

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

Independent Accountants' Report on Compliance with  
Section 2925(3)(f)  
of the New York State Public Authorities Law

**MARCH 31, 2011**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH  
INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

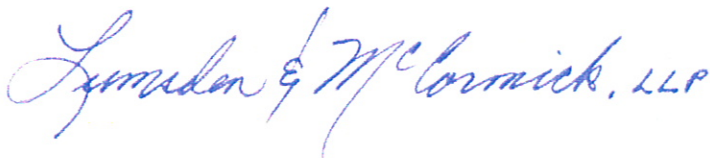
The Board of Directors  
Capital District Transportation Authority

We have examined the Capital District Transportation Authority's (the Authority) (a component unit of the State of New York) compliance with Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations regarding investment guidelines during the year ended March 31, 2011. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2011.

This report is intended solely for the information and use of the Board of Directors and management of the Authority and certain New York State Departments and Agencies. It is not intended to be and should not be used by anyone other than these specified parties.



May 20, 2011

### 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 Deposits in banks doing business in New York 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 maturity at March 31, 2011 and 2010 are presented below:

March 31, 2011				Maturities (in Years)		
Investment type	Rates	Fair value	% of total	Less than 1	1-5	5-9
Federal Agency notes	0-5.5%	\$ 20,885,136	85.1%	\$ 2,482,423	\$ 10,316,309	\$ 8,086,404
Money market funds	0-.01%	3,649,522	14.9%	3,649,522	-	-
		<u>\$ 24,534,658</u>	<u>100%</u>	<u>\$ 6,131,945</u>	<u>\$ 10,316,309</u>	<u>\$ 8,086,404</u>

March 31, 2010				Maturities (in Years)		
Investment type	Rates	Fair value	% of total	Less than 1	1-5	5-9
U.S. Treasury notes	0%	\$ 199,922	0.8%	\$ 199,922	\$ -	\$ -
Federal Agency notes	0-5.5%	13,274,516	53.1%	1,592,777	3,624,163	8,057,576
Money market funds	.01-.05%	11,505,411	46.1%	11,505,411	-	-
		<u>\$ 24,979,849</u>	<u>100.0%</u>	<u>\$ 13,298,110</u>	<u>\$ 3,624,163</u>	<u>\$ 8,057,576</u>

The Authority limits its investments to those investment banks or firms and brokers who have been in business for over five years, have invested over \$500 million in assets for their clients at the time of any investment made by the Authority, and have demonstrated a proven record of returns for their clients, in the past and present, that are above the rates of inflation.

Investments are designated for the following purposes:

	2011	2010
Operating	\$ 5,581,498	\$ 6,009,505
Vehicle replacement	2,917,010	2,069,314
Capital projects and local match	1,822,529	3,273,316
Risk retention	6,046,585	6,228,701
Workers' compensation self-insurance	8,167,036	7,399,013
Total investments	<u>\$ 24,534,658</u>	<u>\$ 24,979,849</u>

- Operating reserve: funds reserved for future operating contingencies
- Vehicle replacement reserve: funds reserved for the future replacement of vehicles
- Capital projects and local match reserve: funds reserved to pay for future capital projects and provide the local share to match federal and state grant funds

- Risk retention reserve: funds reserved to provide funding to cover potential future self-insurance liability claims
- Workers' compensation self-insurance reserve: funds reserved 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, 2011 and 2010, none of the Authority's bank deposits were exposed to custodial credit risk.