

# Audit Presentation

May 20, 2011



 **Lumsden &  
McCormick, LLP**  
*Certified Public Accountants*

**Donna M. Gonser, CPA**  
**Christa L. Kopacz, CPA**

403 Main St., Suite 430  
Buffalo, NY 14203  
716-856-3300  
[www.lumsden CPA.com](http://www.lumsden CPA.com)



# Audit Scope and Reports

---

## Engagement Scope

- Financial Audit in accordance with *Government Auditing Standards*
- Federal Single Audit in accordance with OMB-Circular A-133
- Data Collection Form
- New York State Single Audit
- Compliance with Investment Guidelines for Public Authorities
- National Transit Database Report (October)
- Capital District Transportation Committee Financial and Single Audit
- No exceptions noted



## Required Communications

---

### **Auditors' Responsibilities Under Auditing Standards**

- Provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, and that they are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles

### **Other Required Communications**

- Consistent application of accounting principles
- No disagreements with management or scope limitations
- No unusual difficulties
- Client prepared adjustments included recording Other Post Employment Benefits liability, grant revenue, and due to/from



## Risk Standards and Identification of Risk Areas

---

### **Risk Based Audit Approach**

- Identified risk areas:
  - New personnel
  - Separation of duties
  - Operating revenue, grants and related receivables
  - Self insurance estimates
  - Other post-employment benefits

### **Fraud**

- Limited procedures performed
- Not designed to detect fraud
- No unusual items noted



## Management Letter

---

### Standards for identifying and reporting based on SAS 115

- No material weaknesses
  - L&M assistance with financial statement preparation
  - Ensure collateralization of all deposits and investments
  - Credit card usage
  - Monitor workers' compensation liability accrual
  - Continue to increase separation of duties and cross training
  - Consider monthly recording of grants on MUNIS
  - CDTC accounting
-

CAPITAL DISTRICT TRANSPORTATION AUTHORITY

Audit Presentation

**Financial Summary - Revenues and Expenses** (in thousands)

For the years ended March 31,	2011	2010	% Change	
<b>Operating revenues:</b>				
Passenger	15,941	16,273	-2.0%	.05% decrease ridership; fare increase 4/1/09
Advertising, parking and rentals	2,933	2,693	8.9%	Rental and parking at Rensselaer
<b>Total operating revenues</b>	<b>18,874</b>	<b>18,966</b>	<b>-0.5%</b>	
<b>Operating expenses:</b>				
Salaries, payroll taxes and benefits	46,636	46,173	1.0%	3% pay increase 6/10 offset by decrease in employees and W/C
Other post-employment benefits	7,480	7,727	-3.2%	Post-employment benefits per actuarial report
Maintenance, transportation and ridership	16,722	22,103	-24.3%	Adirondack Trailways \$3.6m; dec in maintenance costs
Administration and general and depreciation	18,071	17,413	3.8%	Depreciation increase
<b>Total operating expenses</b>	<b>88,909</b>	<b>93,416</b>	<b>-4.8%</b>	
<b>Operating loss</b>	<b>(70,035)</b>	<b>(74,450)</b>		
<b>Non-operating revenues, net:</b>				
Capital contributions	23,653	11,338	108.6%	\$18m ARRA; NYSERDA \$1.7 grant in 2010
Federal operating assistance	9,795	15,291	-35.9%	Adirondack Trailways \$3.6m; prevent maint \$1.4
State and local government funding	33,057	34,055	-2.9%	Decrease in state operating assistance and GRT
Mortgage tax and other	10,474	10,443	0.3%	Consistent
<b>Total nonoperating revenues</b>	<b>76,979</b>	<b>71,127</b>	<b>8.2%</b>	
<b>Increase (decrease) in net assets</b>	<b>6,944</b>	<b>(3,323)</b>		
<b>Net assets - beginning of year</b>	<b>124,171</b>	<b>127,494</b>		
<b>Net assets - end of year</b>	<b>\$ 131,115</b>	<b>\$ 124,171</b>		

CAPITAL DISTRICT TRANSPORTATION AUTHORITY

Audit Presentation

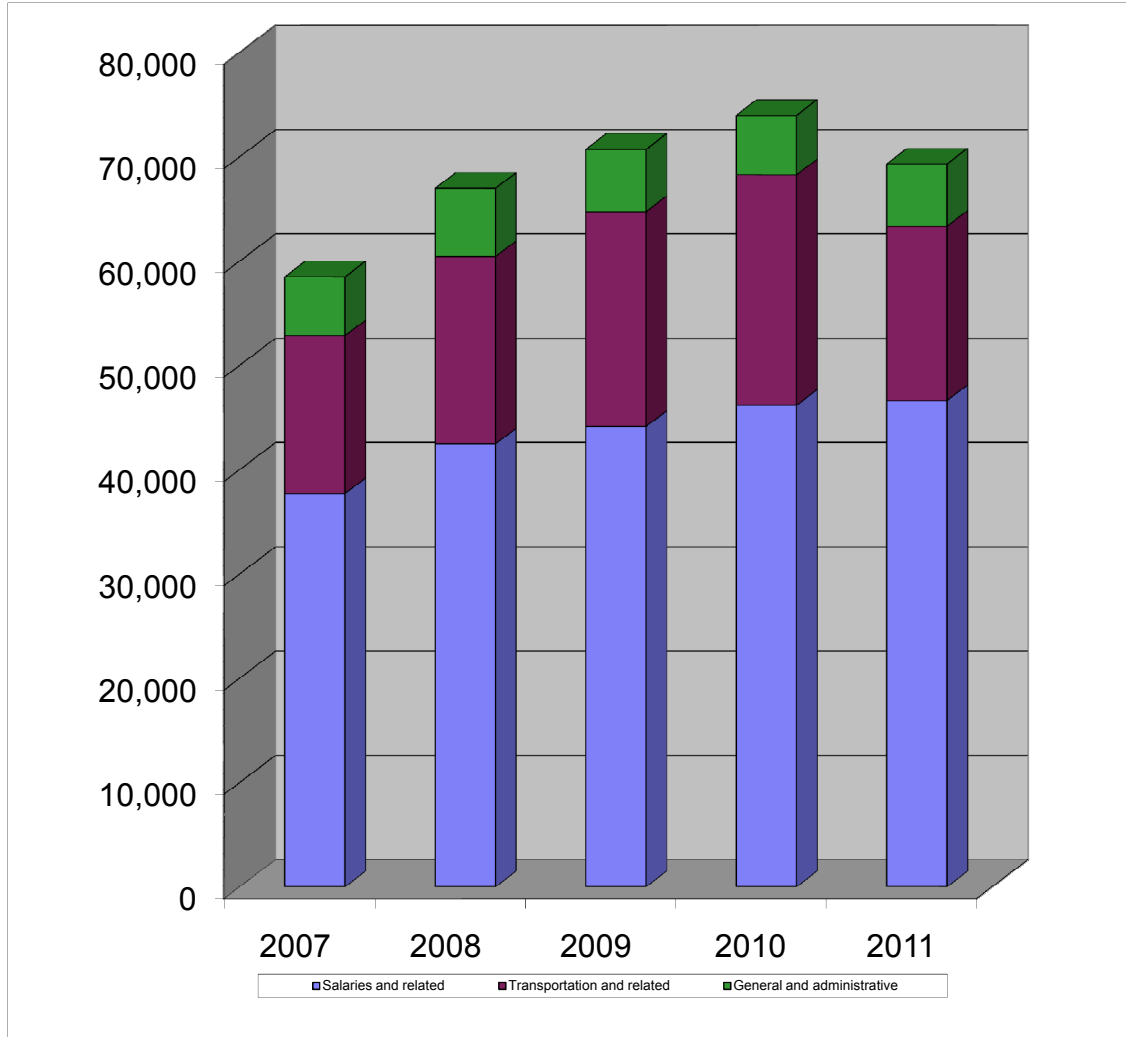
**Financial Summary - Assets, Liabilities and Net Assets** (in thousands)

March 31,	2011	2010	
<b>Assets</b>			
Cash and investments	\$ 29,278	\$ 28,938	Timing of receivables and payables
Receivables	9,643	14,130	Adirondack Trailways grant in 2010
Inventory and other	3,782	3,775	CDTC advance, inventory and prepaid expenses
Capital assets, net	121,348	107,776	Purchases \$25m; depr \$12m; 40 buses, cameras shelter
	<u>164,051</u>	<u>154,619</u>	
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 6,103	\$ 9,527	Adirondack Trailways grant in 2010
Estimated provision for claims and settlements	9,052	9,053	Workers' comp (\$7.5m) and general liability (\$1.5m)
Other post-employment benefits (GASB 45)	17,781	11,868	Per actuarial report
<b>Total liabilities</b>	<u>32,936</u>	<u>30,448</u>	
<b>Net Assets</b>			
Invested in capital assets, net of depreciation	121,348	107,776	
Unrestricted	9,767	16,395	OPEB accrual
<b>Total net assets</b>	<u>131,115</u>	<u>124,171</u>	
<b>Total liabilities and net assets</b>	<u>\$ 164,051</u>	<u>\$ 154,619</u>	

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2007-2011**

	2007	2008	2009	2010	2011
Salaries and related	\$ 37,711,934	\$ 42,471,940	\$ 44,142,011	\$ 46,179,898	\$ 46,636,248
Transportation and related	15,144,961	17,979,271	20,608,650	22,103,392	16,721,108
General and administrative	5,633,350	6,532,925	5,965,258	5,701,435	5,963,895
<b>Total</b>	<b>\$ 58,490,245</b>	<b>\$ 66,984,136</b>	<b>\$ 70,715,919</b>	<b>\$ 73,984,725</b>	<b>\$ 69,321,251</b>

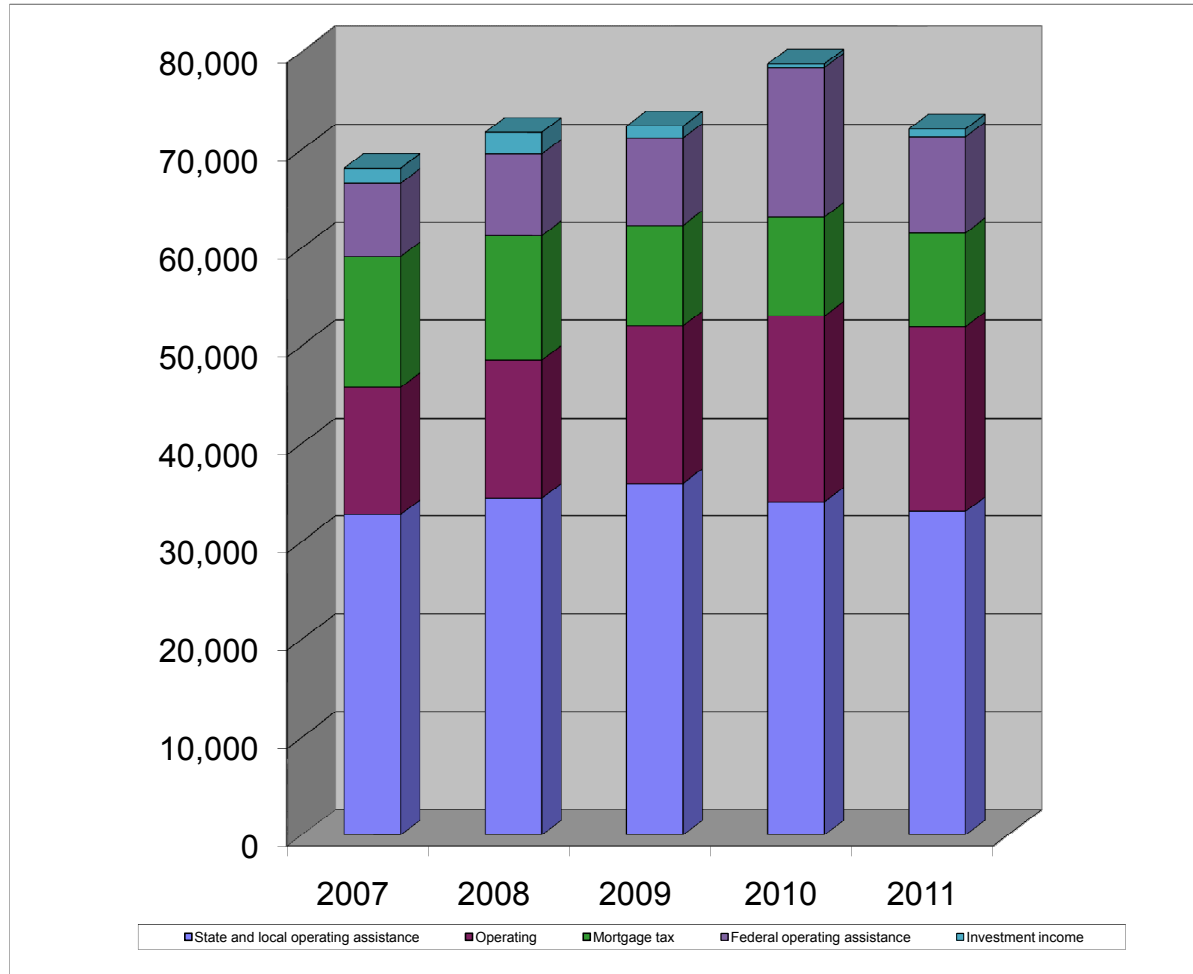
**Operating Expenses net of Other Postemployment Benefits (thousands)**



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2007-2011**

	2007	2008	2009	2010	2011
State and local operating assistance	\$ 32,746,623	\$ 34,434,663	\$ 35,914,841	\$ 34,055,252	\$ 33,056,961
Operating	12,986,037	14,119,741	16,107,120	18,965,539	18,874,192
Mortgage tax	13,375,112	12,707,609	10,263,773	10,091,733	9,602,544
Federal operating assistance	7,481,665	8,299,645	8,921,233	15,290,978	9,794,690
Investment income	1,491,462	2,228,812	1,227,905	384,926	812,720
<b>Total</b>	<b>\$ 68,080,899</b>	<b>\$ 71,790,470</b>	<b>\$ 72,434,872</b>	<b>\$ 78,788,428</b>	<b>\$ 72,141,107</b>

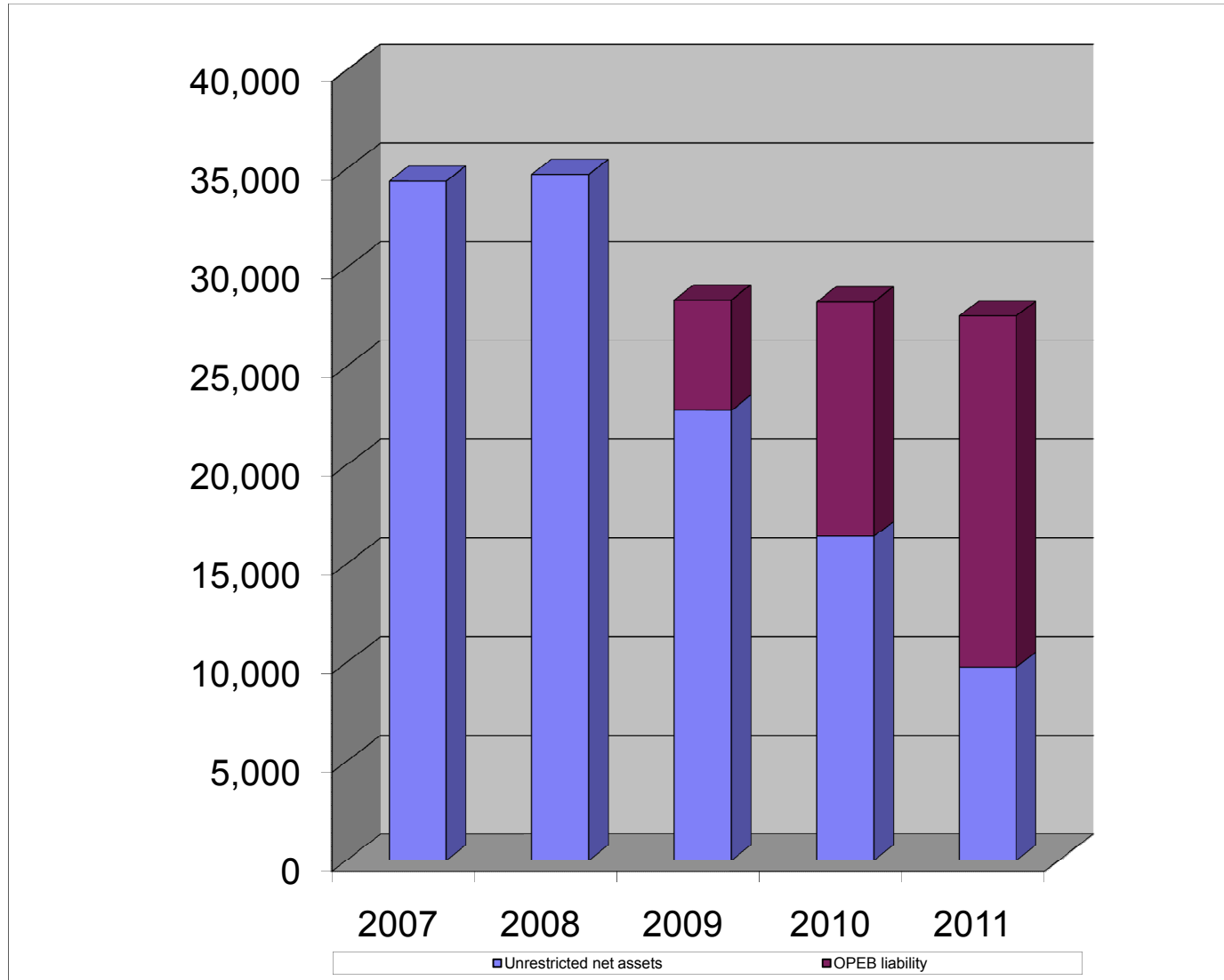
**Select Revenues (thousands)**



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2007-2011**

	2007	2008	2009	2010	2011
Unrestricted net assets	\$ 34,397,752	\$ 34,723,923	\$ 22,779,942	\$ 16,394,244	\$ 9,766,900
OPEB liability	-	-	5,579,305	11,867,651	17,780,888
<b>Total</b>	<b>\$ 34,397,752</b>	<b>\$ 34,723,923</b>	<b>\$ 28,359,247</b>	<b>\$ 28,261,895</b>	<b>\$ 27,547,788</b>

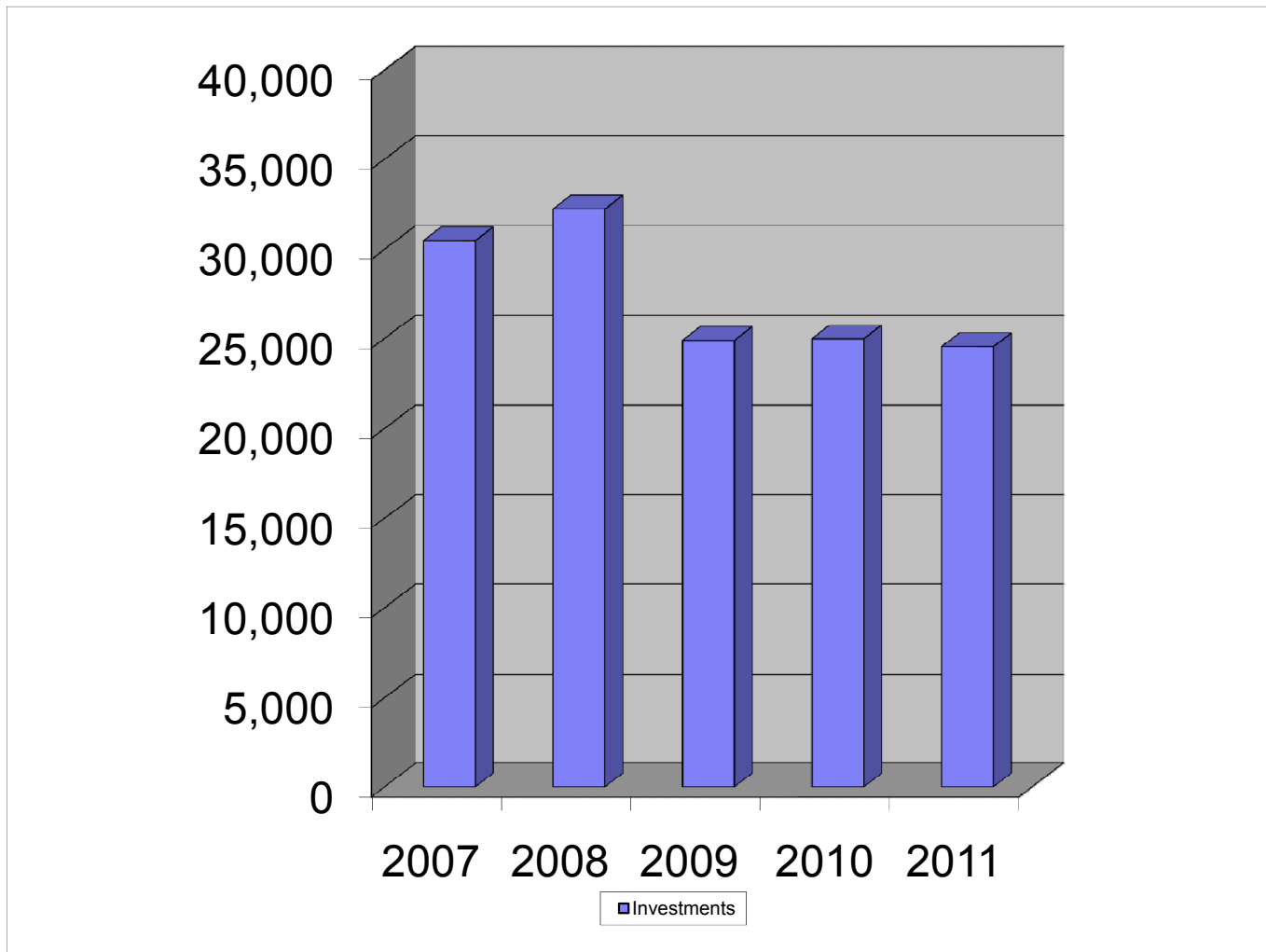
**Unrestricted Net Assets with OPEB Liability (thousands)**



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2007-2011**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Investments	\$ 30,475,421	\$ 32,233,044	\$ 24,885,808	\$ 24,979,849	\$ 24,534,658

**Investments (thousands)**





**Questions/Concerns?**