have been key to the achievement of the strong financial position which it now enjoys. Looking ahead, the Authority is well-positioned to continue providing quality public transportation to its customers. For additional information or inquiries, interested parties should contact the Authority's Chief Financial Officer, Mr. Robert Frye.

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

STATEMENTS OF NET ASSETS
MARCH 31, 2012
(With Comparative Totals as of March 31, 2011)

	Total 2012	Total 2011	Authority	RTS	Lift Line	BBS
ASSETS						
CURRENT ASSETS:						
Cash and short-term investments	$ 20,170,991	$ 29,729,975	$ 20,149,451	$ -	$ 3,271	$ 719
Investment of self-insurance fund	3,658,448	5,023,801	3,658,448	-	-	-
Investment of capital reserve fund	4,316,372	4,738,630	4,316,372	-	-	-
Accounts receivable, net	5,090,598	5,505,725	-	4,168,802	6,311	26,262
Mortgage tax receipts receivable	574,449	468,067	574,449	-	-	-
Capital grants receivable	3,217,466	2,613,144	3,217,466	-	-	-
Operating assistance receivable	2,988,386	2,895,200	-	2,404,556	112,500	80,100
Interest receivable	109,731	-	109,731	-	-	-
Materials and supplies inventory, net	451,347	482,306	-	340,981	110,366	-
Prepaid expenses and other current assets	239,892	168,632	5,682	196,078	35,259	-
Inter-entity receivable	-	-	529,285	46,296	12,500	-
Total current assets	40,817,680	51,625,480	32,560,884	7,156,713	280,207	107,081
NONCURRENT ASSETS:						
Capital assets, net	87,287,462	75,989,237	23,282	79,472,734	3,311,795	238,886
Fixed price fuel swap asset	-	1,513,612	-	-	-	-
Government securities	21,826,908	-	21,826,908	-	-	-
Investment of other postemployment benefits reserve fund	81,843	8,655,423	81,843	-	-	-
Investment of paratransit reserve fund	3,125,582	3,119,862	3,125,582	-	-	-
Investments in consolidated component unit entities	-	-	35,948,942	-	-	-
Total noncurrent assets	112,321,795	89,278,134	61,006,557	79,472,734	3,311,795	238,886
TOTAL ASSETS	$ 153,139,475	$ 140,903,614	$ 93,567,441	$ 86,629,447	$ 3,592,002	$ 345,967
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Cash overdraft	$ 1,596,230	$ 1,308,392	$ -	$ 1,596,230	$ -	$ -
Accounts payable	5,053,099	4,811,167	2,631,241	1,718,430	113,171	84,826
Accrued wages, vacation, pension and payroll taxes	4,150,494	3,862,886	242,317	3,261,319	295,661	42,190
Current portion of soil remediation liability	228,250	551,879	-	228,250	-	-
Current portion of capital lease obligation	-	64,461	-	-	-	-
Reserve for litigated and unlitigated claims	2,463,952	1,277,023	-	1,813,872	571,571	-
Workers' compensation reserve	3,940,000	3,930,000	-	3,331,590	352,602	190,788
Deferred revenue	3,006	118,866	-	-	3,006	-
Inventory reserve	442,934	442,934	-	442,934	-	-
Inter-entity payable	-	-	-	-	-	-
Total current liabilities	17,877,965	16,367,608	2,873,558	12,392,625	1,336,011	317,804
LONG-TERM LIABILITIES:						
Other postemployment benefits	24,778,888	22,352,659	396,779	24,382,109	-	-
Soil remediation liability, net of current portion	414,701	330,568	-	414,701	-	-
Total long-term liabilities	25,193,589	22,683,227	396,779	24,796,810	-	-
TOTAL LIABILITIES	43,071,554	39,050,835	3,270,337	37,189,435	1,336,011	317,804
DEFERRED INFLOWS:						
Accumulated increase in fair value of fixed price fuel swap	-	1,513,612	-	-	-	-
NET ASSETS:						
Invested in capital assets, net of related debt	87,287,462	75,924,776	23,282	79,472,734	3,311,795	238,886
Unrestricted	22,780,459	24,414,391	90,273,822	(30,032,722)	(1,055,804)	(210,723)
Total net assets	110,067,921	100,339,167	90,297,104	49,440,012	2,255,991	28,163
TOTAL LIABILITIES AND NET ASSETS	$ 153,139,475	$ 140,903,614	$ 93,567,441	$ 86,629,447	$ 3,592,002	$ 345,967

2012 Primary Government							
LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
$ 1,612	$ 677	$ 823	$ 3,613	$ 2,835	$ 7,990	$ -	$ 20,170,991
-	-	-	-	-	-	-	3,658,448
-	-	-	-	-	-	-	4,316,372
96,968	718	46,632	148,491	111,550	484,864	-	5,090,598
-	-	-	-	-	-	-	574,449
-	-	-	-	-	-	-	3,217,466
91,100	51,500	44,300	117,600	86,730	-	-	2,988,386
-	-	-	-	-	-	-	109,731
-	-	-	-	-	-	-	451,347
633	2,240	-	-	-	-	-	239,892
-	-	-	-	-	-	(588,081)	-
190,313	55,135	91,755	269,704	201,115	492,854	(588,081)	40,817,680
2,294,145	299,893	361,842	932,189	350,304	2,392	-	87,287,462
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	21,826,908
-	-	-	-	-	-	-	81,843
-	-	-	-	-	-	-	3,125,582
-	-	-	-	-	-	(35,948,942)	-
2,294,145	299,893	361,842	932,189	350,304	2,392	(35,948,942)	112,321,795
$ 2,484,458	$ 355,028	$ 453,597	$ 1,201,893	$ 551,419	$ 495,246	$ (36,537,023)	$ 153,139,475
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,596,230
80,155	47,656	23,998	82,651	60,867	210,104	-	5,053,099
67,034	18,655	30,275	64,545	44,535	83,963	-	4,150,494
-	-	-	-	-	-	-	228,250
-	-	-	-	-	-	-	-
39,102	-	2,000	37,008	399	-	-	2,463,952
33,721	-	-	353	30,946	-	-	3,940,000
-	-	-	-	-	-	-	3,006
-	-	-	-	-	-	-	442,934
-	-	-	-	-	588,081	(588,081)	-
220,012	66,311	56,273	184,557	136,747	882,148	(588,081)	17,877,965
-	-	-	-	-	-	-	24,778,888
-	-	-	-	-	-	-	414,701
-	-	-	-	-	-	-	25,193,589
220,012	66,311	56,273	184,557	136,747	882,148	(588,081)	43,071,554
-	-	-	-	-	-	-	-
2,294,145	299,893	361,842	932,189	350,304	2,392	-	87,287,462
(29,699)	(11,176)	35,482	85,147	64,368	(389,294)	(35,948,942)	22,780,459
2,264,446	288,717	397,324	1,017,336	414,672	(386,902)	(35,948,942)	110,067,921
$ 2,484,458	$ 355,028	$ 453,597	$ 1,201,893	$ 551,419	$ 495,246	$ (36,537,023)	$ 153,139,475

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012
(With Comparative Totals For the Year Ended March 31, 2011)

	Total 2012	Total 2011	Authority	RTS	Lift Line	BBS
OPERATING REVENUE AND PUBLIC SUPPORT:						
Customer fares	$ 10,928,122	$ 11,387,636	$ -	$ 10,324,722	$ 306,239	$ 51,226
Customer fares - Temporary Assistance for Needy Families/Welfare to Work	345,569	402,422	-	338,800	-	99
Special transit fares	15,696,102	15,176,855	-	12,918,908	-	149,152
Advertising	663,718	580,204	-	663,718	-	-
Realized gain on fuel swap, net	1,204,825	144,876	-	1,204,825	-	-
Other	1,971,924	1,102,865	1,300,562	3,264,330	89,438	3,821
Total operating revenue and public support	30,810,260	28,794,858	1,300,562	28,715,303	395,677	204,298
OPERATING EXPENSES AND DEPRECIATION:						
Operating expenses -						
Salaries and wages	40,217,885	37,940,744	1,989,783	31,265,137	3,491,690	386,150
Retroactive wage accrual variance	-	(446,854)	-	-	-	-
Employee benefits	16,772,238	15,408,915	667,725	13,644,245	1,454,301	131,505
Inter-entity cost allocations	-	-	429,688	966,959	461,886	132,399
Materials and supplies	12,035,567	10,650,060	-	10,185,850	767,487	70,817
Other postemployment benefits	2,426,229	2,310,894	45,704	2,380,525	-	-
Outside services	4,706,587	4,368,755	89,288	2,749,348	276,821	51,341
Utilities	768,912	832,993	-	682,801	48,895	2,714
Casualty and liability insurance claims	2,109,775	1,776,339	1,096	1,403,529	400,816	9,476
Leases and rentals	305,019	322,797	-	178,373	31,087	9,022
Other	1,155,125	1,063,138	358,221	586,582	15,938	35,258
Total operating expenses	80,497,337	74,227,781	3,581,505	64,043,349	6,948,921	828,682
Depreciation -						
Locally funded	1,191,198	1,046,621	-	1,044,721	109,629	3,768
Grant funded	10,571,017	8,926,456	-	8,616,526	1,006,623	72,350
Total depreciation	11,762,215	9,973,077	-	9,661,247	1,116,252	76,118
Total operating expenses and depreciation	92,259,552	84,200,858	3,581,505	73,704,596	8,065,173	904,800
LOSS FROM OPERATIONS	(61,449,292)	(55,406,000)	(2,280,943)	(44,989,293)	(7,669,496)	(700,502)
NONOPERATING INCOME (EXPENSE):						
Interest income from cash, short-term investments, and reserve funds	261,161	223,391	260,899	262	-	-
Mortgage tax receipts revenue	6,807,000	7,300,269	6,807,000	-	-	-
Unrealized loss on investments	(146,691)	-	(146,691)	-	-	-
Loss on impairment of capital assets	(23,069)	(52,669)	-	(19,978)	-	-
(Loss) gain on change in soil remediation liability	181,999	(333,130)	-	181,999	-	-
Write-off of inter-entity accounts	-	-	6,430,782	(8,094,316)	1,783,418	40,552
Authority subsidies	-	-	(5,183,981)	(2,276,413)	4,637,647	441,488
Gain (loss) on disposal of capital assets	90,933	119,521	-	87,426	3,507	-
Total nonoperating income (expense)	7,171,333	7,257,382	8,168,009	(10,121,020)	6,424,572	482,040
EXTERNAL OPERATING ASSISTANCE SUBSIDIES:						
Federal	7,791,764	7,816,026	119,707	5,866,892	118,550	80,100
State of New York	31,245,668	31,127,451	-	28,988,550	1,903,169	53,282
Local governmental entities	3,726,000	3,725,997	-	3,524,051	-	53,282
Total external operating assistance subsidies	42,763,432	42,669,474	119,707	38,379,493	2,021,719	186,664
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS	(11,514,527)	(5,479,144)	6,006,773	(16,730,820)	776,795	(31,798)
CAPITAL CONTRIBUTIONS:						
Federal	19,665,766	12,730,615	-	19,141,072	322,766	-
State	1,577,515	1,613,802	-	1,513,490	40,346	-
Authority	-	-	-	1,648,035	40,346	2,294
Total capital contributions	21,243,281	14,344,417	-	22,302,597	403,458	2,294
CHANGE IN NET ASSETS	9,728,754	8,865,273	6,006,773	5,571,777	1,180,253	(29,504)
NET ASSETS - beginning of year	100,339,167	91,473,894	84,290,331	43,868,235	1,075,738	57,667
NET ASSETS - end of year	$ 110,067,921	$ 100,339,167	$ 90,297,104	$ 49,440,012	$ 2,255,991	$ 28,163

2012 Primary Government							
LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
$ 28,413	$ 33,716	$ 37,906	$ 89,819	$ 56,081	$ -	$ -	$ 10,928,122
261	1,422	873	370	3,744	-	-	345,569
1,170,371	51,525	263,146	849,302	293,698	-	-	15,696,102
-	-	-	-	-	-	-	663,718
-	-	-	-	-	-	-	1,204,825
1,646	162	7,402	27,320	2,489	3,204	(2,728,450)	1,971,924
1,200,691	86,825	309,327	966,811	356,012	3,204	(2,728,450)	30,810,260
722,555	225,686	308,808	761,307	546,585	520,184	-	40,217,885
-	-	-	-	-	-	-	-
212,255	51,882	73,232	170,285	171,430	195,378	-	16,772,238
188,963	134,564	119,717	119,717	159,208	15,349	(2,728,450)	-
286,518	74,643	113,713	334,802	194,253	7,484	-	12,035,567
-	-	-	-	-	-	-	2,426,229
252,236	21,623	32,020	137,653	142,721	953,536	-	4,706,587
12,861	4,831	7,114	2,562	3,413	3,721	-	768,912
77,004	13,006	16,751	167,863	18,934	1,300	-	2,109,775
10,533	33,022	7,353	1,821	30,184	3,624	-	305,019
17,527	7,844	5,961	13,847	94,572	19,375	-	1,155,125
1,780,452	567,101	684,669	1,709,857	1,361,300	1,719,951	(2,728,450)	80,497,337
16,999	3,583	3,442	5,821	3,235	-	-	1,191,198
299,765	93,783	116,913	244,175	118,491	2,391	-	10,571,017
316,764	97,366	120,355	249,996	121,726	2,391	-	11,762,215
2,097,216	664,467	805,024	1,959,853	1,483,026	1,722,342	(2,728,450)	92,259,552
(896,525)	(577,642)	(495,697)	(993,042)	(1,127,014)	(1,719,138)	-	(61,449,292)
-	-	-	-	-	-	-	261,161
-	-	-	-	-	-	-	6,807,000
-	-	-	-	-	-	-	(146,691)
-	-	-	(3,091)	-	-	-	(23,069)
-	-	-	-	-	-	-	181,999
(108,229)	21,010	21,722	(81,710)	(13,229)	-	-	-
435,612	371,997	284,556	554,511	734,583	-	-	-
-	-	-	-	-	-	-	90,933
327,383	393,007	306,278	469,710	721,354	-	-	7,171,333
91,100	51,500	44,300	117,600	81,700	1,220,315	-	7,791,764
35,024	30,181	24,964	38,378	172,120	-	-	31,245,668
35,024	30,181	24,964	38,378	20,120	-	-	3,726,000
161,148	111,862	94,228	194,356	273,940	1,220,315	-	42,763,432
(407,994)	(72,773)	(95,191)	(328,976)	(131,720)	(498,823)	-	(11,514,527)
188,856	-	-	12,786	286	-	-	19,665,766
23,607	-	-	36	36	-	-	1,577,515
23,607	-	26,038	35	36	-	(1,740,391)	-
236,070	-	26,038	12,857	358	-	(1,740,391)	21,243,281
(171,924)	(72,773)	(69,153)	(316,119)	(131,362)	(498,823)	(1,740,391)	9,728,754
2,436,370	361,490	466,477	1,333,455	546,034	111,921	(34,208,551)	100,339,167
$ 2,264,446	$ 288,717	$ 397,324	$ 1,017,336	$ 414,672	$ (386,902)	$ (35,948,942)	$ 110,067,921

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012
(with comparative totals for the year ended March 31, 2011)

	Total 2012	Total 2011	Authority	RTS	Lift Line
CASH FLOW FROM OPERATING ACTIVITIES:					
Receipts from customers	$ 26,866,867	$ 27,349,904	$ -	$ 23,435,723	$ 307,405
Receipts from grants	345,569	402,422	-	338,800	-
Receipts for fixed price fuel swap, net	1,180,362	147,700	-	1,180,362	-
Other operating receipts	2,716,729	1,444,214	1,199,152	3,928,048	89,438
Payments to vendors and suppliers for goods and services	(17,536,520)	(17,693,004)	304,242	(13,921,534)	(1,140,348)
Payments to employees for services	(56,650,515)	(52,520,792)	(3,088,351)	(45,515,627)	(5,401,940)
Payments for insurance and risk management	(1,036,106)	(3,442,364)	(6,778)	(672,216)	(65,741)
Other operating payments	(1,155,122)	(1,047,819)	(358,222)	(586,580)	(15,938)
Net cash flow from operating activities	(45,268,736)	(45,359,739)	(1,949,957)	(31,813,024)	(6,227,124)
CASH FLOW FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Investments in consolidated component unit entities	-	-	(1,740,391)	-	-
Mortgage tax receipts	6,700,618	7,297,585	6,700,618	-	-
Inter-entity (receivables) payables	-	-	(1,869,472)	3,189,481	(2,217,905)
Operating assistance (receivable) payable	42,670,243	43,342,287	1,366,503	28,376,848	8,442,785
Cash overdraft	287,838	(683,516)	-	387,480	-
Net cash flow from noncapital and related financing activities	49,658,699	49,956,356	4,457,258	31,953,809	6,224,880
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions - Federal	19,665,766	12,739,245	-	19,141,072	322,766
Capital contributions - State	1,577,515	1,617,168	-	1,513,490	40,346
Capital contributions - Authority	-	-	-	1,648,035	40,346
Purchases of capital assets	(23,089,950)	(15,498,997)	-	(22,409,110)	(403,458)
Amounts receivable from capital grants	(604,557)	2,734,759	(604,322)	-	-
Payments of capital lease obligations	(64,461)	(61,990)	-	(64,461)	-
Payments for soil remediation	(57,499)	(35,993)	-	(57,499)	-
Proceeds from sale of capital and related assets	90,932	119,521	-	87,426	3,506
Net cash flow from capital and related financing activities	(2,482,254)	1,613,713	(604,322)	(141,047)	3,506
CASH FLOW FROM INVESTING ACTIVITIES:					
Deposits in capital reserve fund	(1,289,210)	(1,487,000)	(1,289,210)	-	-
Interest income from cash and working capital	92,688	124,076	92,426	262	-
Withdrawals from self-insurance fund	-	175,000	-	-	-
Withdrawals from capital reserve fund	1,725,077	1,136,235	1,725,077	-	-
Payments from paratransit reserve fund	4,752	43,950	4,752	-	-
Purchase of government securities	(12,000,000)	-	(12,000,000)	-	-
Repayment of notes receivable	-	-	-	-	-
Net cash flow from investing activities	(11,466,693)	(7,739)	(11,466,955)	262	-
CHANGE IN CASH AND SHORT-TERM INVESTMENTS	(9,558,984)	6,202,591	(9,563,976)	-	1,262
CASH AND SHORT-TERM INVESTMENTS - beginning of year	29,729,975	23,527,384	29,713,427	-	2,009
CASH AND SHORT-TERM INVESTMENTS - end of year	$ 20,170,991	$ 29,729,975	$ 20,149,451	$ -	$ 3,271
SUPPLEMENTAL NON-CASH CAPITAL AND RELATED FINANCING TRANSACTIONS:					
Transfers of capital assets	$ -	$ -	$ -	$ (272,975)	$ 272,975

2012 Primary Government

BBS	LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
226,620	$ 1,186,576	$ 85,805	$ 267,404	$ 975,024	382,310	$ -	$ -	$ 26,866,867
99	261	1,422	873	370	3,744	-	-	345,569
-	-	-	-	-	-	-	-	1,180,362
3,821	1,646	162	7,402	27,320	2,489	185,701	(2,728,450)	2,716,729
(139,575)	(553,530)	(141,043)	(165,621)	(479,353)	(351,465)	(948,293)	-	(17,536,520)
(646,646)	(1,132,623)	(426,882)	(505,402)	(1,058,947)	(893,249)	(709,298)	2,728,450	(56,650,515)
(26,242)	(38,854)	(16,751)	(16,751)	(159,821)	(30,770)	(2,182)	-	(1,036,106)
(35,258)	(17,527)	(7,844)	(5,959)	(13,847)	(94,572)	(19,375)	-	(1,155,122)
(617,181)	(554,051)	(505,131)	(418,054)	(709,254)	(981,513)	(1,493,447)	-	(45,268,736)
-	-	-	-	-	-	-	1,740,391	-
-	-	-	-	-	-	-	-	6,700,618
28,351	154,825	51,378	62,184	161,047	59,347	380,764	-	-
588,604	397,432	453,369	356,206	549,557	918,624	1,220,315	-	42,670,243
-	-	-	-	-	-	(99,642)	-	287,838
616,955	552,257	504,747	418,390	710,604	977,971	1,501,437	1,740,391	49,658,699
-	188,855	-	-	12,787	286	-	-	19,665,766
-	23,607	-	-	36	36	-	-	1,577,515
2,294	23,607	-	26,038	35	36	-	(1,740,391)	-
(2,059)	(236,069)	-	(26,038)	(12,858)	(358)	-	-	(23,089,950)
(235)	-	-	-	-	-	-	-	(604,557)
-	-	-	-	-	-	-	-	(64,461)
-	-	-	-	-	-	-	-	(57,499)
-	-	-	-	-	-	-	-	90,932
-	-	-	-	-	-	-	(1,740,391)	(2,482,254)
-	-	-	-	-	-	-	-	(1,289,210)
-	-	-	-	-	-	-	-	92,688
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,725,077
-	-	-	-	-	-	-	-	4,752
-	-	-	-	-	-	-	-	(12,000,000)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(11,466,693)
(226)	(1,794)	(384)	336	1,350	(3,542)	7,990	-	(9,558,984)
945	3,406	1,061	487	2,263	6,377	-	-	29,729,975
$ 719	$ 1,612	$ 677	$ 823	$ 3,613	$ 2,835	$ 7,990	$ -	$ 20,170,991
$ -	$ (20,849)	$ -	$ -	$ 20,849	$ -	$ -	$ -	$ -

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012
(with comparative totals for the year ended March 31, 2011)
(Continued)

	Total 2012	Total 2011	Authority	RTS	Lift Line	BBS
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:						
Loss from operations	$ (61,449,292)	$ (55,406,000)	$ (2,280,943)	$ (44,989,293)	$ (7,669,496)	$ (700,502)
Adjustments to reconcile change in net assets to net cash flow from operating activities:						
Depreciation - locally funded	1,191,200	1,046,621	-	1,044,721	109,629	3,768
Depreciation - grant funded	10,571,017	8,926,456	-	8,616,526	1,006,623	72,350
Changes in:						
Accounts receivable	415,127	532,789	-	182,630	616	26,242
Materials and supplies inventory	30,959	132,956	-	50,271	(19,312)	-
Prepaid expenses and other assets	(71,260)	17,323	44,318	(92,662)	(23,857)	-
Accounts payable	248,607	(1,611,186)	393,530	(175,432)	3,254	(5,681)
Accrued wages, vacation, pension and payroll taxes	287,608	(521,980)	(51,155)	360,714	5,937	3,408
Reserve for litigated and unlitigated claims	1,418,885	149,145	-	842,907	533,647	-
Workers' compensation reserve	(221,956)	(950,526)	-	(18,932)	(174,715)	(16,766)
Other postemployment benefits	2,426,229	2,310,894	45,703	2,380,526	-	-
Inventory reserve	-	-	-	-	-	-
Deferred revenue	(115,860)	13,769	(101,410)	(15,000)	550	-
Net cash flow from operating activities	$ (45,268,736)	$ (45,359,739)	$ (1,949,957)	$ (31,813,024)	$ (6,227,124)	$ (617,181)

2012 Primary Government

LATS	OTS	STS	WATS	WYTS	GTCS	Eliminations	Total
$ (896,525)	$ (577,642)	$ (495,697)	$ (993,042)	$ (1,127,014)	$ (1,719,138)	$ -	$ (61,449,292)
16,999	3,583	3,444	5,821	3,235	-	-	1,191,200
299,765	93,783	116,913	244,175	118,491	2,391	-	10,571,017
(12,208)	564	(33,648)	35,903	32,531	182,497	-	415,127
-	-	-	-	-	-	-	30,959
(19)	960	-	-	-	-	-	(71,260)
8,618	(6,924)	(5,421)	(2,515)	19,106	20,072	-	248,607
(8,850)	(14,750)	(5,645)	(7,638)	(16,026)	21,613	-	287,608
39,102	-	2,000	7,689	(6,460)	-	-	1,418,885
(933)	(4,705)	-	353	(5,376)	(882)	-	(221,956)
-	-	-	-	-	-	-	2,426,229
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(115,860)
$ (554,051)	$ (505,131)	$ (418,054)	$ (709,254)	$ (981,513)	$ (1,493,447)	$ -	$ (45,268,736)

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Rochester-Genesee Regional Transportation Authority (the Authority or RGRTA) was created in 1969 by an act of the New York State Legislature to provide for the continuance, further development and improvement of public transportation and other related services within the Genesee/Finger Lakes Region. The Authority is subject to regulation by the Comptroller and Department of Transportation of the State of New York with respect to the maintenance of its accounting records. The Authority is considered a component unit of New York State because of the significance of its operational and financial relationship with New York State. The Authority's 13-member Board of Commissioners is recommended by the local governing body, appointed by the governor of New York State, and confirmed by the New York State Senate. Financial support from New York State includes annual appropriations to help meet operating expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Authority's and the Organizations' financial statements have been prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board.

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

Recent Accounting Pronouncements

During December 2010, GASB issued statement No. 61 "*The Financial Reporting Entity: Omnibus*." This statement updates and improves existing standards regarding financial reporting standards for including, presenting, and disclosing information about governmental component units, including equity interests. The Authority has adopted the provisions of this statement for the year ended March 31, 2012. The implementation of the provisions of this statement did not have a material effect on the financial statements of the Authority and the Organizations.

In July 2011, GASB issued statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This statement updates and improves existing standards by providing users with information about how past transactions will continue to impact a government's financial statements in the future. The statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. Assets that would fall under this standard include derivative instruments. The Authority adopted the provisions of this statement as of the year ended March 31, 2012. The implementation of the provisions of this statement did not have a material effect on the financial statements of the Authority and the Organizations.

Basis of Presentation

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

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. As of March 31, 2011 RTS is the only entity with a reduction of its net assets invested in capital assets for debt. None of the entities had a reduction of their net assets invested in capital assets for debt at March 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- Restricted - This component of net assets consists of amounts which have external constraints placed on use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority and the Organizations have no restrictions on their net assets at March 31, 2012 or 2011.

- Unrestricted - This component of net assets consists of assets within total net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Cash and Short-Term Investments

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

Accounts Receivable

Accounts receivable consists primarily of amounts due from customers for services provided and for advertising. Management records an allowance for doubtful accounts based on past collection experience and an analysis of outstanding amounts. When appropriate collection efforts are exhausted, the account is written off. Management considers the accounts receivable to be fully collectible at all Organizations except for BBS, LATS, STS, WATS and WYTS and accordingly, other than at BBS, LATS, STS, WATS and WYTS which have recorded allowances of $16,544, $257, $617, $267 and $93,058, respectively for the year ending March 31, 2012, no allowance for doubtful accounts has been established. For the year ended March 31, 2011 except for BBS, LATS, and WYTS which recorded allowances of $18,940, $1,940 and $18,177, respectively, no allowance for doubtful accounts has been established.

Mortgage Recording Tax Receipts

The Authority receives a portion of mortgage recording tax receipts equal to $.25 for every $100 of borrowings in the form of new mortgages and the refinancing of existing mortgages from the counties in which the component units conduct operations, not including mortgages of tax-exempt organizations. The amounts earned during the year have been recorded as mortgage tax receipts in the accompanying statements of revenue, expenses and changes in net assets. Any amounts due but not yet collected have been recorded as mortgage tax receipts receivable in the accompanying statements of net assets. Management considers mortgage tax receipts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Operating and Capital Assistance Grants

The Authority and the Organizations receive operating and capital assistance subsidies and grants from the U.S. Department of Transportation under operating and capital assistance grant contracts. The Organizations also receive operating and capital assistance from the New York State Department of Transportation and local counties based on legislated awards. The amounts received or contractually receivable under such grants have been recorded as external operating assistance subsidies in the accompanying statements of revenue, expenses and changes in net assets. These amounts are obtained on an annual basis. Management considers operating and capital assistance receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Continued operations depend upon receipt of such subsidies in future years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of replacement parts for buses and is recorded at the lower of cost determined on a first in, first out basis or market. An allowance for obsolete inventory is maintained based on historical experience and a review of inventory on hand. RTS has recorded an allowance for obsolete inventory of $180,363 and $166,654 for 2012 and 2011, respectively.

Capital Assets

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

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

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

Investments

Investments in government securities are recorded at their fair value based on quoted market prices and valuations provided by external investment managers. Unrealized gains or losses on such investments result from differences between the cost and fair value of investments on a specified valuation date. Gains and losses in the fair value are reported in the statement of revenue, expenses and changes in net assets. Investment income is recognized on the accrual basis; dividends are recorded on the ex-dividend date.

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

Investments designated for capital reserve purposes are utilized to fund the Authority's share of capital purchases.

Investments designated for other postemployment benefits reserve purposes represent a reserve to be maintained until establishment of a dedicated trust for the purpose of funding other postemployment benefits.

Investments designated for the paratransit reserve fund are to be utilized to support paratransit transportation services. The principal of this reserve fund is not to be used except to generate interest earnings to support paratransit transportation services until otherwise directed by the Board of Commissioners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inter-Entity Cost Allocations

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

Authority Subsidies

Annually, the Authority subsidizes the operations of the Organizations, except for GTCS, based on each respective Organization's operating results. In order to determine the annual subsidy, operating and certain non-operating revenues and external operating subsidies are reduced by operating and certain non-operating expenses and locally funded depreciation. If the result is a deficit, that amount will be recorded as operating subsidy at the respective Organization. Operating surpluses are reflected as negative subsidies or re-allocations, back to the Authority. No cash is ever transferred to or from the Organizations related to these subsidies. Therefore, each year the value of the receivable/payable recorded at year-end is recorded as a write-off of inter-entity accounts on the accompanying statements of revenue, expense and changes in net assets.

Expenses

Amounts reported as operating expenses are from providing services in connection with the Authority's and Organizations' ongoing transportation operations. The principal operating expenses of the Authority and the Organizations include salaries, employee benefits, supplies and depreciation. All expenses not meeting this definition are reported as nonoperating expenses.

Revenues

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

Capital Contributions

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

Income Taxes

The Authority and the Organizations are public benefit corporations and are exempt from federal and state income taxes, as well as state and local property and sales taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. CASH, SHORT-TERM INVESTMENTS, AND GOVERNMENT SECURITIES

The Authority maintains cash, short-term investments and government securities. The Authority's cash, short-term investments and government securities are reported as follows in the Statements of Net Assets as of March 31:

	2012	2011
Current Assets:		
Cash and short-term investments	$ 20,170,991	$ 29,729,975
Investment of self-insurance fund	3,658,448	5,023,801
Investment of capital reserve fund	4,316,372	4,738,630
Noncurrent Assets:		
Investment of other postemployment benefits reserve fund	81,843	8,655,423
Investment of paratransit reserve fund	3,125,582	3,119,862
Government securities	21,826,908	-
Liabilities:		
Cash overdraft	(1,596,230)	(1,308,392)
	$ 51,583,914	$ 49,959,299

Cash, short-term investments and government securities consisted of the following as of March 31:

	2012		2011	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Bank demand deposit	$ (1,573,158)	$ 394,069	$ (1,245,062)	$ 668,308
Money market funds	31,330,164	31,330,164	51,204,361	51,204,361
Government securities	21,826,908	21,826,908	-	-
	$ 51,583,914	$ 53,551,141	$ 49,959,299	$ 51,872,669

Collateral

As of March 31, 2012, the reported amount of the Authority's collateral balance was $29,749,016 and the bank balance was $31,724,233. Of the bank balance, $644,069 was covered by federal depository insurance and $31,701,794 was covered by collateral held by pledging bank or a third-party custodian in the Authority's name. The Authority's investment in government securities is secured by a guarantee from the United States Treasury Department.

3. CASH, SHORT TERM INVESTMENTS, AND GOVERNMENT SECURITIES (Continued)

Investments

The Authority's investments are made in compliance with New York Public Authorities Law Sections 2856, 2890, 2925,122-gg(4) and 1299-ll, and Office of the State Comptroller Investment Guidelines for Public Authorities and State Agencies at 2NCYRR Part 201. In accordance with its Investment Policy, the following is a list of investments the Authority is permitted to invest in:

- Certificates of Deposit with commercial banks or trust companies doing business in New York State and which are also Members of the Federal Deposit Insurance Corporation.
- Time Deposit, Demand Deposit, and Deposits in "Money Market" accounts of commercial banks or trust companies authorized to do business in New York State and which are also members of the Federal Deposit Insurance Corporation.
- Obligations of New York State or the United States Government or obligations the principal and interest of which are guaranteed by the New York state or the United States Government and which have a liquid market with a readily determinable value equal at all times to the amount of the investment.
- Repurchase Agreements for no more than 90 days involving the purchase and sale of direct obligations of the United States of America. The purchase price shall be the present market value of the securities and not the face value. Securities purchased through a Repurchase Agreement shall be valued to market at least weekly.

As of March 31, 2012, the Authority's investments in Government Securities consisted of the following:

		Investment Maturities (in Years)		
	Fair Value	Less Than 1 Year	1-5 Years	Greater than 10 Years
United State Treasury Notes	$ 16,248,069	$ -	$ 16,248,068	$ -
Government National Mortgage Association	5,556,283	-	-	5,556,283
Cash equivalents	22,558	22,558	-	-
	$ 21,826,908	$ 22,558	$ 16,248,068	$ 5,556,283

Accrued interest on investments of $109,731 is included in accrued interest receivables on the statement of net assets.

The Authority's investments in government securities are guaranteed by the United States Treasury Department.

Increases in Fair Value

The net increase in the fair value of investments during 2012 was $21,826,908. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at year-end was $146,691.

3. CASH, SHORT TERM INVESTMENTS, AND GOVERNMENT SECURITIES (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned. The Authority's investment policy requires that deposits which exceed the amount insured by the FDIC be collateralized by obligations of the United States, or obligations of Federal Agency's, the principal and interest of which are guaranteed by the United States or obligations of the New York State. As of March 31, 2012, the Authority's investments in United States Treasury Notes and Government National Mortgage Association bonds were all rated AAA by a nationally recognized rating organization.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Authority's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Investment Policy states that the Authority is to consider protection of principal, then cash flow requirements, and finally yield requirements. The Authority has the ability to liquidate its investments daily for United States Treasury Securities and with up to twenty days notice for its mortgage backed asset securities. In addition, the Authority looks to invest in securities that have a history of making prepayments of interest prior to maturity to ensure a consistent stream of cash flows.

Concentration of Credit Risk

The Investment Policy places no limit on the amount the Authority may invest in any one issuer. As of March 31, 2012, all of the Authority's money market funds where held with JPMorgan Chase. As of March 31, 2012, the Authority's investments in government securities were 74.7% invested in US Treasury Notes and 25.3% were invested in mortgage backed asset securities.

Designations

Short term investments and government securities are designated for the following purposes at March 31, 2012:

	Money Market Funds	Government Securities	Total
Working capital	$ 20,147,919	$ 11,910,574	$ 32,058,493
Self-insurance fund	3,658,448	1,344,097	5,002,545
Capital reserve fund	4,316,372	-	4,316,372
Paratransit reserve fund	3,125,582	-	3,125,582
Other postemployment benefits reserve fund	81,843	8,572,237	8,654,080
Total	$ 31,330,164	$ 21,826,908	$ 53,157,072

3. CASH, SHORT TERM INVESTMENTS, AND GOVERNMENT SECURITIES (Continued)

Inter-Entity Borrowings

Due to the centralized nature of the Authority's and the Organizations' cash management activities, the Authority and the Organizations periodically advance funds to one another as cash flow needs arise. At March 31, 2012, the following represents amounts due from (to) the Authority, RTS and LL, and from (to) GTCS:

	Authority	RTS	LL	GTCS	Total
Authority	$ -	$ -	$ -	$ (529,285)	$ (529,285)
RTS	-	-	12,500	(58,796)	(46,296)
Lift Line	-	(12,500)	-	-	(12,500)
GTCS	529,285	58,796	-	-	588,081
Net due to (from)	$ 529,285	$ 46,296	$ 12,500	$ (588,081)	$ -

In 2012, the Authority and Organizations wrote-off current year inter-entity receivable (payable) balances, which were not expected to be paid as well as prior year inter-entity receivable (payable) balances which are set forth in the statements of revenue, expenses and changes in net assets as write-off of inter-entity accounts.

4. INTER-ENTITY COST ALLOCATION

During 2012, the Authority, RTS, and Lift Line allocated certain administrative personnel costs to the Authority's component units. The amounts are reported as other operating revenue and as inter-entity cost allocations of the Authority's component units. These amounts are eliminated within the primary government total.

	Authority	RTS	Lift Line	Total
Authority	$ -	$ 429,688	$ -	$ 429,688
RTS	966,959	-	-	966,959
Lift Line	99,672	362,214	-	461,886
BBS	28,958	94,932	8,509	132,399
LATS	72,618	107,836	8,509	188,963
OTS	28,958	97,097	8,509	134,564
STS	28,958	82,250	8,509	119,717
WATS	28,958	82,250	8,509	119,717
WYTS	67,115	83,584	8,509	159,208
GTC	-	15,349	-	15,349
Total	$ 1,322,196	$ 1,355,200	$ 51,054	$ 2,728,450

5. CAPITAL ASSETS

Capital assets consisted of the following at March 31:

	Authority				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ 23,282	$ -	$ -	$ -	$ 23,282
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	23,282	-	-	-	23,282
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	-	-	-	-	-
Computer equipment	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Total capital assets being depreciated	-	-	-	-	-
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	-	-	-	-	-
Computer equipment	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Total accumulated depreciation	-	-	-	-	-
Total capital assets being depreciated, net	-	-	-	-	-
Total capital assets	$ 23,282	$ -	$ -	$ -	$ 23,282

	RTS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ 2,640,060	$ 6	$ -	$ -	$ 2,640,066
Construction-in-process	8,166,297	14,408,480	-	(6,487,987)	16,086,790
Total capital assets not being depreciated	10,806,357	14,408,486	-	(6,487,987)	18,726,856
Capital assets being depreciated:					
Land improvements	2,942,232	-	-	-	2,942,232
Building and structures	20,914,819	-	-	634,794	21,549,613
Revenue vehicles	82,171,619	7,974,101	(7,141,442)	2,617,334	85,621,612
Non-revenue vehicles	1,395,060	26,523	(89,841)	-	1,331,742
Maintenance equipment	3,940,066	-	-	177,412	4,117,478
Other equipment	18,608,904	-	-	1,897,209	20,506,113
Computer equipment	5,529,473	-	(295,098)	888,264	6,122,639
Leasehold improvements	673,169	-	(538,524)	-	134,645
Total capital assets being depreciated	136,175,342	8,000,624	(8,064,905)	6,215,013	142,326,074
Accumulated depreciation of capital assets:					
Land improvements	(2,794,099)	(56,850)	-	-	(2,850,949)
Building and structures	(18,462,695)	(643,597)	-	-	(19,106,292)
Revenue vehicles	(43,897,191)	(6,422,928)	7,121,464	-	(43,198,655)
Non-revenue vehicles	(1,071,726)	(131,830)	89,841	-	(1,113,715)
Maintenance equipment	(1,761,346)	(282,991)	-	-	(2,044,337)
Other equipment	(8,209,866)	(1,382,445)	-	-	(9,592,311)
Computer equipment	(3,150,934)	(681,362)	295,098	-	(3,537,198)
Leasehold improvements	(616,019)	(59,244)	538,524	-	(136,739)
Total accumulated depreciation	(79,963,876)	(9,661,247)	8,044,927	-	(81,580,196)
Total capital assets being depreciated, net	56,211,466	(1,660,623)	(19,978)	6,215,013	60,745,878
Total capital assets	$ 67,017,823	$ 12,747,863	$ (19,978)	$ (272,974)	$ 79,472,734

5. CAPITAL ASSETS (Continued)

	Lift Line				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ 364,056	$ -	$ -	$ -	$ 364,056
Construction-in-process	14,597	-	-	(14,597)	-
Total capital assets not being depreciated	378,653	-	-	(14,597)	364,056
Capital assets being depreciated:					
Land improvements	15,093	-	-	-	15,093
Building and structures	1,054,000	-	-	-	1,054,000
Revenue vehicles	3,525,364	403,458	(318,806)	-	3,610,016
Non-revenue vehicles	164,579	-	-	-	164,579
Maintenance equipment	208,339	-	-	-	208,339
Other equipment	1,653,629	-	-	170,657	1,824,286
Computer equipment	412,328	-	-	116,915	529,243
Leasehold improvements	-	-	-	-	-
Total capital assets being depreciated	7,033,332	403,458	(318,806)	287,572	7,405,556
Accumulated depreciation of capital assets:					
Land improvements	(191,845)	(8,388)	-	-	(200,233)
Building and structures	(673,837)	(23,545)	-	-	(697,382)
Revenue vehicles	(2,099,110)	(825,540)	318,806	-	(2,605,844)
Non-revenue vehicles	(143,534)	(7,558)	-	-	(151,092)
Maintenance equipment	(206,469)	(1,870)	-	-	(208,339)
Other equipment	(220,027)	(213,129)	-	-	(433,156)
Computer equipment	(125,549)	(36,222)	-	-	(161,771)
Leasehold improvements	-	-	-	-	-
Total accumulated depreciation	(3,660,371)	(1,116,252)	318,806	-	(4,457,817)
Total capital assets being depreciated, net	3,372,961	(712,794)	-	287,572	2,947,739
Total capital assets	$ 3,751,614	$ (712,794)	$ -	$ 272,975	$ 3,311,795

	BBS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	35,988	2,059	-	(33,102)	4,945
Total capital assets not being depreciated	35,988	2,059	-	(33,102)	4,945
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	793,036	-	-	-	793,036
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	33,447	-	(1,027)	7,114	39,534
Computer equipment	3,634	-	-	-	3,634
Leasehold improvements	53,010	-	-	25,988	78,998
Total capital assets being depreciated	883,127	-	(1,027)	33,102	915,202
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(519,005)	(69,917)	-	-	(588,922)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(33,132)	(1,021)	1,027	-	(33,126)
Computer equipment	(3,634)	-	-	-	(3,634)
Leasehold improvements	(50,399)	(5,180)	-	-	(55,579)
Total accumulated depreciation	(606,170)	(76,118)	1,027	-	(681,261)
Total capital assets being depreciated, net	276,957	(76,118)	-	33,102	233,941
Total capital assets	$ 312,945	$ (74,059)	$ -	$ -	$ 238,886

5. CAPITAL ASSETS (Continued)

	LATS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	1,966,146		-	3,625	1,969,771
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	93,600	-	(650)	-	92,950
Computer equipment	-	-	-	-	-
Leasehold improvements	1,685,308	236,069	-	-	1,921,377
Total capital assets being depreciated	3,745,054	236,069	(650)	3,625	3,984,098
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,058,211)	(258,205)	(56,334)	31,860	(1,340,890)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(77,780)	(7,750)	650	-	(84,880)
Computer equipment	-	-	-	-	-
Leasehold improvements	(213,374)	(50,809)	-	-	(264,183)
Total accumulated depreciation	(1,349,365)	(316,764)	(55,684)	31,860	(1,689,953)
Total capital assets being depreciated, net	2,395,689	(80,695)	(56,334)	35,485	2,294,145
Total capital assets	$ 2,395,689	$ (80,695)	$ (56,334)	$ 35,485	$ 2,294,145

	OTS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	691,949	-	(96,926)	-	595,023
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	13,259	-	-	-	13,259
Other equipment	22,607	-	-	-	22,607
Computer equipment	-	-	-	-	-
Leasehold improvements	21,030	-	-	-	21,030
Total capital assets being depreciated	748,845	-	(96,926)	-	651,919
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(295,131)	(96,926)	96,926	-	(295,131)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(13,258)	-	-	-	(13,258)
Other equipment	(22,607)	-	-	-	(22,607)
Computer equipment	-	-	-	-	-
Leasehold improvements	(20,590)	(440)	-	-	(21,030)
Total accumulated depreciation	(351,586)	(97,366)	96,926	-	(352,026)
Total capital assets being depreciated, net	397,259	(97,366)	-	-	299,893
Total capital assets	$ 397,259	$ (97,366)	$ -	$ -	$ 299,893

5. CAPITAL ASSETS (Continued)

	STS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	4,359	26,036	-	(30,395)	-
Total capital assets not being depreciated	4,359	26,036	-	(30,395)	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	746,527	-	-	-	746,527
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	4,005	-	-	-	4,005
Other equipment	9,364	-	-	-	9,364
Computer equipment	5,825	-	-	-	5,825
Leasehold improvements	67,779	-	-	30,395	98,174
Total capital assets being depreciated	833,500	-	-	30,395	863,895
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(294,722)	(119,715)	-	-	(414,437)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(4,006)	-	-	-	(4,006)
Other equipment	(9,365)	-	-	-	(9,365)
Computer equipment	(5,826)	-	-	-	(5,826)
Leasehold improvements	(67,779)	(640)	-	-	(68,419)
Total accumulated depreciation	(381,698)	(120,355)	-	-	(502,053)
Total capital assets being depreciated, net	451,802	(120,355)	-	30,395	361,842
Total capital assets	$ 456,161	$ (94,319)	$ -	$ -	$ 361,842

	WATS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	21,896	358	(9,531)	-	12,723
Total capital assets not being depreciated	21,896	358	(9,531)	-	12,723
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	2,307,496	-	(49,485)	(3,625)	2,254,386
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	41,257	-	-	-	41,257
Computer equipment	8,654	-	-	-	8,654
Leasehold improvements	180,352	12,500	-	-	192,852
Total capital assets being depreciated	2,537,759	12,500	(49,485)	(3,625)	2,497,149
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(1,171,933)	(249,438)	49,485	24,474	(1,347,412)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(40,706)	(558)	-	-	(41,264)
Computer equipment	(8,654)	-	-	-	(8,654)
Leasehold improvements	(180,353)	-	-	-	(180,353)
Total accumulated depreciation	(1,401,646)	(249,996)	49,485	24,474	(1,577,683)
Total capital assets being depreciated, net	1,136,113	(237,496)	-	20,849	919,466
Total capital assets	$ 1,158,009	$ (237,138)	$ (9,531)	$ 20,849	$ 932,189

5. CAPITAL ASSETS (Continued)

	WYTS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	21,919	358	-	-	22,277
Total capital assets not being depreciated	21,919	358	-	-	22,277
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	1,331,216	-	(149,202)	-	1,182,014
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	2,330	-	-	-	2,330
Other equipment	40,850	-	-	-	40,850
Computer equipment	2,084	-	-	-	2,084
Leasehold improvements	15,480	-	-	-	15,480
Total capital assets being depreciated	1,391,960	-	(149,202)	-	1,242,758
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	(882,407)	(120,781)	149,202	-	(853,986)
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	(2,330)	-	-	-	(2,330)
Other equipment	(39,906)	(945)	-	-	(40,851)
Computer equipment	(2,084)	-	-	-	(2,084)
Leasehold improvements	(15,480)	-	-	-	(15,480)
Total accumulated depreciation	(942,207)	(121,726)	149,202	-	(914,731)
Total capital assets being depreciated, net	449,753	(121,726)	-	-	328,027
Total capital assets	$ 471,672	$ (121,368)	$ -	$ -	$ 350,304

	GTCS				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ -	$ -	$ -	$ -	$ -
Construction-in-process	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	34,198	-	-	-	34,198
Computer equipment	27,878	-	-	-	27,878
Leasehold improvements	42,500	-	-	-	42,500
Total capital assets being depreciated	104,576	-	-	-	104,576
Accumulated depreciation of capital assets:					
Land improvements	-	-	-	-	-
Building and structures	-	-	-	-	-
Revenue vehicles	-	-	-	-	-
Non-revenue vehicles	-	-	-	-	-
Maintenance equipment	-	-	-	-	-
Other equipment	(29,416)	(2,391)	-	-	(31,807)
Computer equipment	(27,877)	-	-	-	(27,877)
Leasehold improvements	(42,500)	-	-	-	(42,500)
Total accumulated depreciation	(99,793)	(2,391)	-	-	(102,184)
Total capital assets being depreciated, net	4,783	(2,391)	-	-	2,392
Total capital assets	$ 4,783	$ (2,391)	$ -	$ -	$ 2,392

5. CAPITAL ASSETS (Continued)

	Primary Government				
	March 31, 2011	Additions	Impairments/ Retirements	Transfers	March 31, 2012
Capital assets not being depreciated:					
Land	$ 3,027,398	$ 6	$ -	$ -	$ 3,027,404
Construction-in-process	8,265,056	14,437,291	(9,531)	(6,566,081)	16,126,735
Total capital assets not being depreciated	11,292,454	14,437,297	(9,531)	(6,566,081)	19,154,139
Capital assets being depreciated:					
Land improvements	2,957,325	-	-	-	2,957,325
Building and structures	21,968,819	-	-	634,794	22,603,613
Revenue vehicles	93,533,353	8,377,559	(7,755,861)	2,617,334	96,772,385
Non-revenue vehicles	1,559,639	26,523	(89,841)	-	1,496,321
Maintenance equipment	4,167,999	-	-	177,412	4,345,411
Other equipment	20,537,856	-	(1,677)	2,074,980	22,611,159
Computer equipment	5,989,876	-	(295,098)	1,005,179	6,699,957
Leasehold improvements	2,738,628	248,569	(538,524)	56,383	2,505,056
Total capital assets being depreciated	153,453,495	8,652,651	(8,681,001)	6,566,082	159,991,227
Accumulated depreciation of capital assets:					
Land improvements	(2,985,944)	(65,238)	-	-	(3,051,182)
Building and structures	(19,136,532)	(667,142)	-	-	(19,803,674)
Revenue vehicles	(50,217,710)	(8,163,450)	7,679,549	56,334	(50,645,277)
Non-revenue vehicles	(1,215,260)	(139,388)	89,841	-	(1,264,807)
Maintenance equipment	(1,987,409)	(284,861)	-	-	(2,272,270)
Other equipment	(8,682,805)	(1,608,239)	1,677	-	(10,289,367)
Computer equipment	(3,324,558)	(717,584)	295,098	-	(3,747,044)
Leasehold improvements	(1,206,494)	(116,313)	538,524	-	(784,283)
Total accumulated depreciation	(88,756,712)	(11,762,215)	8,604,689	56,334	(91,857,904)
Total capital assets being depreciated, net	64,696,783	(3,109,564)	(76,312)	6,622,416	68,133,323
Total capital assets	$ 75,989,237	$ 11,327,733	$ (85,843)	$ 56,335	$ 87,287,462

6. CAPITAL LEASE OBLIGATION

During fiscal 2007, the Authority obtained ten Neoplan buses from Metropolitan Transit Authority (MTA) located in Harris County, Texas. In order to deliver and prepare the buses for service at an estimated cost of $300,000, the Authority entered into a transaction with M&T Bank (the Bank) to finance the cost. The costs to deliver and prepare the buses for service are currently capitalized as a capital asset at RTS on the accompanying statements of net assets. The capital lease bore interest at an annual rate of 3.948%. The lease was paid in full in 2012.

The cost of capital assets under capital lease amounted to $300,000 as of March 31, 2012 and 2011. Accumulated amortization of capital assets under capital leases was $300,000 and $255,000 as of March 31, 2012 and 2011, respectively. Amortization expense for capital assets under capital lease was approximately $45,000 and $60,000 for the years ended March 31, 2012 and 2011, respectively.

7. PENSION PLANS

New York State and Local Employees' Retirement System

Plan Description

All of the employees of the Authority (15) and GTCS (6) participate in the New York State and Local Employees' Retirement System (the System). The System is a cost-sharing multiple-employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transactions of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Governor Alfred E. Smith Office Building, Albany, New York, 12244.

The total payroll for the Authority's employees covered by the System for the years ended March 31, 2012 and 2011 was $1,914,096 and $1,910,752, respectively. The GTCS payroll for employees covered by the System for the years ended March 31, 2012 and 2011 was $497,911 and $447,570 respectively.

7. PENSION PLANS (Continued)

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

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

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for corrections officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010.

Tier 3 and Tier 4 members are required to contribute 3% of their wages to the plan for 10 years. Tier 5 members are required to contribute 3% of their salary for the length of their employment. The plan cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York Legislature. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as a percentage of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Authority and GTCS contributions for fiscal years 2012, 2011, and 2010 were equal to the required contributions for the year, and were recorded as expense as follows:

	2012	2011	2010
Authority	$ 319,275	$ 200,555	$ 116,663
GTCS	67,115	50,017	22,780
	$ 386,390	$ 250,572	$ 139,443

Effective May 14, 2003, the System's billings require a minimum employer contribution of 4.5% annually of the fund value at April 1 of the previous fiscal year.

Single Employer Pension Plans

Plan Description
The Authority is the sponsor of four single employer defined benefit pension plans. These plans provide retirement benefits for approximately 1,068 active and inactive plan participants as of March 31, 2012.

- Retirement Plan for Union Employees of Regional Transit Service, Inc. (RTS Union Plan)
- Retirement Plan for General Administrative and Supervisory (Non-Union) Employees of Regional Transit Service, Inc. (RTS Non-Union Plan)
- Retirement Plan for Union Employees of Lift-Line, Inc. (Lift-Line Union Plan)
- Retirement Plan for Non-Union Employees of Lift-Line, Inc. and Rural Properties (Lift-Line and Regional Entities Non-Union Plan)

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

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Plan Description (Continued)

In addition to providing pension benefits, the RTS Non-Union Plan provides certain postretirement health care and life insurance benefits. In accordance with the Plan document, the Authority is not required to contribute a portion of the cost of this expense if the plan is not funded greater than 120%. During fiscal years 2012 and 2011, the Plan was not funded greater than 120%; therefore, the Authority did not fund this expense.

Participants of the RTS and Lift Line Union Plans are represented by Amalgamated Transit Union, Local 282, AFL-CIO and are eligible for coverage on their dates of hire for full-time employment. The Authority is contractually obligated to make contributions on behalf of both Plans. In certain years the contractual obligation could exceed the actuarially calculated annual required contribution.

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

7. **PENSION PLANS (Continued)**

Single Employer Pension Plans (Continued)

Funding Policy and Annual Pension Cost
The Organizations' annual pension cost for the current year and related information for each plan is as follows:

	RTS Union Plan	RTS Non-Union Plan	Lift Line Union Plan	Lift Line and Regional Entities Non-Union Plan
Plan type	Single Employer Defined Benefit Plan	Single Employer Defined Benefit Plan	Single Employer Defined Benefit Plan	Single Employer Defined Benefit Plan
Date of actuarial valuation:	11/1/2010	4/1/2011	4/1/2011	5/1/2011
Contribution rates:				
Employer	1.65%(a)	(b)	3.0%	(c)
Plan members	2.15%(a)	0.0%	3.0%	3.0%
Normal retirement age	65	62	65	65
Benefits provided	Monthly benefit equal to 1.65% of the average of the five highest years' W-2 earnings (subject to a maximum of $300 per month and a minimum of $53 per month multiplied by years of credited service)	Monthly benefit calculated based on average compensation, as defined by plan, for three highest consecutive years multiplied by years of credited service times 1.75%. (e)	Monthly benefit calculated based on the employee's yearly compensation and years of credited service.	Monthly benefit calculated based on the employee's yearly compensation and years of credited service.
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unprojected Unit Credit	Unprojected Unit Credit
Amortization method (d)	Level Dollar Method	Level Dollar Method	Level Dollar Method	Level Dollar Method
Amortization period	Closed - 10 years	Closed - 10 years	Closed - 10 years	Closed - 10 years
Asset valuation method	5-year moving average	5-year moving average	5-year moving average	5-year moving average
Actuarial assumptions:				
Investment rate of return	8.0%	8.0%	8.0%	8.0%
Projected salary increases	5.0%	5.0%	5.0%	5.0%
Annual pension cost (APC)	$ 1,070,605	$ 437,563	$ 41,251	$ 42,548
APC contributed	88.7%	0.0%	188.4%	158.6%
Annual contributions made	$ 949,924	$ -	$ 77,722	$ 67,470
Annual required contribution (f)	$ 949,924	$ -	$ 77,722	$ 67,470
Amortization of unfunded actuarial liability (asset) - including interest	$ (46,259)	$ (457,627)	$ (41,251)	$ 26,915
Adjustment for net pension obligation	$ -	$ -	$ -	$ -
Ending balance of net pension obligation	$ -	$ -	$ -	$ -
Number of members (Active and Inactive)	725	169	60	84

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

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

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

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

(e) The percentage used is increased, as defined in the plan, for employees with more than 20 years of credited service with the employer.

(f) The annual required contribution for the RTS Union and Lift Line Union Plans has been adjusted to be based on the same measure of payroll and contractual obligations as the contributions recognized as additions in the statements of revenue, expenses and changes in net assets.

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

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Trend Information:

Actuarial Valuation date:	Annual Required Contribution (1)	Amount Contributed	Percentage Contributed
RTS UNION PLAN			
November 1, 2010	$ 949,924	$ 949,924	100.0%
November 1, 2009	$ 992,251	$ 992,251	100.0%
November 1, 2008	$ 616,245	$ 616,245	100.0%
November 1, 2007	$ 686,499	$ 686,499	100.0%
November 1, 2006	$ 951,140	$ 951,140	100.0%
November 1, 2005	$ 1,089,837	$ 1,089,837	100.0%
RTS NON-UNION PLAN			
April 1, 2011	$ -	$ -	N/A
April 1, 2010	$ -	$ -	N/A
April 1, 2009	$ -	$ -	N/A
April 1, 2008	$ -	$ -	N/A
April 1, 2007	$ -	$ -	N/A
April 1, 2006	$ -	$ -	N/A
LIFT LINE UNION PLAN			
April 1, 2011	$ 77,722	$ 77,722	100.0%
April 1, 2010	$ 70,941	$ 70,941	100.0%
April 1, 2009	$ 110,960	$ 110,960	100.0%
April 1, 2008	$ 73,743	$ 73,743	100.0%
April 1, 2007	$ 72,404	$ 72,404	100.0%
April 1, 2006	$ 90,982	$ 90,982	100.0%
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN			
May 1, 2011	$ 67,470	$ 67,470	100.0%
May 1, 2010	$ 60,404	$ 60,404	100.0%
May 1, 2009	$ 42,065	$ 42,065	100.0%
May 1, 2008	$ 32,849	$ 32,849	100.0%
May 1, 2007	$ 19,665	$ 19,665	100.0%
May 1, 2006	$ 25,439	$ 25,439	100.0%

(1) The annual required contribution for the RTS Union and Lift Line Union Plans has been adjusted to be based on the same measure of payroll and contractual obligations as the contributions recognized as additions in the statements of revenue, expenses and changes in net assets.

7. PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Schedule of Pension Funding Progress:

Actuarial Report as of:	Actuarial Valuation of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Excess (Deficiency) of Assets Over AAL	Annual Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
RTS UNION PLAN ($ In Millions)						
November 1, 2011	$ 40.5	$ 38.9	104.1%	$ 1.6	$ 20.0	8.0%
November 1, 2010	$ 39.2	$ 38.2	102.6%	$ 1.0	$ 18.9	5.3%
November 1, 2009	$ 39.0	$ 36.9	105.7%	$ 2.1	$ 18.6	11.3%
November 1, 2008	$ 39.5	$ 37.2	106.2%	$ 2.3	$ 18.4	12.5%
November 1, 2007	$ 36.8	$ 35.8	102.8%	$ 1.0	$ 18.5	5.4%
November 1, 2005	$ 34.3	$ 35.6	96.3%	$ (1.3)	$ 19.6	-6.6%
RTS NON-UNION PLAN ($ In Millions)						
April 1, 2011	$ 17.7	$ 15.0	118.0%	$ 2.7	$ 3.9	69.2%
April 1, 2010	$ 17.2	$ 14.5	118.6%	$ 2.7	$ 3.8	71.1%
April 1, 2009	$ 16.6	$ 13.8	120.3%	$ 2.7	$ 3.5	77.1%
April 1, 2008	$ 19.2	$ 13.0	147.7%	$ 6.2	$ 3.3	187.9%
April 1, 2007	$ 18.8	$ 12.2	154.1%	$ 6.6	$ 3.4	194.1%
April 1, 2006	$ 18.3	$ 11.2	163.4%	$ 7.1	$ 3.3	215.2%
LIFT LINE UNION PLAN ($ In Thousands)						
April 1, 2011	$ 1,835.2	$ 1,124.6	163.2%	$ 710.6	$ 1,868.7	38.0%
April 1, 2010	$ 1,621.5	$ 864.6	187.5%	$ 756.9	$ 1,919.0	39.4%
April 1, 2009	$ 1,398.2	$ 779.1	179.5%	$ 619.1	$ 1,831.0	33.8%
April 1, 2008	$ 1,323.5	$ 717.0	184.6%	$ 606.5	$ 1,917.0	31.6%
April 1, 2007	$ 1,112.9	$ 586.7	189.7%	$ 526.2	$ 1,972.0	26.7%
April 1, 2006	$ 955.9	$ 493.9	193.5%	$ 462.0	$ 1,998.0	23.1%
LIFT LINE AND REGIONAL ENTITIES NON-UNION PLAN ($ In Thousands)						
May 1, 2011	$ 1,097.9	$ 1,238.1	88.7%	$ (140.2)	$ 1,904.1	(7.4)
May 1, 2010	$ 951.4	$ 1,114.5	85.4%	$ (163.1)	$ 1,829.8	(8.9%)
May 1, 2009	$ 864.5	$ 1,036.5	83.4%	$ (172.0)	$ 1,756.9	(9.8%)
May 1, 2008	$ 931.9	$ 940.5	99.1%	$ (8.6)	$ 1,585.4	(0.5%)
May 1, 2007	$ 838.6	$ 856.2	97.9%	$ (17.6)	$ 1,571.1	(1.1%)
May 1, 2006	$ 759.1	$ 773.5	98.1%	$ (14.4)	$ 1,483.6	(1.0%)

8. POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides certain postemployment insurance benefits to retired RTS union employees and non-union employees of RTS and the Authority. These benefits are provided based upon collective bargaining agreements as well as established practices which together constitute a substantive plan (the Plan). The Authority combines the two plans and administers as a single employer defined benefit Other Postemployment Benefit (OPEB) Plan.

Employees are eligible to participate if they meet the criteria for normal retirement (age 65 and minimum 10 years of service for union, and age 62 and minimum 10 years of service for non-union), disability retirement (15 years of service for union and non-union) or early retirement (age 55 and minimum 25 years of service for union, age 55 and minimum 15 years of service for non-union). The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

In fiscal 2011 the Authority retained an independent actuarial firm to perform a calculation of the expected value of the Plan's OPEB obligation. This valuation report provides the Authority's obligations for fiscal 2011 in accordance with GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" The valuation was performed using census data as of February 1, 2011 and plan provisions as of April 1, 2010. The valuation was performed as of April 1, 2010. While there is not a requirement to fund the obligation, the Authority has established a reserve fund to provide funding for a dedicated OPEB trust account when permitted to do so by state legislation. The Authority did not obtain a new report in 2012 and used the prior year calculation in the current year to determine the expected value of the Plan's OPEB obligation in accordance with the GASB.

8. POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Authority's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus the amortization of the unfunded actuarial accrued liability (UAAL) over a 30 year period. The following tables set forth the components of the Authority's and RTS' OPEB expense for the 2012 fiscal year, the amount actually contributed to the Plan, and the changes in the net OPEB obligation:

	Authority	RTS	Total
Annual required contribution before interest	$ 85,999	$ 5,405,801	$ 5,491,800
Interest on net OPEB obligation	15,663	984,537	1,000,200
Amortization of UAAL	(20,378)	(1,280,922)	(1,302,000)
Annual OPEB cost	81,284	5,109,416	5,190,000
Contributions made	(35,581)	(2,728,890)	(2,764,471)
Increase in Net OPEB Obligation	45,703	2,380,526	2,426,229
Net OPEB Obligation - beginning of year	351,076	22,001,583	22,352,659
Net OPEB Obligation - end of year	$ 396,779	$ 24,382,109	$ 24,778,888

Percentage of Annual OPEB Cost

Schedule of OPEB Cost Contributed

Actuarial Valuation Date	Annual OPEB Cost	% of OPEB Cost Contributed	Contribution (ARC)	% of ARC Contributed	Net OPEB Obligation
4/1/09	$ 8,294,400	32.4%	$ 8,531,100	31.5%	$20,003,800
4/1/10	$ 5,190,700	55.5%	$ 5,491,800	52.4%	$22,124,500
4/1/11	$ 5,190,000	53.3%	$ 5,491,800	50.3%	$24,778,888

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

8. POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)
In the April 1, 2010 actuarial valuation the following methods and assumptions were used:

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

Unfunded Actuarial Accrued Liability:

Amortization Period	30 years
Amortization Method	Level Dollar
Amortization Basis	Open

* As the plan is unfunded, the assumed discount rate considers that the Authority's investment assets are short term in nature, such as money market funds.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of covered Payroll (b)-(a)/(c)
4/1/08	$ -	$ 100,700,000	$ 100,700,000	0.0%	$ 20,788,165	484.4%
12/1/09	$ -	$ 66,176,500	$ 66,176,500	0.0%	$ 24,344,939	271.8%
4/1/10	$ -	$ 66,844,000	$ 66,844,000	0.0%	$ 27,219,356	245.6%

9. SELF-INSURANCE

The Authority is self-insured up to $1,500,000 per incident for automobile liability, and is self-insured for workers' compensation, environmental claims, and certain forms of property damage. In addition, the Authority maintains excess automobile liability insurance coverage of $15,000,000 with outside insurance carriers. The Authority has set aside assets for claim settlement and servicing. All component units of the Authority are covered by these assets.

9. SELF-INSURANCE (Continued)

Claims liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Annually, the Authority engages an actuary to perform a study to estimate the potential exposure related to incurred but not reported claims for workers' compensation.

Workers' Compensation Reserve - 2011

	Balance - March 31, 2010	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2011
Authority	$ -	$ 453	$ (453)	$ -
RTS	4,409,786	(478,523)	(580,741)	3,350,522
Lift Line	393,903	(43,553)	(54,989)	295,361
BBS	269,802	(44,047)	(18,201)	207,554
LATS	28,357	12,559	(6,262)	34,654
OTS	7,089	(1,883)	(501)	4,705
STS	-	262	(262)	-
WATS	394	1,323	(1,717)	-
WYTS	1,969	36,472	(2,119)	36,322
GTCS	1,182	(300)	-	882
Total	$ 5,112,482	$ (517,237)	$ (665,289)	$ 3,930,000

Workers' Compensation Reserve - 2012

	Balance - March 31, 2011	Current Year Claims and Changes in Estimates	Claims Payments	Balance - March 31, 2012
Authority	$ -	$ 565	$ (565)	$ -
RTS	3,350,522	554,967	(573,899)	3,331,590
Lift Line	295,361	106,758	(49,473)	352,602
BBS	207,554	(1,687)	(15,079)	190,788
LATS	34,654	7,063	(7,996)	33,721
OTS	4,705	(4,080)	(625)	-
STS	-	335	-	353
WATS	-	3,325	(3,325)	-
WYTS	36,322	13,322	(18,698)	30,946
GTCS	882	(882)	-	-
Total	$ 3,930,000	$ 679,686	$ (669,686)	$ 3,940,000

9. SELF-INSURANCE (Continued)

Reserve for Litigated and Unlitigated Claims - 2011

	Balance - March 31, 2010	Current Year Claims and Changes in Estimates	Claims (Payments)/ Recoupments	Balance - March 31, 2011
RTS	$ 839,393	$ 572,020	$ (440,448)	$ 970,965
Lift Line	43,619	231,431	(5,170)	269,880
WATS	5,524	24,195	(400)	29,319
WYTS	7,386	(263)	(264)	6,859
Total	$ 895,922	$ 827,383	$ (446,282)	$ 1,277,023

Reserve for Litigated and Unlitigated Claims - 2012

	Balance - March 31, 2011	Current Year Claims and Changes in Estimates	Claims (Payments)/ Recoupments	Balance - March 31, 2012
RTS	$ 970,965	$ 938,595	$ (95,688)	$ 1,813,872
Lift Line	269,880	305,647	(3,956)	571,571
LATS	-	39,102	-	39,102
STS	-	3,200	(1,200)	2,000
WATS	29,319	119,200	(111,511)	37,008
WYTS	6,859	(4,532)	(1,928)	399
Total	$ 1,277,023	$ 1,401,212	$ (214,283)	$ 2,463,952

Changes in investments designated for self-insurance during fiscal 2012 are as follows:

Balance - beginning of year	$ 5,023,801
Interest earnings on self-insurance investment received	16,489
Loss on self-insurance investments, net	(37,745)
Balance - end of year	$ 5,002,545

The amount of assets segregated for self-insurance has been estimated by the Authority based upon past experience and consideration of current outstanding issues and is not the result of an actuarially determined methodology. It is management's opinion that the assets earmarked for self-insurance are adequate to cover known and incurred but not reported claims.

10. CAPITAL RESERVE FUND

In fiscal 1999, the Board of Commissioners authorized the establishment of a capital reserve fund to accumulate resources for future capital purchases. The capital reserve was funded initially from unappropriated fund balances. During fiscal 2000 and 2007, $1,200,000 and $1,000,000, respectively, was added to the capital reserve fund from additional New York State Operating Assistance (STOA) funding. Otherwise, the capital reserve fund has been funded with amounts budgeted for local depreciation, to the extent practicable.

Changes in the investments designated for capital reserve during fiscal 2012 are as follows:

Balance - beginning of year	$ 4,738,630
Additional funding from local depreciation funds	1,287,800
Additional funding from grant funds	1,410
Authorized disbursements of funds for local share of capital purchases	(1,725,078)
Interest earnings on capital reserve investments	13,610
Balance - end of year	$ 4,316,372

11. COMMITMENTS

Leases

The Authority leases property under a non-cancelable operating lease agreement expiring April 2013, with annual rent of $41,014. Rent expense at Lift Line and RTS combined under the terms of this agreement was approximately $41,000 in 2012. Rent expense will increase to $42,939 for 2013.

WYTS leases property under a non-cancelable operating lease agreement expiring April 2016, with annual rent of the $19,800. Rent expense at WYTS under the terms of this agreement was approximately $20,000 in 2012.

12. FIXED PRICE FUEL SWAP

Fuel Swap

In November 2008, RTS entered into a transaction with the Bank of America/Merrill Lynch (BAML) to mitigate the volatile risk of diesel fuel costs for budgetary and cost control purposes as discussed below for the period April 1, 2010 through March 31, 2012.

Hedge Effectiveness

RTS used the consistent critical terms method to evaluate the hedge effectiveness of the fuel swap contract. This method evaluates effectiveness by qualitative consideration of the critical terms of the hedgeable item (i.e., diesel fuel) and the potential hedging derivative instrument. Under the consistent critical terms method if the critical terms of the hedgeable item and the potential hedging derivative instrument are the same, or similar, the changes in cash flows of the potential hedging derivative instrument will offset substantially the changes in cash flows of the hedgeable item. RTS considered the fuel swap contract to be effective due to the fact that the changes in cash flow from the price of diesel fuel substantially offset the changes in price of the fuel swap contract.

12. FIXED PRICE FUEL SWAP (Continued)

Objectives

RTS entered into the fuel swap contract to reduce the risk of price volatility for diesel fuel supply. The swap contract covered approximately 84% of total fuel establishing a cap on fuel cost per gallon for that portion of fuel needs. The balance of RTS' fuel supply needs were purchased via spot market to take advantage of market prices that fall below the fixed price swap amount per gallon.

Terms

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

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

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

During 2012, RTS received $1,180,400, in cash net payments from BAML. During 2011, RTS received $147,700, in cash net payments from BAML.

Credit Risk

RTS is exposed to credit risk related to the fuel swap contract when it is in an asset position. To mitigate that risk, the total amount of the fuel swap contract asset as of March 31, 2012 and 2011 is the maximum loss that would have been recognized at the reporting date if BAML failed to perform.

RTS' has entered into a credit support agreement with BAML to mitigate the risk of non-performance during the period the fuel swap contract was in effect.

Basis Risk

RTS is exposed to basis risk on the fuel swap contract because the expected commodity purchase being hedged will price based on U.S. spot price, which is a pricing point that is different from the pricing point at which the forward contract is expected to settle.

Termination Risk

The fuel swap contract could terminate at any time if certain events occur that result in one party not performing in accordance with the agreement. The fuel swap contract may terminate due to illegality, a credit event upon merger, or an event of default and illegality. If the fuel swap contract is in a liability position at the time of termination, RTS would be liable for a payment equal to the liability.

13. CONTINGENCIES

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

14. SOIL REMEDIATION LIABILITY

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

- An imminent threat to public health due to pollution exists,
- The Authority is in violation of a pollution prevention-related permit or license,
- The Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation,
- The Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- The Authority voluntarily commends or legally obligates itself to commence remediation efforts.

During 2009, RTS identified and estimated costs related to a remediation obligation. RTS recorded a non-operating expense and corresponding liability for soil contamination remediation obligations that do not meet the criteria for capitalization. During 2011, RTS identified and estimated additional remediation obligations related to underground soil contaminations and monitoring and revised its estimated costs accordingly. RTS recognized a loss on change in soil remediation of $333,130 and has increased its soil remediation liability to $882,447 as of March 31, 2011, using the cash flow technique.

During 2012, RTS recognized a gain on change in soil remediation of $181,999 and has decreased its soil remediation liability to $642,951 as of March 31, 2012, using the cash flow technique.

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

	2012	2011
Soil remediation liability beginning of year	$ 882,447	$ 585,310
Expected additional future outlays, increasing liability estimates	-	333,130
Payments for soil remediation	(57,497)	(35,993)
Reduction in liability estimates	(181,999)	-
Soil remediation liability end of year	642,951	882,447
Less: Current portion	(228,250)	(551,879)
Long-term soil remediation liability	$ 414,701	$ 330,568

14. SOIL REMEDIATION LIABILITY (Continued)

RTS has estimated it will expend approximately $228,250 in fiscal 2013 and has recorded this amount as a current liability.

The pollution remediation liability consists of future and present activities associated with the de-contamination of the soil at the RTS operations headquarters. This liability could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

15. INVENTORY RESERVE MANAGEMENT

Effective March 31, 2010, RTS terminated its contract with Genuine Parts Inc. (d/b/a NAPA), for the provision of parts supply management services to RTS. The contract required RTS to purchase remaining inventory from NAPA upon termination. RTS has paid NAPA for certain parts in remaining inventory, but withheld payment for a portion claiming that NAPA failed to meet the terms of its service agreement. As of March 31, 2012 and 2011, the parties are in discussions in an attempt to resolve the matter short of litigation. Pending resolution, RTS has recorded a liability on the accompanying balance sheet for $442,934, which represents Management's estimate of the combined cost of parts in question and legal defense fees.

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

Exhibit I

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012

				Federal Costs Incurred			Federal Grant Revenue			
Grant No.	CFDA No.	Grant Purpose	Grant Term	Approved Federal Grant Amount	During Fiscal 2012	Cumulative Through March 31, 2012	Earned to March 31, 2012	Billed to March 31, 2012	Received During Fiscal 2012	Received Cumulative to March 31, 2012
AUTHORITY										
FEDERAL HIGHWAY ADMINISTRATION:										
NY-37-X084	20.516	2011 Job Access Reverse Commute	N/A	$ 792,708	$ 267,817	$ 792,708	$ 792,708	$ 792,708	$ 733,327	$ 733,327
2012 JARC	20.516	2012 Job Access Reverse Commute	N/A	773,760	96,015	96,015	96,015	-	-	-
NY-57-X001	20.521	New Freedom - Lift Line Supplemental Service	N/A	358,116	18,550	163,328	163,328	163,328	7,652	147,678
NY-57-X017	20.521	New Freedom - RTS Passups, Program administration	N/A	558,719	95,490	139,564	139,564	139,564	120,379	124,067
N/A	20.521	New Freedom - Upgrade Wheelchair Restraint System, Braille Printer	N/A	445,703	36,253	36,253	36,253	-	-	-
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES										
K006898	93.558	Temporary Assistance for Needy Families	7/1/08 - 12/31/09	2,000,000	-	1,989,166	1,989,166	1,989,166	-	1,988,826
K006977	93.558	Temporary Assistance for Needy Families	10/1/2009-12/31/10	2,000,000	14,185	2,002,472	2,002,472	2,002,472	16,264	2,002,754
K007028	93.558	Temporary Assistance for Needy Families	10/1/2010 - 9/30/11	403,000	360,228	398,788	398,788	398,788	336,758	336,758
FEDERAL TRANSIT ADMINISTRATION FORMULA GRANTS:										
NY-90-X526	20.507	Preventive maintenance. Transit buses. Shelter. Renaissance Square	N/A	25.571.282	768.854	25.571.282	25.571.282	25.571.282	768.854	25.571.282
NY-90-X582	20.507	Preventive maintenance. Lift replacement. RTS Transit buses. TIDE	N/A	9.366.212	118.540	9.020.118	9.020.118	9.020.118	131.162	9.020.118
NY-95-X006	20.507	RTS Transit Buses. TIDE	N/A	5.700.000	44.483	5.700.000	5.700.000	5.700.000	44.508	5.700.000
NY-90-X615	20.507	Preventive maintenance. Paratransit Buses. Transit Enhancement	N/A	9.189.875	2.706.403	9.076.303	9.076.303	9.076.303	3.622.470	9.071.387
NY-95-X014	20.507	TIDE. RTS Transit Buses. Fleet Maintenance	N/A	4.272.956	1.863.323	2.720.262	2.720.262	2.720.262	2.595.242	2.705.733
NY-95-X023	20.507	TIDE	N/A	4.000.000	-	1.229	1.229	1.229	1.229	1.229
NY-90-X641	20.507	Transit Enhancement. Preventive Maintenance. Install Lifts	N/A	7.859.060	3.865.253	7.714.933	7.714.933	7.714.933	3.370.913	6.993.822
NY-90-X665	20.507	Server Virtualization. Transit Buses. DVR Replacement. PM	N/A	7.499.330	3.767.196	6.639.837	6.639.837	6.639.837	6.299.452	6.299.452
NY-95-X027	20.507	RTS Transit Buses. Paratransit Buses. Downtown Transit Center	N/A	4.432.773	308.000	308.000	308.000	308.000	308.000	308.000
2012 RGRTA 5307	20.507	Preventive maintenance. Purchase Buses. Transit Enhancement	N/A	-	2.469.730	2.469.730	2.469.730	-	-	-
FEDERAL TRANSIT CAPITAL IMPROVEMENT GRANTS:										
NY-03-0429	20.500	Renaissance Square Downtown Transit Center	N/A	8.290.841	789.227	5.289.020	5.289.020	5.289.020	523.208	4.852.701
NY-04-0060	20.500	Renaissance Square Downtown Transit Center	N/A	3.067.180	142.379	304.818	304.818	304.818	188.632	283.804
NY-04-0075	20.500	Mt. Hope Station	N/A	800.000	206.961	231.071	231.071	231.071	207.213	207.213
NY-04-0068	20.500	RTS Site Improvements	N/A	2.656.385	462.728	505.465	505.465	505.465	505.465	505.465
NY-04-0066	20.500	LATS CAD/AVL	N/A	700,000	207,298	207,298	207,298	207,298	191,371	191,371
NY-04-0067	20.500	Renaissance Square Downtown Transit Center	N/A	3,523,610	139,783	139,783	139,783	139,783	99,393	99,393
NY-55-0008	20.500	Renaissance Square Downtown Transit Center	N/A	5,064,396	-	-	-	-	-	-
FEDERAL EMERGENCY MANAGEMENT AGENCY GRANTS:										
2009-RA-T9-0049	97.075	Security Improvements	N/A	559,140	84,734	427,155	427,155	427,155	21,337	342,421
2010-RA-T0-0023	97.075	Frontline Security Awareness Training	N/A	55,922	31,108	31,108	31,108	31,108	31,108	31,108
HIGHWAY PLANNING AND CONSTRUCTION GRANTS:										
D-125016//D-125017	20.505	R-GRTA - UPWP	N/A	460,816	260,938	420,933	420,933	420,933	115,433	151,975

(Continued)

ROCHESTER-GENESEE REGIONAL TRANSPORTATION AUTHORITY

Exhibit I

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2012
(Continued)

Grant No.	CFDA No.	Grant Purpose	Grant Term	Approved Federal Grant Amount	Federal Costs Incurred: During Fiscal 2012	Federal Costs Incurred: Cumulative Through March 31, 2012	Federal Grant Revenue: Earned to March 31, 2012	Federal Grant Revenue: Billed to March 31, 2012	Federal Grant Revenue: Received During Fiscal 2012	Received Cumulative to March 31, 2012
AUTHORITY (Continued)										
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009										
NY-96-X019	20.507	Transit Buses, RTS Site Improvements	N/A	15,796,418	6,724,759	15,645,331	15,645,331	15,645,331	6,750,020	15,644,146
NY-86-X001, C003847	20.509	Regional Buses, Regional Bus Shelters	N/A	4,102,000	12,500	3,597,876	3,597,876	3,597,876	-	3,577,901
C007556, award no. 9723390	66.040	DERA Retrofit Buses	N/A	806,596	53,954	806,596	806,596	806,596	255,472	806,596
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS:										
C-003654	20.509	RTS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	42,500	42,500	42,500	42,500	42,500	-	-
C-003654	20.509	BBS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	80,100	80,100	80,100	80,100	80,100	-	-
C-003654	20.509	LATS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	91,100	91,100	91,100	91,100	91,100	-	-
C-003654	20.509	OTS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	51,500	51,500	51,500	51,500	51,500	-	-
C-003654	20.509	STS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	44,300	44,300	44,300	44,300	44,300	-	-
C-003654	20.509	WATS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	117,600	117,600	117,600	117,600	117,600	-	-
C-003654	20.509	WYTS Section 5311 operating assistance for fiscal 2012	04/01/11-03/31/12	81,700	81,700	81,700	81,700	81,700	-	-
C-003654	20.509	Section 5311 capital assistance	N/A	1,124,000	572	687,030	687,030	687,030	8,453	686,458
	Total Authority			132,739,598	26,426,061	103,642,272	103,642,272	101,040,274	27,253,315	98,384,985
GTCS										
HIGHWAY PLANNING AND CONSTRUCTION GRANTS										
D-125552/ D-125553	20.205	GTCS-Unified Planning Work Program	N/A	12,641,213	1,220,315	10,009,539	10,009,539	10,009,539	1,402,812	9,542,675
	Total Authority and GTCS			$ 145,380,811	$ 27,646,376	$ 113,651,811	$ 113,651,811	$ 111,049,813	$ 28,656,127	$ 107,927,660

Bonadio & Co., LLP
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 21, 2012

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

We have audited the financial statements of the Rochester-Genesee Regional Transportation Authority and each of its blended component units (collectively, the Authority) as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 21, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting
Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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(Continued)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated June 21, 2012.

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

Bonadio & Co., LLP