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

FINANCIAL STATEMENTS

MARCH 31, 2021

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Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

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, 2021 and 2020, and the related statements of revenues, expenses, and change 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, 2021 and 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 19, 2021 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 19, 2021

Management's Discussion and Analysis (unaudited)

March 31, 2021

INTRODUCTION

This Management's Discussion and Analysis (MD&A) of the Capital District Transportation Authority (the Authority or CDTA) provides an introduction and overview of the Authority's financial activities for the years ended March 31, 2021, 2020, and 2019, and should be read in conjunction with the financial statements and notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Revenues and expenses are recorded using the accrual basis of accounting, meaning they are recorded and recognized by the Authority as earned/incurred, regardless of when cash is received or paid.

The balance sheets present information on all Authority assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position serve as a relative indicator as to whether the Authority's financial position is strengthening or weakening over time.

The statements of revenues, expenses, and changes in net position show the results of the Authority's operations during the year and reflect both operating and non-operating activities. All changes in net position are reported when the transaction occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods.

The statements of cash flows provide an analysis of the sources and uses of cash. The cash flow statements show net cash provided or used in operating, non-capital financing, capital and related financing, and investing activities.

The notes to the financial statements include additional information to provide a further understanding of the financial statements.

FINANCIAL HIGHLIGHTS

Financial Position

The summarized balance sheets below provide a snapshot of the financial position of the Authority as of March 31 of each fiscal year.

	2021	2020	2019
Assets:			
Current assets	$ 55,700,482	$ 58,714,572	$ 47,906,229
Capital assets, net	133,373,467	119,752,343	121,138,986
Total assets	189,073,949	178,466,915	169,045,215
Deferred outflows of resources related to pensions	4,350,993	1,544,989	2,608,902
Deferred outflows of resources related to OPEB	17,641,144	18,454,673	-
Total assets and deferred outflows of resources	$ 211,066,086	$ 198,466,577	$ 171,654,117
Liabilities:			
Current liabilities	$ 12,325,625	$ 16,302,767	$ 16,522,548
Noncurrent liabilities	102,922,830	120,645,628	106,502,596
Total liabilities	115,248,455	136,948,395	123,025,144
Deferred inflow of resources related to pensions	326,095	737,493	2,535,067
Deferred inflows of resources related to OPEB	32,213,820	11,007,730	1,872,110
Total deferred outflows of resources	32,539,915	11,745,223	4,407,177
Net position:			
Net investment in capital assets	130,238,963	115,029,182	114,864,563
Unrestricted	(66,961,247)	(65,256,223)	(70,642,767)
Total net position	63,277,716	49,772,959	44,221,796
Total liabilities, deferred inflows of resources, and net position	**$** 211,066,086	**$** 198,466,577	**$** 171,654,117

Changes in current and net capital assets resulted in an increase of $10.6 million in total assets in 2021. Net capital assets increased $13.6 million from 2020. This is due to net additions to the fleet ($11.5 million) and construction in progress for Bus Rapid Transit ($8.3 million). These additions were offset by a $6.4 million increase in accumulated depreciation, net of disposals.

Current assets decreased $3.0 million in 2021. This was the result of a $16.1 million reduction in grants receivable offset by a $13.5 million increase in cash. The decrease in grants receivable results from the receipt of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds. At the end of 2020, $14.3 million of the grant allocation was recognized as a receivable and during 2021 the Authority received those funds and recognized the remaining $28.4 million as revenue to help sustain operations during the pandemic.

Liabilities decreased $21.7 million in 2021 mostly due to the decrease in Other Postemployment Benefits (OPEB). Experience factors such as different demographics and a lower than anticipated increase in claims cost caused this noncurrent liability to decrease by $19.9 million. In addition, accounts payable decreased $4.3 million due to the timing of payments for bus purchases and the capital lease obligation decreased $1.6 million as annual payments are made. Offsetting some of the above decreases was an increase of $4.4 million in pension liability for the Authority.

Deferred outflows and deferred inflows of resources result from transactions related to the Authority’s OPEB plan and its participation in the New York State and Local Employees’ Retirement System (ERS). These amounts reflect the differences between projected and actual earnings on plan investments, actuarially assumption changes, and pension payments made subsequent to the actuarial measurement date of the plan.

Current assets increased nearly $11.0 million from 2019 to 2020. The increase is primarily due to an increase in grants receivable of $18.6 million, net of a decrease in cash and investments of $8.4 million.

The increase in grants receivable in 2020 has two components: funding received pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and typical capital and operating grants. The CARES Act allocated $42.8 million in federal funding to CDTA in response to the COVID-19 pandemic, of which $14.3 million is recorded as grants receivable at March 31, 2020. Grants receivable from New York State increased $4.5 million due to timing of payment and the expected reimbursement of certain bus purchases.

Cash decreased from 2019 to 2020 due to timing of the payment of expenses and the increase in receivables. Investments have continued to decrease since 2016. In 2020, the Authority used approximately $1.8 million of investments to match grant funds and make capital purchases.

Liabilities increased $13.9 million primarily due to an increase in the OPEB liability for March 31, 2020. This actuarially determined liability estimates the present value of amounts due for employees' healthcare benefits after retirement by applying various assumptions to healthcare data. From 2019 to 2020, the discount rate was reduced from 3.42% to 2.48% which resulted in a significant increase in the OPEB liability.

Revenue Summary

	2021	2020	2019
Operating revenues:			
Passenger fares	$ 7,723,445	$ 18,593,486	$ 18,504,514
Access Transit	274,741	564,737	537,852
Advertising	1,290,435	1,398,331	1,639,253
Rail station parking and rentals	962,389	3,079,253	3,131,036
Total operating revenues	10,251,010	23,635,807	23,812,655
Non-operating revenues:			
Federal operating assistance	55,932,062	39,946,908	21,465,658
State and local government funding	41,851,572	48,996,009	43,862,632
Mortgage recording tax	14,811,165	12,176,611	10,397,843
Investment income	74,509	592,133	497,439
Capital contributions	21,285,179	5,711,507	7,981,722
Other non-operating revenues, net	1,103,509	30,455	274,203
Total non-operating revenues	135,057,996	107,453,623	84,479,497
Total revenue	$ 145,309,006	$ 131,089,430	$ 108,292,152

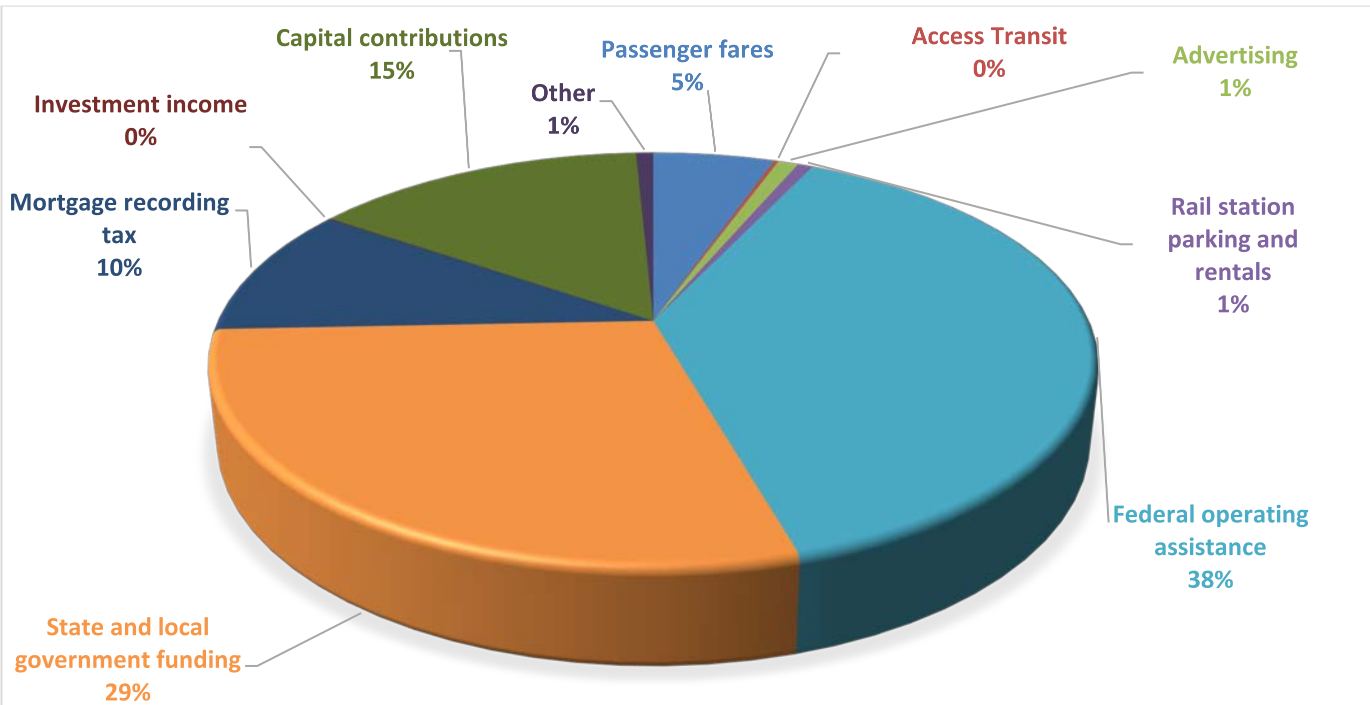
The COVID-19 pandemic began at the tail end of fiscal 2020 but the full impact was felt in 2021, particularly in certain revenue sources. Fortunately, the Federal government understood the severity of the situation and addressed public transportation needs. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided $42.8 million in funding and was used to support direct operating expenses. These funds were recognized as revenue in 2020 ($14.3 million) and 2021 ($28.5 million). Funding under this appropriation was in addition to normal federal grant revenues used to support operations over the past two years.

Passenger revenue was down over $14 million from budget projections and $11.1 million from 2020 as many customers were unable to work, attend school, or go shopping. CDTA suspended fare collection from April to mid-August 2020, resulting in no customer revenue during that time. Revenue collection began to pick up at the end of the fiscal 2021, hopefully a sign of recovery. Parking revenue was also impacted as Amtrak stopped most of its operations resulting in a reduction of $2.1 million in revenue. In addition to these operating revenue losses, New York State reduced the Authority's operating assistance by $9 million compared to budget.

Mortgage recording tax totaled $14.8 million, a CDTA record. This was fueled by low interest rates and a very active local housing market. Capital contributions also increased as significant work progressed on the River BRT Corridor along with several larger-scale Information Technology projects related to communication equipment and fare collection. It was also encouraging that advertising revenue was close to normal in what can only be considered an abnormal year.

Even with COVID-19 negatively impacting the end of CDTA's 2020 fiscal year, 2020 operating revenue remained consistent with the prior three fiscal years. Universal access agreements continue to provide a strong base for passenger revenue. Advertising partner, Lamar, continued to exceed contact goals while a sponsorship agreement with Capital District Physicians' Health Plan, Inc. (CDPHP) for a bike share program increased advertising revenue. Rensselaer Rail station revenue was impacted significantly by COVID-19 during March 2020 and was projected to surpass fiscal 2019 if not for the pandemic.

The chart below summarizes 2021 revenue by percentage in each category.



Expense Summary

	2021	2020	2019
Operating expenses:			
Salaries and wages	$ 47,822,885	$ 45,939,844	$ 43,493,120
Payroll taxes and employee benefits	14,320,183	12,390,780	14,119,709
Pension costs	4,247,690	3,076,032	2,650,727
Other postemployment benefits	4,404,077	8,174,897	6,936,136
Maintenance	9,331,361	8,365,203	10,388,325
Transportation	28,295,706	24,539,435	16,087,367
Ridership information	834,119	1,119,925	1,158,760
Other	4,193,384	4,562,639	3,929,729
Insurance, claims and settlements	1,450,154	1,741,827	1,551,039
Utilities	900,791	771,413	872,082
	115,800,350	110,681,995	101,186,994
Depreciation	16,003,899	14,856,272	16,058,734
Total operating expenses	$ 131,804,249	$ 125,538,267	$ 117,245,728

Total operating expenses increased $6.3 million from 2020. Wages increased $1.9 million, health insurance increased $0.5 million and pension expense increased $1.2 million. Employee wage increases are mostly related to the collective bargaining agreement as well as additional hiring for planned new services such as River RBT and NYS Office of General Services. While much of our service was realigned at times, CDTA ran a near full complement of hours to serve essential workers and did not furlough employees during the pandemic.

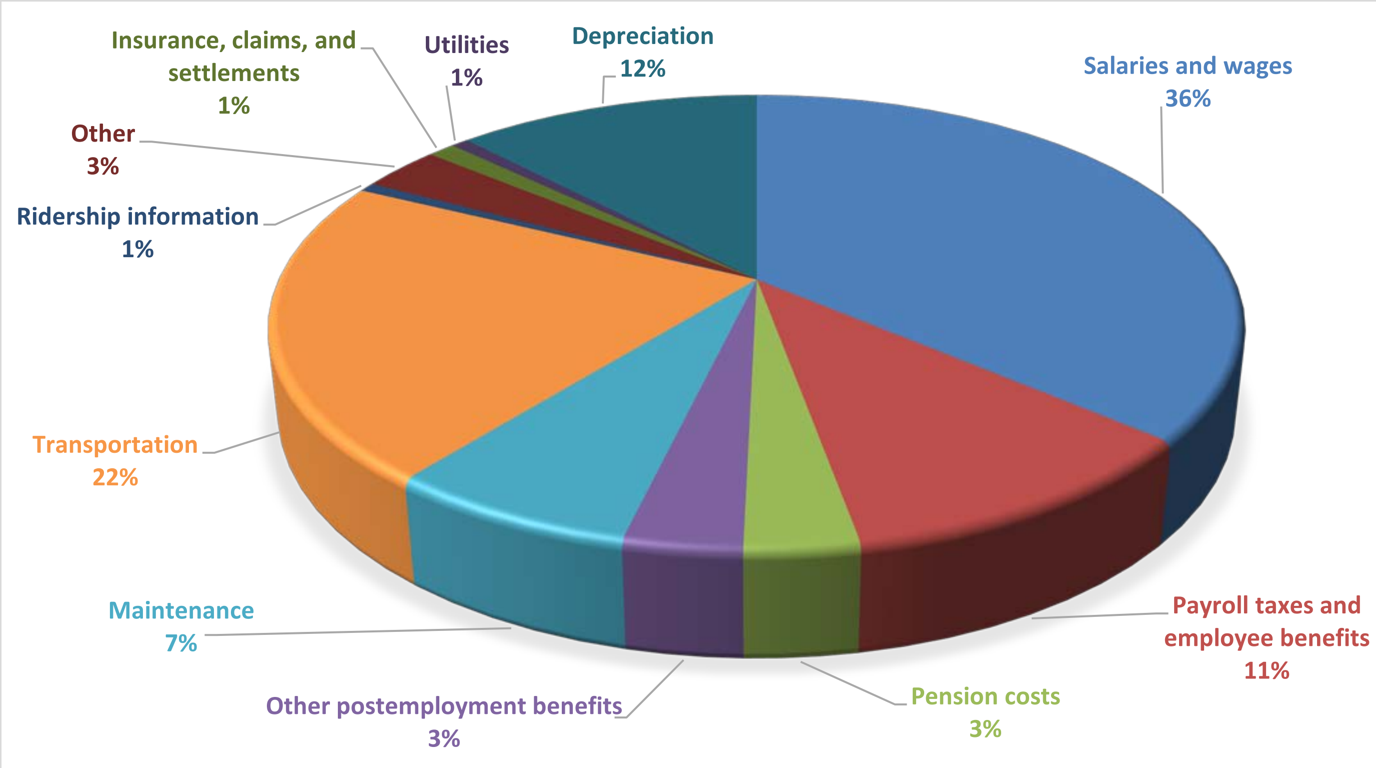
Maintenance and transportation costs increased $1.0 million and $3.8 million, respectively. Maintenance expenses increased as a result of additional cleaning and sanitizing buses and facilities during the pandemic. The Authority also installed barriers around the bus operators to improve safety. In transportation, there was a $2.6 million reduction in the pass-through grant provided to Adirondack Trailways along with a general reduction of $2.6 million in all other purchased transportation related to the pandemic. This was offset by a $9.0 million increase in expense related to implementation of the River BRT line as well as continued development of the Washington/Western BRT line.

The increases discussed above were offset by a noncash decrease in other post-employment benefits (OPEB) of $3.7 million related to experience factors such as demographic changes and better than expected claims.

Total operating expenses increased $8.3 million from 2019 to 2020 with employee wages accounting for $2.4 million of the increase. Pension and OPEB expense increases were offset by a similar reduction in employee benefits expenses, such as workers compensation and health care expense.

In 2019, CDTA made repairs to the Rensselaer Rail Station (RRS) parking garage which caused a spike in maintenance expense from the prior year. In 2020 without RRS repairs, maintenance expense decreased $2.0 million. Transportation expense increased $8.5 million primarily because CDTA facilitated a pass through of funds to Adirondack Trailways. This grant included funds for two years and accounted for over $4.0 million of the increase. The remainder of the increase in Transportation is related to work on the River BRT corridor which is currently under construction.

The chart below summarizes 2021 expenses by percentage in each category.



CAPITAL ASSETS AND LONG-TERM DEBT

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

	2021	2020	2019
Land and improvements	$ 2,657,283	$ 2,458,719	$ 1,529,981
Construction in process	20,869,810	12,754,803	8,159,359
Buildings and improvements	37,672,433	40,092,135	42,203,162
Revenue equipment	70,290,451	61,978,581	66,890,449
Service equipment and vehicles	1,883,490	2,468,105	2,356,035
	$ 133,373,467	$ 119,752,343	$ 121,138,986

The Authority's capital assets, net of depreciation, represent over 70% of the Authority's total assets. In 2021, net capital assets increased $13.6 million as additions of $29.7 million were offset by $16.0 million in depreciation. Most of the additions, $20.6 million, was related to revenue equipment like bus purchases, communications, and fare equipment. The remainder is mostly from construction in progress tied to BRT projects. As in the past, depreciation is from the fleet with lesser portions coming from improvements to our facilities plant over the years.

In 2020, net capital assets decreased by $1.4 million as additions of $13.5 million were offset by $14.9 million in depreciation. Consistent with the past, most significant capital asset impacts result from the acquisition ($6.0 million) and depreciation ($11.0 million) of revenue equipment. Construction in progress increased $4.6 million primarily due to work on the River BRT corridor.

In 2011 and 2014 the Authority entered into capital lease agreements to purchase transit buses. Lease payments total approximately $1.7 million per year.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Impact of COVID-19

Annual boardings in 2021 fell to 9.8 million, a 38% decrease from 15.7 million boardings in 2020. Like other businesses, the Authority was not immune to the impact of the pandemic as ridership fluctuated month to month. The year began with low monthly ridership as most of the region was closed, but boardings increased as positive cases declined during the summer. As fall approached, boardings again began to decline as restrictions were tightened. Finally, as the year closed, ridership increased in what we hope is the beginning of a full year of recovery.

In addition to ridership, the pandemic had a significant impact on both operating revenue and government aid. Customer and rail station revenue both declined significantly but was in line with the use of CDTA bus and Amtrak train services during a time when many schools, business, and retail shops were closed or operating in a reduced capacity. The pandemic's impact on New York State resulted in a reduction in aid from the State, which combined with customer revenue, changed the composition of our revenue.

We do not anticipate these reductions completely recovering in the short term and anticipate the next several operating budgets will have a revenue composition that is different than in the past. The pandemic caused immediate and ongoing revenue challenges and the Federal government responded with three funding packages. For 2020 and 2021, the CARES Act provided \$42.7 million in stimulus funding. For 2022, CDTA will rely on \$28.4 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). For several years after 2022, \$52.7 million allocated from the American Rescue Plan will be available to fund the operating and capital needs of the Authority.

Bus Rapid Transit

After securing federal funding for two new Bus Rapid Transit (BRT) lines over the past two years, The River BRT began operations in the fall of 2020, making it the second BRT Line (Route 5) in our system. While it was a difficult year to roll out new service, we are confident that as the region opens, the value of this premium service will be fully realized. In addition to the newly constructed River BRT we expect our third BRT line, Washington Western BRT, to become operational in 2022. This has been a period of historic federal investment in enhancing CDTA services as \$88 million in federal funding total was awarded to implement new BRT services.

REQUEST FOR INFORMATION

The Management Discussion and Analysis is intended to provide general information related to Authority operations for interested parties. 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,	2021	2020
Assets		
Current assets:		
Cash	$ 16,798,457	$ 3,339,447
Investments	16,938,687	17,584,279
Government grants receivable	13,183,333	29,241,033
Other receivables and prepaid expenses	4,119,986	4,287,019
Materials, parts, and supplies, net	4,660,019	4,262,794
	55,700,482	58,714,572
Noncurrent assets:		
Capital assets, net (Note 4)	133,373,467	119,752,343
Total assets	189,073,949	178,466,915
Deferred ouflows of resources:		
Deferred outflows of resources related to pensions	4,350,993	1,544,989
Deferred outflows of resources related to OPEB	17,641,144	18,454,673
Total assets and deferred outflows of resources	$ 211,066,086	$ 198,466,577
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,122,970	$ 12,544,775
Current portion of capital lease obligations	1,626,954	1,591,129
Unearned passenger revenue	1,575,701	2,166,863
	12,325,625	16,302,767
Noncurrent liabilities:		
Capital lease obligations	1,507,550	3,132,032
Estimated provision for claims and settlements	9,942,000	10,550,690
Net pension liability	5,982,206	1,616,083
Total OPEB liability	85,491,074	105,346,823
	102,922,830	120,645,628
Total liabilities	115,248,455	136,948,395
Deferred inflows of resources:		
Deferred inflows of resources related to pensions	326,095	737,493
Deferred inflows of resources related to OPEB	32,213,820	11,007,730
Total deferred inflows of resources	32,539,915	11,745,223
Net position:		
Net investment in capital assets	130,238,963	115,029,182
Unrestricted	(66,961,247)	(65,256,223)
Total net position	63,277,716	49,772,959
Total liabilities, deferred inflows of resources, and net position	$ 211,066,086	$ 198,466,577

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended March 31,	2021	2020
Operating revenues:		
Passenger fares	$ 7,723,445	$ 18,593,486
Access Transit	274,741	564,737
Advertising	1,290,435	1,398,331
Rail station parking and rentals	962,389	3,079,253
Total operating revenues	10,251,010	23,635,807
Operating expenses:		
Salaries and wages	47,822,885	45,939,844
Payroll taxes and employee benefits	14,320,183	12,390,780
Pension costs	4,247,690	3,076,032
Other postemployment benefits	4,404,077	8,174,897
Maintenance	9,331,361	8,365,203
Transportation	28,295,706	24,539,435
Ridership information	834,119	1,119,925
Insurance, claims, and settlements	1,450,154	1,741,827
Utilities	900,791	771,413
Other	4,193,384	4,562,639
Total operating expenses before depreciation	115,800,350	110,681,995
Operating loss before depreciation	(105,549,340)	(87,046,188)
Depreciation	(16,003,899)	(14,856,272)
Operating loss	(121,553,239)	(101,902,460)
Non-operating revenues:		
Federal operating assistance	55,932,062	39,946,908
State and local government funding	41,851,572	48,996,009
Mortgage recording tax	14,811,165	12,176,611
Investment income	74,509	592,133
Other non-operating revenues	1,103,509	30,455
Total non-operating revenues	113,772,817	101,742,116
Changes in net position before capital contributions	(7,780,422)	(160,344)
Capital contributions	21,285,179	5,711,507
Changes in net position	13,504,757	5,551,163
Net position - beginning of year	49,772,959	44,221,796
Net position - end of year	$ 63,277,716	$ 49,772,959

See accompanying notes.

Statements of Cash Flows

For the years ended March 31,	2021	2020
Operating activities:		
Cash received from passengers	$ 7,299,316	$ 18,333,071
Cash payments to suppliers for goods and services	(46,111,850)	(38,907,268)
Cash payments to employees for salaries and benefits	(68,090,934)	(63,899,305)
Other operating revenues received	2,527,565	5,042,321
Net operating activities	(104,375,903)	(79,431,181)
Non-capital financing activities:		
Operating assistance, governmental funding, and mortgage recording tax received	128,652,499	82,522,194
Other non-operating revenues	1,250,060	255,183
Net non-capital financing activities	129,902,559	82,777,377
Capital and related financing activities:		
Proceeds from sales of capital assets	50,048	35,425
Acquisition of capital assets	(32,387,766)	(16,343,160)
Payments for interest	(146,551)	(224,728)
Capital contributed under grants	21,285,179	5,711,507
Payments on capital lease obligations	(1,588,657)	(1,551,262)
Net capital and related financing activities	(12,787,747)	(12,372,218)
Investing activities:		
Interest received on investments	192,286	487,116
Proceeds from sales and maturities of investments	50,039,331	20,932,530
Purchases of investments	(49,511,516)	(19,047,693)
Net investing activities	720,101	2,371,953
Net change in cash	13,459,010	(6,654,069)
Cash - beginning of year	3,339,447	9,993,516
Cash - end of year	$ 16,798,457	$ 3,339,447
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (121,553,239)	$ (101,902,460)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	16,003,899	14,856,272
Net pension activity	1,148,721	146,576
Other postemployment benefits	2,163,870	5,867,582
Loss (gain) on disposal of capital assets	53,595	(7,902)
Changes in assets and liabilities:		
Other receivables and prepaid expenses	167,033	(383,916)
Materials, parts, and supplies	(397,225)	(260,982)
Accounts payable and accrued expenses	(762,705)	2,462,058
Unearned passenger revenue	(591,162)	123,501
Estimated provision for claims and settlements	(608,690)	(331,910)
Net cash used for operating activities	$ (104,375,903)	$ (79,431,181)

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 (the four counties), 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 is included in the basic financial statements of the State as an enterprise fund. In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Authority's reporting entity is based on several criteria set forth in accounting standards, including legal standing, fiscal dependency, and financial accountability. 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 four counties.

- 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 Transit), 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 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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.

Cash

Cash management is governed by State laws and as established in the Authority's written policies. Cash resources must be deposited in FDIC-insured commercial banks located within the State. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. At March 31, 2021 and 2020, the Authority's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in the Authority's name.

Investments

The Authority's investment policies comply with the State Comptroller's guidelines for Public Authorities. Investments consist primarily of government obligations valued at quoted prices that are readily available in active markets or exchanges for identical assets. Securities are held by 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 $200,000 at March 31, 2021 and 2020.

To reduce its exposure to rising fuel costs, the Authority has entered into contracts that fix the prices of certain vehicle fuels through May 2023. The Authority expects to take delivery of the fuel as specified and, therefore, the contract is considered a normal purchase contract.

Capital Assets

Capital assets are reported at 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.

Asset capitalization thresholds and 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 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. 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.

Pensions

The Authority has elected to participate in the New York State and Local Employees' Retirement System (ERS). The Authority recognizes its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by ERS (Note 10). ERS recognizes benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value.

Other Postemployment Benefits (OPEB)

The total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the Authority's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. For this purpose, benefit payments in the plan are recognized when due and payable in accordance with the benefit terms.

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
- *Unrestricted* – net amount 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 recorded as unearned revenue at the time of sale and recognized as revenue as passes are redeemed. Unearned passenger revenue represents the face value of unexpired transit passes at year end. Access Transit revenues are earned from facilitating transportation services for Medicaid qualified individuals. Rail station parking and rental revenues are primarily earned at the Authority's Rensselaer and Saratoga Rail Stations.

Non-Operating Revenues

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 92% and 81% of total revenue for the years ended March 31, 2021 and 2020, respectively. A significant decrease in this funding may negatively impact future operations.

In April 2020, the Authority was awarded operating assistance of $42,782,597 from the Federal Transit Administration (FTA) provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support costs to operate, maintain, and manage the Authority's services. The grant provides for pre-award authority for eligible costs beginning January 20, 2020. Amounts totaling $28,436,102 and $14,346,495 for the years ended March 31, 2021 and 2020 are recognized as federal operating assistance in the accompanying statements of revenues, expenses, and changes in net position. At March 31, 2020, the Authority reported a receivable of $14,346,495 as government grants receivable in the accompanying balance sheets. No amounts were accrued at March 31, 2021.

The Authority receives a portion of mortgage recording taxes assessed by the respective counties on the recording of new or refinanced mortgages. Revenue is recorded as earned during the year. Amounts earned but not collected at year end are recorded as other receivables on the balance sheets.

3. Cash and Investments:

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.

The Authority's written investment policy allows for the following investments:

- Certificates of deposit in banks doing business in the State which are also members of 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 Authority's investments at March 31, 2021 and 2020 are presented below:

	2021	2020
Certificates of deposit	$ 1,896,688	$ 5,025,355
U.S. Treasury notes	14,911,446	12,364,902
Money market funds	130,553	194,022
	$ 16,938,687	$ 17,584,279
Maturities (in years):		
Less than one	$ 13,758,316	$ 13,302,887
One to five	3,180,371	4,281,392
	$ 16,938,687	$ 17,584,279

Investments are designated for the following purposes:

	2021	2020
Operating	$ 1,971,311	$ 1,961,223
Vehicle replacement	952,461	946,484
Capital projects and local match	2,549,692	2,533,309
Risk retention	3,073,714	3,808,305
Workers' compensation self-insurance	8,391,509	8,334,958
	$ 16,938,687	$ 17,584,279

- Operating funds are designated for future operating contingencies
- Vehicle replacement funds are designated for the future replacement of vehicles
- Capital projects and local match funds are designated to pay for future capital projects and provide the local share to match anticipated funding from federal and state grant funds
- Risk retention funds are designated to cover potential future self-insurance liability claims
- Workers' compensation self-insurance funds are designated 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

4. Capital Assets:

	April 1, 2020	Additions	Reclassifications And Disposals	March 31, 2021
Non-depreciable capital assets:				
Land and improvements	$ 2,458,719	$ 198,564	$ -	$ 2,657,283
Construction in progress	12,754,803	8,737,567	(622,560)	20,869,810
Total non-depreciable assets	15,213,522	8,936,131	(622,560)	23,527,093
Depreciable capital assets:				
Buildings and improvements	95,951,352	174,217	-	96,125,569
Revenue equipment	171,257,912	20,405,474	(8,863,424)	182,799,962
Service equipment and vehicles	7,841,687	212,844	-	8,054,531
Furniture and equipment	18,113,789	-	-	18,113,789
Total depreciable capital assets	293,164,740	20,792,535	(8,863,424)	305,093,851
Less accumulated depreciation:				
Buildings and improvements	(55,859,217)	(2,593,919)	-	(58,453,136)
Revenue equipment	(109,361,962)	(12,348,541)	9,382,341	(112,328,162)
Service equipment and vehicles	(5,373,582)	(797,459)	-	(6,171,041)
Furniture and equipment	(18,031,158)	(263,980)	-	(18,295,138)
Total accumulated depreciation	(188,625,919)	(16,003,899)	9,382,341	(195,247,477)
Total depreciable capital assets, net	104,538,821	4,788,636	518,917	109,846,374
Total capital assets, net	$ 119,752,343	$ 13,724,767	$ (103,643)	$ 133,373,467

	April 1, 2019	Additions	Reclassifications And Disposals	March 31, 2020
Non-depreciable capital assets:				
Land and improvements	$ 1,529,981	$ 928,738	$ -	$ 2,458,719
Construction in progress	8,159,359	5,377,056	(781,612)	12,754,803
Total non-depreciable assets	9,689,340	6,305,794	(781,612)	15,213,522
Depreciable capital assets:				
Buildings and improvements	95,324,994	412,226	214,132	95,951,352
Revenue equipment	165,917,271	5,920,301	(579,660)	171,257,912
Service equipment and vehicles	7,069,223	858,831	(86,367)	7,841,687
Furniture and equipment	18,113,789	-	-	18,113,789
Total depreciable capital assets	286,425,277	7,191,358	(451,895)	293,164,740
Less accumulated depreciation:				
Buildings and improvements	(53,121,832)	(2,737,385)	-	(55,859,217)
Revenue equipment	(99,327,103)	(11,175,900)	1,141,041	(109,361,962)
Service equipment and vehicles	(4,713,188)	(725,337)	64,943	(5,373,582)
Furniture and equipment	(17,813,508)	(217,650)	-	(18,031,158)
Total accumulated depreciation	(174,975,631)	(14,856,272)	1,205,984	(188,625,919)
Total depreciable capital assets, net	111,449,646	(7,664,914)	754,089	104,538,821
Total capital assets, net	$ 121,138,986	$ (1,359,120)	$ (27,523)	$ 119,752,343

5. Short-Term Borrowings:

The Authority has available a $10,000,000 bank demand line of credit with interest based on an adjusted LIBOR rate (1.32% at March 31, 2021), secured by related pledged revenues. The line is subject to the usual terms and conditions applied by the bank for working capital financing. There were no amounts outstanding under this line at March 31, 2021 or 2020.

6. 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. Lease payments of $387,928, including interest at 2.33%, are due semi-annually 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, which was exercisable beginning November 2016. Lease payments of $462,071, including interest at 2.83%, are due semi-annually through November 2021.

Required lease payments subsequent to March 31, 2021 are as follows:

Years Ending March 31,	Principal	Interest
2022	$ 1,626,954	$ 67,123
2023	745,045	30,811
2024	762,505	13,351
	$ 3,134,504	$ 111,285

7. Public Support and Operating Assistance:

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

Other non-operating revenues also 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, 2021 and 2020 were:

	2021	2020
Federal operating assistance (FTA)	$ 55,932,062	$ 39,946,908
State and local government funding:		
New York State	39,934,572	47,079,009
Albany County	1,075,437	1,075,437
Rensselaer County	446,661	446,661
Schenectady County	316,305	316,305
Saratoga County	78,597	78,597
Total State and local government funding	41,851,572	48,996,009
Mortgage recording tax:		
Albany County	4,975,021	4,233,764
Rensselaer County	2,040,123	1,868,683
Schenectady County	2,009,197	1,325,022
Saratoga County	5,786,824	4,749,142
Total mortgage recording tax	14,811,165	12,176,611
	$ 112,594,799	$ 101,119,528

8. 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 related to regional transportation planning. The Committee’s board is composed of elected and appointed officials from each of the four counties, each of eight cities in the four counties, 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.

In accordance with the agreement, CDTC paid the Authority $75,000 in both 2021 and 2020 to provide certain grant management and accounting functions. Additionally, the Authority advances CDTC periodic working capital funds. Such advances, which do not bear interest, totaled $468,137 and $904,542 at March 31, 2021 and 2020 and are included within other receivables and prepaid expenses on the accompanying balance sheets.

9. OPEB:

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 0-25% of premiums dependent on hire date, 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 has no assets, does not issues financial statements, and is not a trust.

At the April 1, 2020 valuation date, employees covered by the Plan include:

Active employees	674
Inactive employees or beneficiaries currently receiving benefits	287
Inactive employees entitled to but not yet receiving benefits	-
	961

Total OPEB Liability

For the years ended March 31, 2021 and 2020, the Authority’s total OPEB liability totaled $85,491,074 and $105,346,823. The liability was measured as of March 31, 2021 and 2020, respectively, and each was determined by an actuarial valuation as of April 1, 2020.

The total OPEB liability in the April 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – based on the National Health Expenditure Projections 2009-2025 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2021_b for long-term rates, initially 7.0% with an ultimate rate of 3.78% after 2076 (6.75% for medical and 7.0% for prescription drugs for 2020)
Salary increases – 2.00%
Mortality – PUB-2010 Public Retirement Plans mortality tables for employees and healthy retirees, and then adjusted for mortality improvements with scale MP-2020 on a generational basis (MP-2019 for 2020)
Discount rate – 2.27% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (2.48% for 2020)
Inflation rate – 2.25%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at March 31, 2019	$ 90,160,188
Changes for the year:	
Service cost	3,987,544
Interest	3,180,397
Changes of benefit terms	-
Differences between expected and actual experience	(10,714,076)
Changes of assumptions or other inputs	21,040,085
Benefit payments	(2,307,315)
Net changes	15,186,635
Balance at March 31, 2020	105,346,823
Changes for the year:	
Service cost	4,024,133
Interest	2,026,102
Changes of benefit terms	-
Differences between expected and actual experience	(25,661,383)
Changes of assumptions or other inputs	1,995,606
Benefit payments	(2,240,207)
Net changes	(19,855,749)
Balance at March 31, 2021	$ 85,491,074

The following presents the sensitivity of the Authority's total OPEB liability to changes in the discount rate, including what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.27%)	Discount Rate (2.27%)	1.0% Increase (3.27%)
Total OPEB liability	$ 100,185,453	$ 85,491,074	$ 73,618,356

The following presents the sensitivity of the Authority's total OPEB liability to changes in the healthcare cost trend rates, including what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (6.00% to 2.78%)	Healthcare Cost Trend Rate (7.00% to 3.78%)	1.0% Increase (8.00% to 4.78%)
Total OPEB liability	$ 73,176,458	$ 85,491,074	$ 101,427,979

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the years ended March 31, 2021 and 2020, the Authority recognized OPEB expense of $4,404,077 and $8,174,897. At March 31, 2021 and 2020, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 30,865,524	$ -	$ 9,397,527
Changes of assumptions	17,641,144	1,348,296	18,454,673	1,610,203
	$ 17,641,144	$ 32,213,820	$ 18,454,673	$ 11,007,730

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending March 31,	
2022	$ (1,646,158)
2023	(1,646,158)
2024	(1,646,158)
2025	(1,646,158)
2026	(1,646,158)
Thereafter	(6,341,886)
	$ (14,572,676)

10. Pensions:

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

The Authority participates in ERS, 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 from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: ERS provides retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution requirements: 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 through March 31, 2012 contribute 3% of their gross salary during the length of employment. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. 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 the Authority to the pension accumulation fund. For payments made in 2021 and 2020, rates ranged from 9.6% to 16.1% and 9.3% 15.8%, respectively.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At March 31, 2021 and 2020, the Authority reported a liability of $5,982,206 and $1,616,083, respectively, for its proportionate share of the net pension position.

The ERS net pension position was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019, with update procedures applied to roll forward the net pension position to March 31, 2020 (measurement date of March 31, 2019 with an actuarial valuation as of April 1, 2018 for the March 31, 2020 net pension position). The Authority's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS' total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2020 measurement date, the Authority's proportion was 0.022591%, a decrease of 0.0002179 from its proportion measured at March 31, 2019.

For the years ended March 31, 2021 and 2020, the Authority recognized ERS pension expense of $1,983,388 and $905,965, respectively. At March 31, 2021 and 2020, the Authority reported deferred outflows and deferred inflows of resources as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 352,077	$ -	$ 318,241	$ 108,484
Changes of assumptions	120,453	104,010	406,217	-
Net difference between projected and actual earnings on pension plan investments	3,066,769	-	-	414,776
Changes in proportion and differences between Authority contributions and proportionate share of contributions	22,767	222,085	34,099	214,233
Authority contributions subsequent to the measurement date	788,927	-	786,432	-
	$ 4,350,993	$ 326,095	$ 1,544,989	$ 737,493

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31,	
2022	$ 498,903
2023	805,288
2024	1,062,409
2025	869,371
	$ 3,235,971

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 4.2%
Cost of living adjustments – 1.3% annually
Investment rate of return – 6.8% compounded annually, net of investment expense, including inflation (7.0% for 2019)
Mortality – Society of Actuaries' Scale MP-2018 (Society of Actuaries' Scale MP-2014 for 2019)
Discount rate – 6.8% (7.0% for 2019)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumptions) for each major asset class and ERS's target asset allocations as of the valuation date are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36%	4.1%
International equities	14%	6.2%
Private equities	10%	6.8%
Real estate	10%	5.0%
Inflation-indexed bonds	4%	0.5%
Bonds and mortgages	17%	0.8%
Short-term	1%	-
Other	8%	3.3%-6.0%
	100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The Authority's proportionate share of its net pension liability is calculated using a discount rate of 6.8%. The impact of using a discount rate that is 1% lower (5.8%) than the current rate would result in a net pension liability of $10,979,038 and a 1% higher (7.8%) rate would result in a net pension asset of $1,380,103.

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 salaries 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 totaled $2,264,302 and $2,170,067 for the years ended March 31, 2021 and 2020. Management has obtained a legal opinion which concludes that 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.

11. 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 (Note 13). 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 $750,000 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 as of March 31, 2021.

The Authority has designated risk reserves of $11,465,223 and $12,143,263 at March 31, 2021 and 2020 (Note 3). The changes in the reported liabilities are as follows:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	End of Year
Workers' compensation				
2021	$ 8,640,300	$ 2,398,000	$ 2,760,000	$ 8,278,300
2020	$ 9,261,000	$ 1,302,300	$ 1,923,000	$ 8,640,300
General liability				
2021	$ 1,910,400	$ 837,300	$ 1,084,000	$ 1,663,700
2020	$ 1,621,600	$ 1,232,800	$ 944,000	$ 1,910,400

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.

Commitments

During 2021, the Authority exercised its option to purchase four electric buses totaling $3,490,000 with delivery in December 2021. The Authority also has various projects in progress with expected completion dates during 2022 and estimated remaining costs totaling $10,509,000.

12. Cash Flows:

Noncash investing and capital and related financing activities excluded from the statement of cash flows includes property and equipment additions included in accounts payable and accrued expenses of $2,659,100 in 2020.

13. Risks and Uncertainties:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. Financial markets also experienced significant fluctuations in value.

During fiscal 2021, the Authority experienced a significant decline in ridership and temporarily stopped collecting fares from April to August 2020. To help prevent, prepare for, and respond to the COVID-19 pandemic, the Authority was awarded $42,782,597 in CARES Act funding (Note 2).

Additionally, the Authority has been awarded a grant totaling $28,415,640 pursuant to funding provided under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and is expecting to receive a grant totaling $52,165,403 under the American Rescue Plan Act of 2021 (ARP). No funds related to CRRSAA or ARP have been recorded or received at March 31, 2021.

The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on passengers, employees, and vendors, none of which can be predicted.

Required Supplementary Information
Schedule of Changes in the Authority's
Total OPEB Liability and Related Ratios

March 31,	2021	2020	2019
Total OPEB liability	$ 105,346,823	$ 90,160,188	$ 87,250,951
Changes for the year:			
Service cost	4,024,133	3,987,544	3,900,631
Interest	2,026,102	3,180,397	3,251,679
Changes of benefit terms	-	-	45,733
Differences between expected and actual experience	(25,661,383)	(10,714,076)	-
Changes of assumptions or other inputs	1,995,606	21,040,085	(2,134,017)
Benefit payments	(2,240,207)	(2,307,315)	(2,154,789)
Net change in total OPEB liability	(19,855,749)	15,186,635	2,909,237
Total OPEB liability - ending	$ 85,491,074	$ 105,346,823	$ 90,160,188
Covered-employee payroll	$ 48,293,181	$ 46,237,820	$ 43,493,120
Total OPEB liability as a percentage of covered-employee payroll	177.03%	227.84%	207.30%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience include demographic changes, claim costs increased less than expected, revised Medicare Advantage claims methodology, and changes to medical and life insurance eligibility.

Changes of assumptions or other inputs for 2019 include a lower discount rate, revised turnover and retirement rates, and revised healthcare trend rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.00%-3.78%	6.75%-3.78%	7.00%-3.78%
Inflation	2.25%	2.25%	2.25%
Salary increases	2.0%	2.0%	2.0%
Discount rate	2.27%	2.48%	3.42%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018

Data prior to 2019 is unavailable.

Required Supplementary Information (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension position	0.0225910%	0.0228089%	0.0227996%	0.0211508%	0.0214287%	0.0213687%
Authority's proportionate share of the net pension liability	$ 5,982,206	$ 1,616,083	$ 735,846	$ 1,987,377	$ 3,439,370	$ 721,886
Authority's covered payroll	$ 5,796,797	$ 5,584,018	$ 5,510,880	$ 5,042,890	$ 4,812,115	$ 4,806,924
Authority's proportionate share of the net pension position as a percentage of its covered payroll	103.20%	28.94%	13.35%	39.41%	71.47%	15.02%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:						
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information (Unaudited)
Schedule of Authority Contributions
New York State and Local Employees' Retirement System

March 31,	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 788,927	$ 786,432	$ 779,376	$ 781,766	$ 748,134	$ 865,808	$ 888,428	$ 960,659
Contribution in relation to the contractually required contribution	(788,927)	(786,432)	(779,376)	(781,766)	(748,134)	(865,808)	(888,428)	(960,659)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 5,831,091	$ 5,796,797	$ 5,584,018	$ 5,510,880	$ 5,042,890	$ 4,812,115	$ 4,806,924	$ 4,777,221
Contributions as a percentage of covered payroll	13.53%	13.57%	13.96%	14.19%	14.84%	17.99%	18.48%	20.11%

Data prior to 2014 is unavailable.

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

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, 2021, and the related statements of revenues, expenses, and change 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 19, 2021.

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) as a basis for designing 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 financial statements. 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 19, 2021

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

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, 2021, and the related statements of revenues, expenses, and change 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 19, 2021.

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, 2021. 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 19, 2021