CAPITAL DISTRICT
TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS

March 31, 2015

CAPITAL DISTRICT TRANSPORTATION AUTHORITY
(A component unit of the State of New York)

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March 31, 2015

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Capital District Transportation Authority

We have audited the accompanying balance sheets of Capital District Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of March 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A) on pages i through vi (preceding the financial statements) and the schedule of funding progress for other postemployment benefits on page 18 be presented to supplement the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2015 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, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

May 20, 2015

CAPITAL DISTRICT TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Management's Discussion and Analysis
For the Years Ended March 31, 2015, 2014 and 2013
(Unaudited)

Introduction

This Management Discussion and Analysis (MD&A) of the Capital District Transportation Authority (the Authority) provides an introduction to the major activities affecting the operations of the Authority and an overview of the financial performance and financial statements for the years ended March 31, 2015, 2014 and 2013.

Following the MD&A are the financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The financial statements include the following: balance sheets; statements of revenues, expenses and changes in net position; and statements of cash flows. The balance sheets provide a snapshot of the Authority's financial condition. The statements of revenues, expenses and changes in net position report the results of operations and activities. The statements of cash flows report sources and uses of cash from operating, non-capital financing, capital and related financing, and investing activities.

Financial Position

The summarized balance sheets below provide a snapshot of the financial condition of the Authority as of March 31 of each fiscal year. Increases or decreases in net position may indicate a strengthening or weakening of the Authority's financial position over time.

	2015	2014	2013
Assets:			
Current assets	$ 43,417,960	$ 46,248,073	$ 41,344,761
Capital assets, net	118,204,786	119,408,939	118,959,245
Total assets	$ 161,622,746	$ 165,657,012	$ 160,304,006
Liabilities and net position:			
Current liabilities	$ 8,537,749	$ 8,063,958	$ 7,214,897
Noncurrent liabilities	56,587,499	53,824,689	43,181,318
Total liabilities	65,125,248	61,888,647	50,396,215
Net position:			
Net investment in capital assets	106,107,048	105,934,322	111,661,923
Restricted for capital purchases	42,541	6,880,000	-
Unrestricted	(9,652,091)	(9,045,957)	(1,754,132)
Total net position	96,497,498	103,768,365	109,907,791
Total liabilities and net position	$ 161,622,746	$ 165,657,012	$ 160,304,006

As a result of the Authority's fiscal 2015 activities, March 31, 2015 total net position decreased $7.3 million from March 31, 2014.

Current assets decreased in 2015 due to spending $6.8 million of restricted funds for the purchase of buses. This decrease was offset by an increase in accounts receivable of $3.4 million due to the timing of receipts of grant funds. Capital assets decreased from 2014 as a result of the vehicle purchase mentioned above and other capital projects during the year totaling $12.8 million offset by disposals of $4.3 million and $12.9 million of depreciation.

Total liabilities at March 31, 2015 increased $3.2 million primarily due to an increase in other postemployment benefits of $4.0 million. This was partially offset by a reduction in capital lease obligations of $1.4 million. There were also increases in accounts payable and accrued expenses of $0.4 million due to the timing of payments.

March 31, 2014 vs. 2013

As a result of the Authority's fiscal 2014 activities, March 31, 2014 total net position decreased $6.1 million from March 31, 2013.

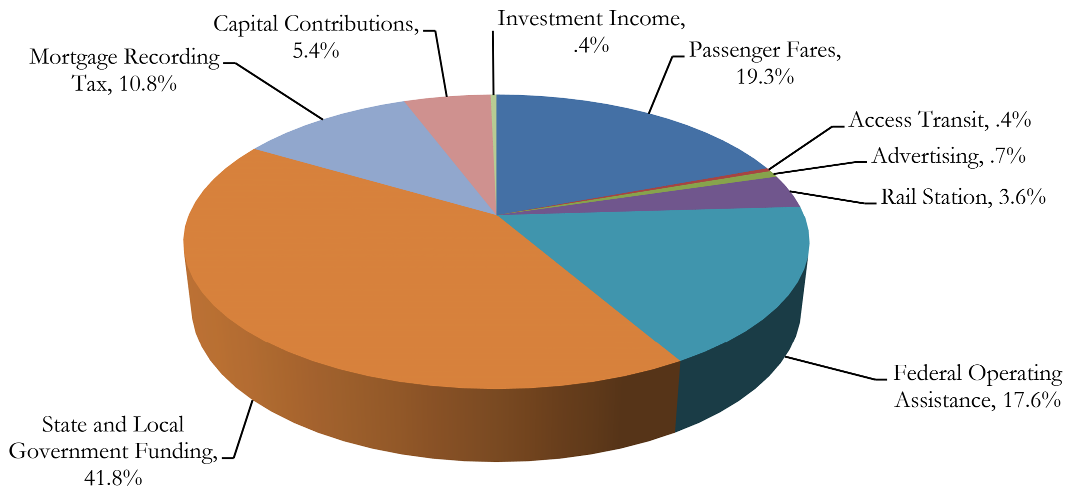
Net capital assets increased $0.4 million from 2013 to 2014 due to the purchase of new vehicles and other capital additions totaling $12.8 million, offset by depreciation on the Authority's physical plant, revenue equipment, and support equipment totaling $12.4 million.

Total liabilities at March 31, 2014 increased $11.5 million compared to 2013 primarily from an increase of $5.2 million in the obligation for postemployment benefits other than pensions. Proceeds totaling $6.9 million from a new capital lease obligation associated with pending bus purchases are recorded in restricted cash at March 31, 2014.

Revenue Summary

	2015	2014	2013
Operating revenues:			
Passenger fares	$ 17,325,473	$ 16,569,733	$ 16,736,225
Access Transit	332,156	389,194	379,583
Advertising	650,733	606,654	605,562
Rail station parking and rentals	3,253,626	3,180,454	2,886,772
Total operating revenues	21,561,988	20,746,035	20,608,142
Non-operating revenues:			
Federal operating assistance	15,762,159	12,042,581	16,615,654
State and local government funding	37,498,420	35,278,731	35,714,290
Mortgage recording tax	9,675,039	9,995,975	11,994,288
Investment income	320,424	(24,532)	457,654
Capital contributions	4,828,992	10,278,590	5,945,986
Total non-operating revenue	68,085,034	67,571,345	70,727,872
Total revenue	$ 89,647,022	$ 88,317,380	$ 91,336,014

The chart below summarizes 2015 revenue by source and percentage of revenue in each category.



Operating revenues increased \$0.8 million from 2014 to 2015 primarily due to increase in passenger fares from an increase in ridership. The structure of customer revenue continues to change as contract revenue increased and swiper revenue decreased. Advertising exceeded the contractual revenue guarantee for the first time indicating demand for advertising on Authority buses and buildings continues to grow.

Non-operating revenues decreased \$0.5 million due to several factors. Capital contributions decreased \$5.5 million because federal funds were not used to purchase buses in 2015. This was also the situation in 2013 as buses were financed through a capital lease. Because the 2015 bus purchase was financed, federal funds were used to pay for operating expenses. As a result, federal operating assistance increased \$3.7 million. State and local funding increased \$2.2 million from State Operating Assistance (STOA) and State Dedicated Funds. Mortgage recording tax (MRT) decreased again this year by \$0.3 million, which continues to decline from a high of almost \$12.0 million in 2013.

March 31, 2014 vs. 2013

Operating revenue at March 31, 2014 increased slightly over 2013. Gains realized from the parking rate increase at the Rensselaer Rail Station were partially offset by a slight decrease in customer revenue. A portion of the customer revenue reduction can likely be attributed to the increased use of the Authority's Universal Access program, which offers organizations wholesale pricing for bulk purchases of fares. In prior years, these partners purchased passes on a regular basis in fewer numbers with less than wholesale discounts. Trends indicate that some customers who previously purchased passes likely have the benefit of a Universal Access agreement at their employer or school to meet their transportation needs.

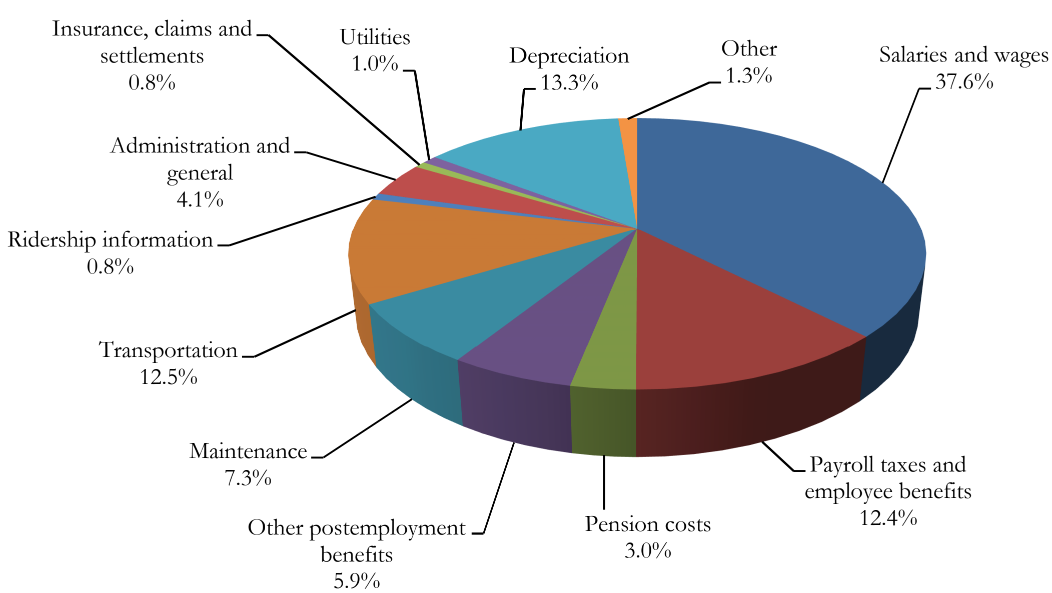
Non-operating revenues, which consist primarily of government allocations and MRT, decreased \$3.2 million. In 2014, the \$4.3 million increase in capital contributions was due to use of federal grants matched by New York State to purchase vehicles and other capital items.

The Authority requested less federal operating assistance and more capital contributions in 2014 compared to 2013 based on capital projects and the need for operating assistance. These disbursements fluctuate from year to year based on current projects and cash flow needs. In addition, 2014 MRT was down significantly (\$2.0 million) from 2013. MRT started the fiscal year near record highs, but as the housing market slowed and higher interest rates affected refinancing, MRT revenue fell sharply late in the fiscal year.

Expense Summary

	2015	2014	2013
Operating expenses:			
Salaries and wages	$ 36,484,155	$ 35,834,195	$ 34,903,763
Payroll taxes and employee benefits	11,997,659	11,766,652	11,568,835
Pension costs	2,947,048	2,933,299	2,861,439
Other postemployment benefits	5,671,146	6,811,540	6,444,593
Maintenance	7,103,138	6,757,724	8,133,548
Transportation	12,140,861	13,486,839	14,144,479
Ridership information	743,113	839,873	780,997
Administration and general	4,010,286	2,254,371	2,101,256
Insurance, claims and settlements	736,420	266,309	1,102,400
Utilities	939,093	1,157,267	910,952
	82,772,919	82,108,069	82,952,262
Depreciation	12,917,574	12,352,626	11,748,976
Total operating expenses	95,690,493	94,460,695	94,701,238
Non-operating expenses:			
Other non-operating expenses (revenues), net	1,227,396	(3,889)	5,607
Total expenses	$ 96,917,889	$ 94,456,806	$ 94,706,845

Total expenses increased approximately $0.7 million before depreciation and approximately $1.2 million after depreciation. The table below provides an overview of the 2015 expenses and is followed by a chart showing a three year comparison of amounts expended by category.



In 2015, operating expenses increased 1.3% or $1.2 million to $95.7 million. Excluding other postemployment benefits and depreciation, which are non-cash expenses, expenses increased $1.8 million which represents contractual increases for salaries and benefits and capacity additions for added service. The Authority continues to contain costs while providing services to increase their customer base.

Consistent with other transportation authorities, personnel expenses account for the majority of expenses. In 2015, total personnel costs were 60% of total operating expenses, or $57.1 million, which is a decrease from last year of $0.3 million. In 2015, contractual salary increases of $0.7 million were offset by a decrease in other postemployment benefits (OPEB) of $1.1 million. The OPEB liability decreased due to an increase in employee health care contributions and retirees continuing to move into the Medicare Advantage Programs.

Maintenance increased $0.4 million due primarily to parts increase of $0.7 million which was partially offset by reductions in other maintenance lines. The parts expense increase is closely monitored as the Authority continues to replace vehicles past their useful life. Transportation decreased $1.4 million due to less transportation purchased from Adirondack Trailways (ATL). The Authority acts as a federal funding pass through for ATL and reimburses costs based on actual service provided. Administration and general had the most significant increase which was $1.8 million. This was due to project design costs, marketing, and professional services.

March 31, 2014 vs. 2013

Expense increases were largely contained in 2014 while maintaining the same service levels as previous years. A 3% wage increase was contractually obligated and the uncertainty surrounding the Affordable Care Act did not lead to the increase as expected. Other postemployment benefits increased approximately $0.4 million. To offset increases in these areas, reductions in other areas were made.

Maintenance expense decreased approximately $1.4 million. The continued influx of new vehicles associated with the fleet replacement program is having a positive impact on expenses. This program, coupled with sound maintenance practices, has created a noticeable decrease in parts expense. By having less part failures, the maintenance department has been able to focus on preventive measures as opposed to focusing on meeting daily service needs.

In 2014, transportation expenses decreased approximately $.7 million from 2013. This decrease is a result of less purchased transportation. The expense varies from year to year depending on how much federal funding ATL earns for public transit service. In 2014, ATL received $0.8 million less than 2013.

Capital Assets and Long-Term Debt

Capital assets, net of accumulated depreciation, are as follows:

	2015	2014	2013
Land and improvements	$ 1,529,981	$ 1,529,981	$ 1,529,981
Construction-in-progress	1,159,294	2,251,003	2,239,962
Buildings and improvements	53,079,317	54,825,425	55,437,623
Revenue equipment	57,538,853	54,394,649	51,614,095
Service equipment and vehicles	1,008,983	1,154,688	1,081,996
Furniture and equipment	3,888,358	5,253,193	7,055,588
	$ 118,204,786	$ 119,408,939	$ 118,959,245

Capital asset additions of $12.8 million in 2015 and 2014 consisted primarily of revenue equipment offset by disposals of buses and vehicles totaling $4.3 million in 2015 and $5.1 million in 2014.

Capital asset additions, consisting primarily of revenue and other equipment, totaled $16.2 million in 2013, offset by disposals of buses and vehicles totaling $6.4 million.

In 2014, the Authority received the proceeds of a financing arrangement totaling $6.9 million for vehicles which were purchased in 2015.

Factors Impacting the Authority's Future

Fiscal year 2015 was another successful year as ridership exceeded 17 million, breaking the Authority's all-time high for the second year in a row. The majority of the ridership increase can be attributed to the continued success of the Universal Access program, which allows organizations to pay annually for universal (all inclusive) access throughout the system. This model has been very successful for increasing ridership and several renegotiations have helped increase revenue for the year.

STOA increased approximately $1 million in fiscal 2015 and through efforts led by The New York Public Transit Association, the Authority received additional capital and operating assistance for next fiscal year.

Moving forward, the Authority's ability to expand and maintain current services will be a challenge. Revenue opportunities are limited and government assistance is not expected to change significantly. Although overall expense increases are kept to a minimum, future wage and benefit programs are a concern as the Authority enters into collective bargaining negotiations with the union.

In fiscal year 2016, the Authority will begin to roll-out their new fare collection system (NFCS) which allows customers to pay and board buses in a more convenient fashion. With this project they will also adjust their fare structure. The Authority anticipates an increase in revenue as a result of these changes.

The Authority maintains a capital budget plan which addresses capital needs over the next five years. A critical funding component of this plan is federal aid, the future of which remains uncertain. The Authority continues to meet with elected officials on the importance of adequate capital funding and are hopeful for a long term transportation bill. At the same time, the Authority is planning two more Bus Rapid Transit (BRT) corridors with limited stop services that mimic light rail. The Washington/Western Avenue BRT corridor and River Front BRT Corridor are two heavily travelled routes that will see additional increases in ridership, along with service enhancements once these programs are implemented.

The capital budget plan also projects fleet replacement requirements. As the Authority continues to replace buses every year, the plan has been modified to take into consideration the improved quality of new buses as well as the noticeable improvement in fleet maintenance. However, the age of the fleet continues to be of concern as the Authority has several vehicles past their useful life.

Request for Information

The management discussion and analysis is intended to provide general information related to Authority operations for fiscal year ended March 31, 2015. Questions concerning this information or requests for additional information can be directed to Michael P. Collins, Vice President of Finance & Administration, Capital District Transportation Authority, 110 Watervliet Avenue, Albany, New York 12206, or telephone 518-437-8330.

Balance Sheets

March 31,	2015	2014
Assets		
Current assets:		
Cash	$ 9,982,112	$ 9,033,229
Restricted cash	42,541	6,880,000
Investments	21,661,814	22,345,767
Government grants receivable	4,398,885	959,881
Trade and other receivables	2,327,680	2,352,669
Advances to Capital District Transportation Committee	711,107	796,415
Materials, parts and supplies	3,275,774	2,910,861
Prepaid expenses	1,018,047	969,251
	43,417,960	46,248,073
Noncurrent assets:		
Capital assets, net (Note 4)	118,204,786	119,408,939
Total assets	$ 161,622,746	$ 165,657,012
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	5,771,875	5,396,868
Current portion of capital lease obligations	1,398,003	1,376,880
Unearned passenger revenue	1,367,871	1,290,210
	8,537,749	8,063,958
Noncurrent liabilities:		
Capital lease obligations	10,699,735	12,097,737
Estimated provision for claims and settlements	9,368,300	9,197,800
Other postemployment benefits	36,519,464	32,529,152
	56,587,499	53,824,689
Total liabilities	65,125,248	61,888,647
Net Position		
Net investment in capital assets	106,107,048	105,934,322
Restricted for capital purchases	42,541	6,880,000
Unrestricted	(9,652,091)	(9,045,957)
Total net position	96,497,498	103,768,365
Total liabilities and net position	$ 161,622,746	$ 165,657,012

See accompanying notes.

Statements of Revenues, Expenses and Changes in Net Position

For the years ended March 31,	2015	2014
Operating revenues:		
Passenger fares	$ 17,325,473	$ 16,569,733
Access Transit	332,156	389,194
Advertising	650,733	606,654
Rail station parking and rentals	3,253,626	3,180,454
Total operating revenues	21,561,988	20,746,035
Operating expenses:		
Salaries and wages	36,484,155	35,834,195
Payroll taxes and employee benefits	11,997,659	11,766,652
Pension costs	2,947,048	2,933,299
Other postemployment benefits	5,671,146	6,811,540
Maintenance	7,103,138	6,757,724
Transportation	12,140,861	13,486,839
Ridership information	743,113	839,873
Administration and general	4,010,286	2,254,371
Insurance, claims and settlements	736,420	266,309
Utilities	939,093	1,157,267
Total operating expenses before depreciation	82,772,919	82,108,069
Operating loss before depreciation	(61,210,931)	(61,362,034)
Depreciation	(12,917,574)	(12,352,626)
Operating loss	(74,128,505)	(73,714,660)
Non-operating revenues (expenses):		
Federal operating assistance	15,762,159	12,042,581
State and local government funding	37,498,420	35,278,731
Mortgage recording tax	9,675,039	9,995,975
Investment income (loss)	320,424	(24,532)
Other non-operating revenues (expenses), net	(1,227,396)	3,889
Total non-operating net revenues	62,028,646	57,296,644
Change in net position before capital contributions	(12,099,859)	(16,418,016)
Capital contributions	4,828,992	10,278,590
Change in net position	(7,270,867)	(6,139,426)
Net position - beginning of year	103,768,365	109,907,791
Net position - end of year	$ 96,497,498	$ 103,768,365

See accompanying notes.

Statements of Cash Flows

For the years ended March 31,	2015	2014
Operating activities:		
Cash received from passengers	$ 17,428,123	$ 17,015,692
Cash payments to suppliers for goods and services	(25,541,113)	(25,427,793)
Cash payments to employees for salaries and wages	(53,109,696)	(52,166,135)
Other operating revenues received	4,236,515	4,176,302
Net operating activities	(56,986,171)	(56,401,934)
Non-capital financing activities:		
Operating assistance, governmental funding and mortgage recording tax received	59,496,614	60,365,809
Other non-operating revenues received	142,697	159,280
Advances received	85,308	431,531
Net non-capital financing activities	59,724,619	60,956,620
Capital and related financing activities:		
Proceeds from sales of capital assets	57,955	75,314
Acquisition of capital assets	(12,818,351)	(12,831,588)
Payments for interest	(323,118)	(201,437)
Capital contributed under grants	4,828,992	10,278,590
Proceeds (payments) on capital lease obligations	(1,376,879)	6,177,295
Net capital and related financing activities	(9,631,401)	3,498,174
Investing activities:		
Interest received on investments	416,990	431,986
Proceeds from sales and maturities of investments	16,116,991	18,642,477
Purchases of investments	(15,529,604)	(17,260,630)
Net investing activities	1,004,377	1,813,833
Net change in cash	(5,888,576)	9,866,693
Cash - beginning of year	15,913,229	6,046,536
Cash - end of year	$ 10,024,653	$ 15,913,229
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (74,128,505)	$ (73,714,660)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	12,917,574	12,352,626
Other postemployment benefits	3,990,312	5,179,551
Changes in assets and liabilities:		
Trade and other receivables	24,989	314,424
Materials, parts and supplies	(364,913)	(652,943)
Prepaid expenses	(48,796)	(16,518)
Accounts payable and accrued expenses	375,007	63,351
Unearned passenger revenue	77,661	131,535
Estimated provision for claims and settlements	170,500	(59,300)
Net cash used for operating activities	$ (56,986,171)	$ (56,401,934)

See accompanying notes.

Notes to Financial Statements

1. Financial Reporting Entity:

The Capital District Transportation Authority (the Authority) is a public benefit corporation created by New York State (the State), effective August 1, 1970, under Chapters 460 and 461 of the Laws of 1970 (the Law). The purposes of the Authority, as defined by legislation, are "the continuance, further development and improvement of transportation and other services related thereto, within the Capital District, by railroad, omnibus, marine and air, in accordance with the provisions of the Law." The Law conveys broad powers to the Authority to fulfill its purposes in Albany, Schenectady, Rensselaer and Saratoga Counties in the State, with a provision for other counties to elect to participate. The properties and income of the Authority are exempt from all Federal and State income and franchise taxes under the provisions of the enabling legislation.

The Authority follows the requirements of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34,* as well as GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 14, *The Financial Reporting Entity*, which provide guidance to determine whether an affiliated organization is considered a component unit of a financial reporting entity. The Authority is included in the basic financial statements of the State as an enterprise fund.

The Authority's financial statements include, as blended component units, three public benefit corporations which have been created as operating subsidiaries of the Authority to provide mass transit omnibus operations in the counties of Albany, Schenectady, Rensselaer and Saratoga:

- Capital District Transit System, which acquired the assets and liabilities of the former Schenectady Transit System in 1971.
- Capital District Transportation System Number One, which purchased certain assets of the United Traction Company from Albany County in August 1972.
- Capital District Transportation System Number Two, which provides rural bus service in the counties of Rensselaer and Saratoga and certain demand response (handicapped) services in the cities of Albany, Troy and Schenectady. In April 2003, this entity also commenced operating a Northway commuter bus service that was previously operated by Saratoga County.

The Authority's financial statements also include as blended component units the accounts of the following two public benefit corporations which were created as subsidiaries of the Authority to provide other transportation related services:

- Access Transit Services, Inc. (Access), incorporated in November 1997, which provides Medicaid transportation services to qualifying individuals in Schenectady and Rensselaer Counties.
- CDTA Facilities, Inc., incorporated in September 2002, which owns and operates the Rensselaer Rail Station and Saratoga Rail Station.

2. Summary of Significant Accounting Policies:

Basis of Presentation

The financial statements of the Authority are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as applicable accounting and financial reporting guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Measurement Focus

The Authority reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The Authority's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as non-operating activities and include government funding and investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Restricted Cash

Restricted cash held in a custodian account in a financial institution consists of unexpended proceeds from a municipal lease arrangement to purchase transit vehicles (Note 5). The Authority's policy is to use restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Investments

The Authority's investment policies comply with the State Comptroller's guidelines for Public Authorities. Investments consist primarily of government obligations, stated at market value. Securities are held by pledging institutions' agents in the Authority's name.

Materials, Parts and Supplies

Materials, parts and supplies are stated at average cost, net of an allowance for obsolescence of $350,000 at March 31, 2015 and 2014.

To reduce its exposure to rising fuel costs, the Authority has entered into contracts that fix the prices of 168,000 gallons per month of certain vehicle fuels purchased from May 2015 through May 2016, and May 2016 through May 2017. It is probable the Authority will take delivery of the fuel as specified and, therefore, the contract is considered a normal purchase contract and not subject to the requirements of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances, and consist primarily of amounts due from services provided related to the Authority's operations and advertising. Management provides for probable uncollectible amounts based on collection history and aging of accounts. Balances outstanding after reasonable collection efforts are written off through a charge to allowance for bad debts and a credit to accounts receivable.

Capital Assets

Capital assets are reported at actual historical cost. For assets placed in service, depreciation is calculated over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life
Buildings and improvements	$5,000	10-40 years
Revenue equipment	$5,000	4-12 years
Service equipment and vehicles	$5,000	3-7 years
Furniture and equipment	$5,000	5-7 years

Compensated Absences

The Authority provides for vacation, sick and compensatory time that is attributable to services already rendered. The liabilities are recorded based on employees' rates of pay as of the end of the fiscal year, and include all payroll related liabilities. In the event of a voluntary termination, an employee is reimbursed for accumulated vacation days up to a stated maximum. In addition, upon retirement, union represented employees are reimbursed for sixty percent of all accumulated sick days, up to a stated maximum, as specified in contractual agreements.

Net Position

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of the assets.
- *Restricted* – consists of assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by external organizations or federal or state laws.
- *Unrestricted* – amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of the above restrictions and are available for general use of the Authority.

Operating Revenues

The Authority derives passenger revenues from farebox rider payments and the advance sale of transit passes. Amounts received from these advance sales are credited to unearned revenue at the time of sale. As passes are redeemed, passenger revenue is recognized. Unearned passenger revenue represents the face value of unexpired transit passes at year end. Access revenues are primarily comprised of revenues earned from facilitating transportation services for Medicaid qualified individuals. Rail station parking and rental revenues are comprised of parking receipts and rentals earned at the Authority's Rensselaer and Saratoga Rail Stations.

Operating Assistance and Capital Contributions

The Authority receives operating assistance and capital contributions pursuant to various federal, state, and local government contracts and grant agreements. Operating assistance and capital contributions are recorded as revenue based on annual appropriations or when expenditures have been incurred in compliance with grant agreements. Operating assistance and capital contributions represent 65% of total revenue for the years ended March 31, 2015 and 2014. A significant decrease in this funding may negatively impact future operations.

3. Cash and Investments:

The Authority has a written investment policy that applies to all its investments. The policy allows for the following investments:

- Certificates of Deposit in banks doing business in the State which are also members of the Federal Deposit Insurance Corporation (FDIC)
- Deposits in money market accounts in banks specified above
- Money market funds that invest exclusively in obligations of the United States Government or one of its agencies
- Obligations of the State, the United States Government or Agencies of the United States Government, or obligations guaranteed as to principal and interest by one of these entities

The amount of investments by type and maturities at March 31, 2015 and 2014 are presented below:

March 31, 2015

				Maturities (in Years)		
Investment type	**Rates**	**Fair value**	**% of total**	**Less than 1**	**1-5**	**5-9**
Certificates of Deposit	**.3 - 1.8%**	**$ 7,875,999**	**36.4%**	**$ 1,484,405**	**$ 6,391,594**	**$ -**
U.S. Treasury notes	**0 - 0.38%**	**4,248,981**	**19.6%**	**3,524,301**	**724,680**	**-**
Federal Agency notes	**0.38 - 5.5%**	**9,383,148**	**43.3%**	**944,844**	**8,438,304**	**-**
Money market funds	**0.01%**	**153,686**	**0.7%**	**153,686**	**-**	**-**
		$ 21,661,814	**100.0%**	**$ 6,107,236**	**$ 15,554,578**	**$ -**

March 31, 2014

				Maturities (in Years)		
Investment type	Rates	Fair value	% of total	Less than 1	1-5	5-9
Certificates of Deposit	.2 - 2.7%	$ 9,540,282	42.7%	$ 7,825,513	$ 1,714,769	$ -
Federal Agency notes	.25 - 5.5%	12,686,788	56.8%	3,437,006	9,249,782	-
Money market funds	0.01%	118,697	0.5%	118,697	-	-
		$ 22,345,767	100.0%	$ 11,381,216	$ 10,964,551	$ -

The Authority limits its investments to those investment banks, firms and brokers who have been in business for over five years and have invested over $500 million in assets for their clients at the time of any investment made by the Authority.

Investments are designated for the following purposes:

		2015		2014
Operating	**$**	**3,862,790**	$	4,795,214
Vehicle replacement		**2,263,778**		2,270,163
Capital projects and local match		**1,230,999**		1,291,388
Risk retention		**5,888,173**		5,777,343
Workers' compensation self-insurance		**8,416,074**		8,211,659
Total investments	**$**	**21,661,814**	$	22,345,767

- Operating: funds for future operating contingencies
- Vehicle replacement: funds for the future replacement of vehicles
- Capital projects and local match: funds to pay for future capital projects and provide the local share to match anticipated funding from federal and state grant funds
- Risk retention: funds to cover potential future self-insurance liability claims
- Workers' compensation self-insurance: funds to pay for future workers' compensation self-insurance claims and any retroactive premiums that come due on previous workers' compensation plans maintained with an insurance carrier

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of March 31, 2015 and 2014, none of the Authority's bank deposits were exposed to custodial credit risk.

4. Capital Assets:

	April 1, 2014	Additions	Reclassifications and Disposals	**March 31, 2015**
Non-depreciable capital assets:				
Land and improvements	$ 1,529,981	$ -	$ -	**$ 1,529,981**
Construction-in-progress	2,251,003	-	(1,091,709)	**1,159,294**
Total non-depreciable capital assets	3,780,984	-	(1,091,709)	**2,689,275**
Depreciable capital assets:				
Buildings and improvements	92,934,923	1,251,329	-	**94,186,252**
Revenue equipment	126,317,877	11,213,368	(4,195,063)	**133,336,182**
Service equipment and vehicles	4,570,037	-	(92,760)	**4,477,277**
Furniture and equipment	16,916,468	353,654	-	**17,270,122**
Total depreciable capital assets	240,739,305	12,818,351	(4,287,823)	**249,269,833**
Less accumulated depreciation:				
Buildings and improvements	(38,109,498)	(2,997,437)	-	**(41,106,935)**
Revenue equipment	(71,923,228)	(8,055,943)	4,181,842	**(75,797,329)**
Service equipment and vehicles	(3,415,349)	(145,705)	92,760	**(3,468,294)**
Furniture and equipment	(11,663,275)	(1,718,489)	-	**(13,381,764)**
Total accumulated depreciation	(125,111,350)	(12,917,574)	4,274,602	**(133,754,322)**
Total depreciable capital assets, net	115,627,955	(99,223)	(13,221)	**115,515,511**
Total capital assets, net	$ 119,408,939	$ (99,223)	$ (1,104,930)	**$ 118,204,786**

	April 1, 2013	Additions	Reclassifications and Disposals	March 31, 2014
Non-depreciable capital assets:				
Land and improvements	$ 1,529,981	$ -	$ -	$ 1,529,981
Construction-in-progress	2,239,962	11,041	-	2,251,003
Total non-depreciable capital assets	3,769,943	11,041	-	3,780,984
Depreciable capital assets:				
Buildings and improvements	90,672,624	2,262,299	-	92,934,923
Revenue equipment	121,184,185	10,104,505	(4,970,813)	126,317,877
Service equipment and vehicles	4,393,122	268,543	(91,628)	4,570,037
Furniture and equipment	16,731,268	185,200	-	16,916,468
Total depreciable capital assets	232,981,199	12,820,547	(5,062,441)	240,739,305
Less accumulated depreciation:				
Buildings and improvements	(35,235,001)	(2,874,497)	-	(38,109,498)
Revenue equipment	(69,570,090)	(7,294,683)	4,941,545	(71,923,228)
Service equipment and vehicles	(3,311,126)	(195,851)	91,628	(3,415,349)
Furniture and equipment	(9,675,680)	(1,987,595)	-	(11,663,275)
Total accumulated depreciation	(117,791,897)	(12,352,626)	5,033,173	(125,111,350)
Total depreciable capital assets, net	115,189,302	467,921	(29,268)	115,627,955
Total capital assets, net	$ 118,959,245	$ 478,962	$ (29,268)	$ 119,408,939

5. Capital Lease Obligations:

In 2014, the Authority entered into a $6,900,000 Master Lease-Purchase agreement with a financial institution to acquire fifteen transit buses, the unexpended proceeds of which were held in restricted cash at March 31, 2015 and 2014 (Note 2). Lease payments of $387,928, including interest at 2.33%, are due semi-annually from May 2014 through November 2023.

In 2011, the Authority entered into an $8,000,000 Master Equipment Lease/Purchase agreement with a financial institution to acquire twenty-five transit buses. The lease agreement consists of a one-year original term with nine consecutive renewal options through November 15, 2021, and contains a $1 purchase option, exercisable beginning November 2016. Lease payments of $462,071, including interest at 2.83%, are due semi-annually from May 2012 through November 2021.

Required lease payments subsequent to March 31, 2015 are as follows:

Years Ending March 31,	Principal	Interest
2016	$ 1,398,003	$ 301,994
2017	1,434,638	265,359
2018	1,472,242	227,755
2019	1,510,841	189,157
2020	1,550,461	149,537
2021-2024	4,731,553	220,153
	$ 12,097,738	$ 1,353,955

6. Public Support and Operating Assistance:

The Authority's operations are funded primarily by farebox revenues from passengers and operating subsidy payments from the Federal Transit Administration (FTA) under §5307 and §5309 of the Urban Mass Transportation Administration (UMTA) Act; Federal Department of Transportation; the State; and Albany, Rensselaer, Schenectady and Saratoga Counties.

In addition to FTA funding, other non-operating revenues include the gross receipts tax, which is imposed by the State on gas and oil companies and allocated to public transportation operators, and the mortgage recording tax, which is a tax imposed on substantially all mortgages granted within the Authority's Transportation District and collected by the various counties. Public support and operating assistance recognized for the years ended March 31, 2015 and 2014 were:

	2015	2014
FTA:		
Operating assistance	**$ 15,762,159**	$ 12,042,581
New York State:		
Public transit operating assistance	**5,369,320**	4,074,931
Gross receipts tax	**30,212,100**	29,286,800
Total New York State	**35,581,420**	33,361,731
Albany County:		
Mortgage recording tax	**3,382,987**	3,427,728
Operating assistance	**1,075,437**	1,075,437
Total Albany County	**4,458,424**	4,503,165
Rensselaer County:		
Mortgage recording tax	**1,161,731**	1,399,186
Operating assistance	**446,661**	446,661
Total Rensselaer County	**1,608,392**	1,845,847
Schenectady County:		
Mortgage recording tax	**1,055,150**	1,192,652
Operating assistance	**316,305**	316,305
Total Schenectady County	**1,371,455**	1,508,957
Saratoga County:		
Mortgage recording tax	**4,075,171**	3,976,409
Operating assistance	**78,597**	78,597
Total Saratoga County	**4,153,768**	4,055,006
	$ 62,935,618	$ 57,317,287

7. Advances to Capital District Transportation Committee:

In accordance with an agreement between the Authority and the New York State Department of Transportation, the Authority functions as the "host agency" for the Capital District Transportation Committee (CDTC). As designated by this agreement, CDTC is the Capital District Regional Transportation Metropolitan Planning Organization and, as such, is the recipient of various Federal and State funded grants relating to regional transportation planning. The Committee's board is composed of elected and appointed officials from each of the four counties; from each of the eight cities in the four counties; from the New York State Department of Transportation; the Authority; the Capital District Regional Planning Commission; and a member representing the area's towns and villages. The Authority has no budgetary oversight and no responsibility for CDTC's deficits or debts. The Authority's financial statements do not include the assets, liabilities, revenues or expenses of CDTC.

The Authority's agreement with CDTC provides that the Authority assume certain responsibilities relating to grant management and accounting functions. Additionally, the Authority advances CDTC periodic working capital funds. Such advances, which do not bear interest, total $711,107 and $796,415 at March 31, 2015 and 2014.

8. Postemployment Healthcare Benefits:

The Authority provides postemployment healthcare benefits for retirees meeting eligibility requirements based on date of hire, attainment of retirement age, and years of service. Benefits are provided in the form of insurance premium payments for coverage of eligible retirees and spouses. Employees retiring on or after January 1, 2007 contribute 10-15% of premiums, while employees retiring prior to January 1, 2007 are provided full coverage. Surviving spouses are entitled to continue coverage by paying 100% of the premiums. Benefit provisions and retiree contribution rates are determined through negotiations between the Authority and its employees or the collective bargaining units that represent its employees. The plan does not issue a publicly available financial report.

GASB Statement No. 45 requires that the Authority recognize the cost of postemployment benefits during the periods when employees render the services that will ultimately entitle them to the benefits. This cost is referred to as the annual required contribution (ARC) and includes:

- Amortization of the unfunded actuarial accrued liability (UAAL) for the current year, which is the actuarially-determined, unfunded present value of all future OPEB costs associated with current employees and retirees as of the beginning of the year.
- Normal cost which is the actuarially-determined cost of future OPEB earned in the current year.

The ARC represents an amount that, if funded each year, would ultimately satisfy the UAAL at the end of the amortization period (the Authority is using the maximum period of 30 years) as well as each year's normal cost during that timeframe. A liability is recognized to the extent that actual funding of the plan is less than the ARC. This liability is reflected on the balance sheets as other postemployment benefits. The Authority's Board of Directors has the authority to establish a funding policy for the plan. The current policy is to fund the plan to the extent of premium payments and reimbursements on a pay-as-you-go basis.

The following table summarizes the Authority's ARC, the amount actually contributed, and changes in the Authority's net OPEB obligation for the years ended March 31, 2015 and 2014:

	2015	2014
Annual required contribution		
Normal cost	**$ 2,868,781**	$ 3,316,472
Amortization of UAAL	**3,382,363**	3,982,714
Annual required contribution	**6,251,144**	7,299,186
Interest on OPEB obligation	**1,301,166**	1,093,984
ARC adjustment	**(1,881,164)**	(1,581,630)
Annual OPEB cost	**5,671,146**	6,811,540
Contributions made	**(1,680,834)**	(1,631,989)
Increase in net OPEB obligation	**3,990,312**	5,179,551
Net OPEB obligation - beginning of year	**32,529,152**	27,349,601
Net OPEB obligation - end of year	**$ 36,519,464**	$ 32,529,152

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows:

Year Ended March 31,	OPEB Cost	OPEB Cost Contributed	OPEB Obligation
2015	$ 5,671,146	29.6%	$ 36,519,464
2014	$ 6,811,540	24.0%	$ 32,529,152
2013	$ 6,444,593	25.2%	$ 27,349,601

As of April 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $70,561,109, all of which is unfunded. The annual payroll of employees covered by the Plan was $36,510,733, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 193%.

The actuarial valuation involves estimates of costs and the impact of events far into the future. Examples include employee turnover and retirement rates, employee and retiree mortality, and changes in healthcare costs and interest rates. The benefits will be subject to routine actuarial valuations in future years and these analyses will reflect revised estimates and assumptions as actual results are compared to past projections and expectations of the future. Similarly, the April 1, 2014 and 2013 valuations reflected benefits and cost sharing in effect at the time. Any changes in these factors will impact the results of future valuations.

The actuarial calculations reflect a long-term perspective and utilize techniques designed to reduce short-term volatility in actuarial accrued liabilities. A summary of the methods and assumptions is provided below:

- Healthcare cost trend: 6.0% - 8.0% next year, ultimately declining to 3.886% in 2076
- Actuarial cost method: Projected unit credit
- Amortization method: 30 years, open, level dollar
- Discount rate: 4.0%
- Mortality: The sex-distinct RP-2014 Blue Collar Mortality Table
- Turnover: Rates of turnover are based on the experience under the New York State Employees' Retirement System (ERS)
- Retirement incidence: Rates of retirement are based on the experience under ERS
- Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect postemployment healthcare benefits. Future retirees were assumed to elect coverage in medical plans at the following rates: CDPHP plan – 60%; MVP plan – 15%; Empire Plan – 25%
- Spousal coverage: 40% of future retirees are assumed to elect spousal coverage upon retirement, 30% of surviving spouses are assumed to continue coverage
- Per capita costs: All retiree plans are offered through the New York State Health Insurance Program (NYSHIP) Empire Plan

9. Retirement Plans:

Employees of the Authority

The Authority participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing, multiple-employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the New York State and Local Retirement Systems – Employees' Retirement System, 110 State Street, Albany, New York, 12244 or on the internet at www.osc.state.ny.us/retire.

No employee contribution is required for those hired prior to July 27, 1976. ERS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined on or after July 27, 1976 through December 31, 2009. Participants hired on or after January 1, 2010 and before April 1, 2012 contribute 3% of their gross salary during the length of employment. Contribution rates for participants hired on or after April 1, 2012 are based on annual wages and range from 3% to 6% annually. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by employers to the pension accumulation fund.

The required contributions and rates over the past three years were:

Year	Contribution	Contribution Rates
2015	$ 1,102,050	10.9% - 20.3%
2014	$ 1,191,649	11.4% - 21.0%
2013	$ 1,109,237	10.1% - 18.6%

The Authority's contributions made to ERS were equal to 100% of the amounts required for each year.

Deferred Compensation

The Authority offers its employees participation in the Deferred Compensation Plan for Employees of the State (the Plan). The Plan, which is available to all Authority employees, permits participants to defer a portion of their salary until future years. Amounts deferred under the Plan are not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets and liabilities are not included in these financial statements.

Employees of Operating Subsidiaries

Union employees of the Authority's operating subsidiaries (blended component units) are covered by various pension plans (the Plans) that are sponsored by unions that represent those operating subsidiary employees. The Authority contributes to the plans based on negotiated benefits determined under various union agreements. Under these negotiated benefits, all employees with 60 days of service are eligible to participate in the Plans. Both the Authority and its employees contribute on a weekly basis. The Authority's contributions to the Plans are included in amounts recorded for pension expense and amounted to $2,090,865 and $1,984,037 for the years ended March 31, 2015 and 2014. The Authority is not obligated to make any other payments to fund the benefits or to meet any expenses of administration, and in the event of termination, the Authority will have no obligation for further contributions to the plans. Therefore, net pension assets and liabilities of the plans are not recorded by the Authority.

10. Commitments and Contingencies:

Risk Management

The Authority is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions; collective bargaining disputes; federal, state and local government regulations; and changes in law.

The Authority is also exposed to various risks of loss related to torts; damage to, theft of and destruction of property; errors and omissions; and natural disasters. To limit its exposure, the Authority purchases a variety of insurance policies, subject to specific deductibles and coverage limits. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Self-Insured Claims

The Authority assumes liability for personal injury and property damage claims up to $2 million per occurrence and workers' compensation claims up to $700,000 per occurrence. The Authority has excess insurance from commercial insurers to cover claims made in excess of these amounts, subject to a general liability coverage limit of $13 million per occurrence. Estimated liabilities for claims that are not covered by insurance have been reflected in the financial statements. Personal injury and property damage liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated by the Authority based on available information. Workers' compensation liabilities including an estimate of claims that have been incurred but not reported, are estimated based on an actuarial valuation dated May 13, 2015.

The Authority has designated risk reserves of $14,304,247 and $13,989,002 at March 31, 2015 and March 31, 2014 (Note 3). The Changes in the reported liabilities are as follows:

Fiscal Year	Liability at Beginning	Current Year Claims and Changes in Estimates	Claim Payments	Liability at End
Workers' compensation				
2015	$ 8,253,700	$ 1,873,400	$ 1,872,600	$ 8,254,500
2014	$ 8,058,600	$ 2,043,400	$ 1,848,300	$ 8,253,700
Personal injury liability				
2015	$ 944,100	$ 378,200	$ 208,500	$ 1,113,800
2014	$ 1,198,500	$ (4,500)	$ 249,900	$ 944,100

Grants

The Authority receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. Based on prior experience, Authority management expects any such amounts to be immaterial.

Litigation

The Authority is involved in legal proceedings which, in the opinion of management, will not have a material adverse effect upon the financial position of the Authority.

Commitments

In 2014, the Authority entered into a contract to purchase a new fare collection system totaling $7.7 million, with options for additional purchases of $1.9 million, of which $4.1 million was expensed through 2015. The fare collection system is expected to be funded primarily with government grants.

During 2015, the Authority exercised its option to purchase twelve transit buses totaling $5.7 million with delivery in 2016. Subsequent to March 31, 2015, the Authority exercised its option to purchase twelve transit buses totaling $5.9 million for delivery in 2017.

Required Supplementary Information (Unaudited)
Schedule of Funding Progress for Other Postemployment Benefits

March 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Deficiency of Assets over UAAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
4/1/2010	$ -	$ 80,721,207	$ (80,721,207)	0%	$ 33,160,008	243%
4/1/2012	$ -	$ 68,869,227	$ (68,869,227)	0%	$ 34,835,644	198%
4/1/2014	$ -	$ 70,561,109	$ (70,561,109)	0%	$ 36,510,733	193%

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INDEPENDENT AUDITORS' 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*

The Board of Directors
Capital District Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet of Capital District Transportation Authority (the Authority) (a component unit of the state of New York), a business-type activity, as of March 31, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

May 20, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Directors
Capital District Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Capital District Transportation Authority (the Authority) (a component unit of the State of New York), a business-type activity, as of March 31, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated May 20, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended March 31, 2015. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

May 20, 2015