



ANNUAL REPORT

2018 - 2019

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FROM THE CHAIRWOMAN



On behalf of our Board of Directors, I am pleased to present the Capital District Transportation Authority Annual Report. We are proud to serve as the Capital Region's mobility leader, focusing on a growing menu of transit options that connect our communities with healthier choices and improve accessibility across our robust transportation network.

We would like to thank the more than 100 community partners from elected officials to service agencies that have helped us reinvigorate transit's role across our service area. CDTA is a community resource and our skilled team continues to improve service delivery, and provide top notch customer service on our vehicles, at our facilities, as well as on the street.

CDTA remains excited by the opportunities in the transit industry and will continue to insure our customers and partners have the best options. Our signature Universal Access program continued to power transit services. WITH more than 4.4 million rides taken last year. We have added CDPHP

Cycle! to some of these programs for wider mobility choices.

We stood alongside several of partners and celebrated the completion of the Lark and Washington Transit Improvement Project earlier this year. Cooperative projects like these enhance services, improve traffic flow and provide safer pedestrian crossings. We continue to work with municipalities and the development community on improving infrastructure throughout the region.

The Board of Directors continued to steer the organization FORWARD with approval of a micro transit pilot. This service offers a hybrid between fixed route and ridesharing that will be provided by a CDTA shared-use vehicle. We expect to pilot this program in fall 2019.

We were pleased to approve a new three-year contract for our unionized workforce earlier this year that improves wages and benefits, while providing oversight regarding work assignments and service quality. The contract covers nearly 600 employees and runs until June 2021.

A note of congratulations to my predecessor and long-time CDTA Board member, David M. Stackrow, Sr., who was elected as Chairman of the American Public Transportation Association Board of Directors in September. There are 1,500 APTA members that represent bus, rail, paratransit and other organizations that move people throughout North America.

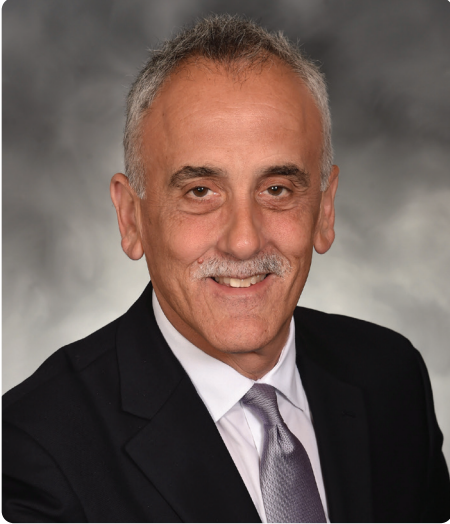
The great work of our employees continues to support the approach we have adopted at the Board level. Our focus is on proactive financial practices, unified and focused advocacy for transit funding, and community partnerships designed to increase both ridership and revenue. It's the continued dedication and commitment our entire organization that has us leading the capital region.

Sincerely,

Georgeanna Nugent, CDTA Board Chairwoman



FROM THE CHIEF EXECUTIVE OFFICER



On behalf of the 700 employees at CDTA, I am pleased to present this year's Annual Report. We closed our 2019 fiscal year with 16 million trips, a responsibly-balanced budget, a successful menu of mobility choices that drive the region forward.

We have earned our reputation as the Capital Region's mobility leader by listening to our partners and providing value to our customers. Our employees are committed to strengthening the communities we serve by driving economic development and improving quality of life. This reputation has opened conversations about potential expansion to neighboring Montgomery County.

Our CDPHP Cycle! regional bike-share program continues to exceed expectations. The program had an impressive second season with more than 4,000 new members and nearly 25,000 trips taken. CDPHP Cycle! was expanded to include 350 bicycles at 80 stations along with the introduction of "unicorn" bicycles and a new corporate program to further drive membership.

We have matured our Navigator smart card and mobile ticketing program and turned to on-street operations for the next wave of transit technology. A new state-of-the-art command center opened with improved communication and access for more accurate information and more efficient operations. We will expand on these improvements with customer and employee facing-program upgrades in 2019.

Our Board took another step forward, approving the purchase of four electric buses, making CDTA the first in upstate New York to implement this technology. Electric bus technology is a more sustainable approach and we are looking forward to the upcoming pilot program to get a better understanding of this emerging option.

CDTA is committed to taking a larger role in community support and some of our key programs include work with Rensselaer County, the City of Troy, and the Troy Boys and Girls Club to provide summer service to Grafton Lakes State Park; the nation's 2nd largest Real Men Wear Pink Campaign; and a variety of special services to insure community events are accessible to all.

Our network of Trolleys which are supported by a network of partners, enhance the region's assets, and drive tourism, while improving mobility in downtown centers. Schenectady's Electric City Trolley supported the first full summer of Mohawk Harbor events, the Saratoga Summer Trolley provided nearly 20,000 trips and Albany's Capital City Trolley became a year-round service.

CDTA remains committed to growing regional transit options to enhance accessibility and address community needs. These efforts are driven by our skilled workforce as we provide the best transit services possible. Thank you to everyone that has supported this mission and we are excited for what is ahead.

Sincerely,

A handwritten signature in black ink that reads "Carm Basile". The signature is fluid and cursive, with a small dot above the 'i'.

Carm Basile, Chief Executive Officer



OUR MISSION

CDTA plans, finances, implements, and delivers transit services that take people where they want to go in the Capital Region safely, efficiently, and at a reasonable cost.

CDTA works to accomplish this mission by:

- Continually identifying ways to increase transit ridership and revenue.
- Taking a leadership role to help mold regional growth and improve the transportation network.
- Balancing regional needs for social service, congestion relief and basic access.
- Delivering a range of transportation services that meets a diversity of markets and customers.
- Developing innovative ways to attract and retain a high quality workforce.
- Identifying appropriate funding sources to meet the region's transportation needs.

OUR VISION

- **CDTA** is a growing, vibrant company that seeks to continually increase ridership and the use of its facilities by providing services that people want and need.
- **CDTA** delivers lifeline services to those who need them and provides a full range of transit options for the choice rider in the Capital Region.
- **CDTA** plans for the mobility needs of the Capital Region with a predictable and reliable stream of funding sources to meet those needs.
- **CDTA** is a multi-modal transportation provider, delivering comprehensive transit services, as well as a transportation demand management program that includes vanpool, carpool, and incentive-based ride sharing with a focus on city and suburban locations that have a demonstrated need.
- **CDTA** is responsive to the environment and operates equipment that features the most efficient systems available. In addition, CDTA undertakes continual outreach to enroll the region's travelers in efforts to move toward an environmentally-responsible approach to travel.
- **CDTA** works in partnership with state, regional, and local agencies to advocate for transit-oriented development in the Capital Region and is advancing infrastructure that will meet current and future mobility needs.
- **CDTA** undertakes frequent assessments of the region and seeks community input to effectively position the organization to anticipate and meet market changes and expansions.



OUR VALUES

- **CDTA** designs services people want and delivers services people can rely on. We treat customers, the community, and each other with respect and integrity.
- **CDTA** is a flexible and innovative mobility company that responds to changing needs of the Capital Region. We are proactive in meeting the needs of our region. Stakeholder relations and input are integral to our planning and development efforts.
- **CDTA** operates a financially stable organization that places importance on cost-recovery and operating efficiency in order to deliver optimal service in the Capital Region.
- **CDTA** takes a leadership role in helping to mold regional growth and advocate for mobility. CDTA works with local planning and business organizations to help shape regional growth in a way that provides congestion relief and basic access.
- **CDTA** meets the needs of both the transit-dependent rider and the choice rider by delivering a wide range of transportation alternatives and by working to ensure that its services are easy to identify, use, and pay for.
- **CDTA** helps employers connect their employees to the workplace, delivering commuter solutions that make daily work connections efficient, economical, and reliable.
- **CDTA** employees are the heart and soul of the organization leading innovation and productivity. We promote a positive work environment by supporting each other through effective communication, teamwork, and an appreciation for our diverse abilities and contributions.



RIDERSHIP STATISTICS

| | |
|--|------------|
| Total Ridership | 15,687,239 |
| Fixed Route | 15,184,750 |
| NX | 180,585 |
| STAR | 321,904 |
| Annual Bikes on Buses | 68,133 |
| Annual Wheelchair Boardings on Fixed Route | 917,865 |
| CDPHP <i>Cycle!</i> Rides | 23,535 |

FARES (Effective April 1, 2018)

| | |
|---------------------|------------|
| Base Fare | 15,687,239 |
| STAR | 15,184,750 |
| NX (varies by zone) | 180,585 |
| BusPlus Fare | 321,904 |
| | 68,133 |
| | 917,865 |
| | 23,535 |

INFORMATION SOURCES

| | |
|-------------------------------|--|
| Customer Service Center | (518) 482-8822 |
| STAR Reservation Center | (518) 482-2022 |
| Corporate Sales | (518) 437-6876 |
| Total Calls Answered Annually | 450,000 |
| Company Web Site | www.cdt.org |
| Web Site Visits Annually | 14.1 Million |

BUILDINGS & FACILITIES

| | |
|----------------------------------|---|
| Administrative Headquarters | 110 Watervliet Avenue • Albany, NY 12206 |
| Schenectady Division | 2401 Maxon Road Extension • Schenectady, NY 12308 |
| Troy Division | 40 Hoosick Street • Troy, NY 12180 |
| Rensselaer Rail Station | 525 East Street • Rensselaer, NY 12144 |
| Saratoga Springs Train Station | 26 Station Lane • Saratoga Springs, NY 12866 |
| Customer Service/Training Center | 85 Watervliet Avenue • Albany, NY 12206 |



FINANCIAL INFORMATION

| | |
|--|--------------------------|
| Consolidated Operating Budget (2018-2019) | \$86.1 Million |
| Customer Revenue | \$18.5 Million |
| Value of Capital Assets (net depreciation) | \$121.1 Million |
| Fleet | 57% |
| Facilities | 36% |
| Other (Technology, Fare Collection) | 7% |
| Planned Capital Expenditures | \$226.1 Million, 5 Years |
| Fleet | 36% |
| Facilities | 2% |
| Other (Technology, Fare Collection) | 8% |

OPERATING SERVICE DETAILS

| | |
|--|---------------------|
| CDTA Employees | 707 |
| Total Number of Revenue Vehicles | 300 |
| Fixed Route Vehicles | 241 |
| Hybrid-Electric Vehicles (part of overall fleet) | 77 |
| Paratransit Vehicles (STAR) | 31 |
| Flex Vehicles | 0 |
| NX Commuter Coaches | 14 |
| Number of Bus Routes (including trolleys) | 55 |
| Annual Vehicle Miles | 10 Million |
| Annual Vehicle Hours | 750,000 |
| Annual Fuel Consumption | 2.2 Million Gallons |
| Bus Stops | 2,640 |
| Passenger Shelters | 331 |
| Park and Ride Lots | 29 |
| Available Parking Spaces | 1,655 |

SERVICE AREA

Albany, Rensselaer, Saratoga, and Schenectady Counties

| | |
|-------------------------|--------------------|
| Service Area Size | 2,300 Square Miles |
| Service Area Population | 769,000 |



BOARD OF DIRECTORS



**Georgeanna
Nugent**

Chairwoman

**Represents
Saratoga County**

Georgeanna (Georgie) Nugent is CDTA Board Chairwoman and a member of the board's Governance Committee and Planning and Stakeholder Relations Committee. She received her Master of Science degree in environmental science and engineering from the Colorado School of Mines and bachelor's degrees in environmental science and geology from SUNY Plattsburgh.

Ms. Nugent is an avid horse racing fan, partner with Epona Racing Stable and serves as a member of the New York Racing Association (NYRA) Board of Directors. She is a 2008 graduate of Leadership Saratoga, served one year on the Saratoga Springs Design Review Commission, and is actively involved with educational grant and scholarship programs for students in the STEM field. She lives in Saratoga Springs.



Mike Criscione

Vice-Chairman

**Represents
Albany County**

Mike Criscione was appointed to the Board of Directors in June 2017, and elected Vice-Chairman in 2018. Mr. Criscione has been an Insurance Agent in the Capital Region for many years, and currently operates his own Agency in Saratoga Springs.

Mike is a graduate of the Albany Academy where he has served as Past President to the Alumni Association, and he received his Bachelor of Arts Degree from Trinity College in Hartford, CT.

Mr. Criscione and his wife, Eileen, are lifelong residents of Albany County and have raised their four children in Albany where they currently reside.





Denise Figueroa
Represents
Albany County

Denise Figueroa joined the CDTA Board of Directors in December 2003. Ms. Figueroa is a founding member and current Executive Director of the Independent Living Center of the Hudson Valley, established in 1987.

Ms. Figueroa is a Governor appointee to the Most Integrated Setting Coordinating Council and the Justice Center Advisory Board. Former Chair of the NYS Independent Living Council and Former President of the National Council on Independent Living. Former Chair and current board member of the New York Association on Independent Living. She holds a M.S. from the University of San Francisco and a B.A. from Brooklyn College, City University of New York. Ms. Figueroa is one of the original members of the Disabled Advisory Committee. She currently resides in Cohoes.



Jayme Lahut
Treasurer
Represents
Schenectady County

Jayme Lahut was appointed to the CDTA Board of Directors in 2017. Jayme was appointed as the first Executive Director of the Schenectady Metroplex Development Authority in 1999. Under his leadership, Metroplex has awarded \$175 million in financial assistance for capital projects. Downtown revitalization projects alone have built, reconstructed and adaptively

reused more than 1,500,000 square feet of new and renovated space for arts, entertainment, and cultural activities; commercial, office, and retail uses adding 5,000 jobs.

A native of Troy, he brings 30 years of progressive experience and broad-based achievement in economic and community development.

His background includes experience at the State and County levels. At New York State, he served as an Assistant Commissioner at the Division of Housing and Community Renewal (now Homes and Community Renewal), and as Project Manager at the Urban Development Corporation (now Empire State Development Corporation). At the County level, he has worked in Rensselaer and Columbia counties in economic development.

He received a Bachelor of Arts in Political Science from Union College in 1983, and Master of Arts in Public Policy Analysis from the University of Chicago in 1985.

Mr. Lahut and his wife, Davin, currently reside in Niskayuna. Their son, Jacob, is a graduate of Wesleyan University.





Jaclyn Falotico
Represents
Schenectady County

Jaclyn (Mancini) Falotico was appointed to the CDTA Board in June 2017. A native of the Capital Region, she brings ten years of diverse public policy experience working in varied roles in local government. She currently is the Director of Human Resources for Schenectady County. Her background includes working as the Director of Development in the City of Schenectady and the Assistant to the County Manager in Schenectady County.

Jackie received a Master's Degree in Public Administration from Rockefeller College of Public Affairs and Policy at the University at Albany and a Bachelor's Degree in Political Science from Northeastern University. She also studied at the London School of Economics through the Hansard Society Scholars Programme.

Jackie serves as Board President for the Community Land Trust of Schenectady and is a past member of the Schenectady County Homelessness Services Planning Board. She and her husband Carl, reside in Schenectady.



Mark Schaeffer
Secretary
Represents
Albany County

Mark Schaeffer joined the CDTA Board of Directors in June 2016. Mr. Schaeffer is a retired computer professional who spent 29 years working for New York State, at the Department of Health and the Department of Social Services.

He is an active citizen concerned about issues regarding energy, sustainability, environmental health, land use and transportation, social justice and political democracy. He has been influenced by the ideas of new urbanism and transit-oriented development. Mr. Schaeffer is a regular CDTA customer and uses our services frequently to travel throughout the Capital Region.

He commuted regularly to work by bus and has made a number of suggestions to improve our service network throughout the years. Mr. Schaeffer resides in Albany.





David Stackrow
Represents
Rensselaer County

David Stackrow has been a CDTA Board member since October 1995.

In 2010 Dave became an active member of the American Public Transportation Association (APTA), elected to its Board in 2014, to the Executive Committee in 2016, and in September 2017 was elected to Vice-Chair of the Board of Directors. Dave currently serves as the Chair of the APTA Board of Directors. Dave also serves as Chair of the Transit Board Member Committee and Audit Committee. Dave is also involved in other committees including Finance, Mid-Size Operations, Legislative, Human Resources, Member Services, and the Diversity Council. He participates in several APTA task forces. Trustee of the CDTA/ATU 1321 Pension Plan, Independent Director of the Rensselaer Tobacco Asset Securitization Corporation, Treasurer of the Challenger Learning Center of the Greater Capital Region, Finance Committee Member Sacred Heart School, Troy, NY, Assistant Scout Master and Past Treasurer Boy Scout Troop 528, Poestenkill, NY, Treasurer Averill Park Athletics Booster Club, Past Chair of the La Salle Institute Board of Trustees, Past President of the La Salle Institute Alumni Association, Past Chair of the City of Troy Industrial Development Authority, Past Grand Knight of the Rensselaer Council 267 Knights of Columbus.

Mr. Stackrow is Managing Partner of Scott, Stackrow & Co. He's a graduate of La Salle Institute and Siena College, Dave is a member of the American Institute of CPAs and the NYS Society of CPAs, The Country Club of Troy, and the University Club of Albany. He is the recipient of La Salle Institute's Distinguished Alumnus Award and the American Public Transportation Association Outstanding Public Transportation Board Member Award.

Dave is a lifelong resident of Rensselaer County who resides in Poestenkill with his wife, Karen (Rosenberger) Stackrow, and their two children, Michael and Kathryn.



Corey Bixby
Represents
Labor

Corey Bixby has been a CDTA Board member since June 2014. Corey has been a Schenectady bus operator since November of 2006.

Mr. Bixby says he was interested in the Labor Position because he wanted to be a voice for his colleagues and learn all of the different aspects of the organization.

Corey who is originally from Corning, NY currently resides in Latham with his wife Maria and son Joseph.



CDTA MANAGEMENT



Carm Basile
Chief Executive Officer



Christopher G. Desany
Vice President of Planning
and Infrastructure



Amanda Avery
General Counsel



Frederick C. Gilliam
Director of Transportation



Michael P. Collins
Vice President of Finance
and Administration



Lance Zarcone
Director of Maintenance



GROWING ECONOMIC OPPORTUNITY AND COMMUNITY PARTNERSHIPS

CDTA continued its strong performance, connecting people to economic opportunity over the past year. On the heels of these accomplishments, we are looking forward to a busy and successful year ahead, as CDTA continues to be involved in projects and initiatives that deepen our role as the region's mobility manager. The following is a look at some of CDTA's top projects and accomplishments in the 2019 fiscal year.

- **UNIVERSAL ACCESS GOES MOBILE –**

CDTA's signature program continued to power transit services throughout the Capital Region. Our Universal Access partnerships resulted in more than 4.4 million rides taken as part of this regional program. More than 25% of the program partners have added CDPHP Cycle! to their transportation choices heading into 2019.

- **DOWNTOWN CONNECTIONS –** CDTA's network of Trolleys continued to grow and enhance connections throughout 2018. Schenectady's Electric City Trolley supported the first full summer of Mohawk Harbor events, the Saratoga Summer Trolley once again provided nearly 20,000 trips and Albany's Capital City Trolley became a year-round service. These services, which are supported by a network of partners, focus on enhancing the region's assets, designed to drive tourism and improve mobility in downtown centers.

- **RIDESHARE MEETS TRANSIT –** The Board of Directors continued to steer CDTA into the 21st century economy with approval of a micro transit pilot. Micro transit offers a flexible routing and trip scheduling platform for customers. A CDTA shared-use vehicle will provide a hybrid service between fixed route and ridesharing with pilot details forthcoming in spring 2019.

- **LARK/WASHINGTON TRANSIT**

IMPROVEMENTS – Along with several of partners, we celebrated the completion of the Lark and Washington Transit Improvement Project in July. The cooperative project focuses on an area of Washington Avenue with the centerpiece at the Lark & Washington intersection and a new BusPlus station. Several improvements were made for CDTA customers along with improved traffic flow and safer pedestrian crossings.

- **CDPHP CYCLE! PEDALS TO THE TOP**

– Season two of CDPHP Cycle! exceeded expectations with more than 4,000 new members joining this year and nearly 25,000 trips taken throughout the region. Cycle! connects people to work and play, providing a healthy mode of transportation. The expansion to 350 bicycles, 80 stations, the introduction of themed unicorn bikes



and more than 2 million calories burned has the Capital Region ready for Season three in Spring 2019.

- **IT'S ELECTRIC** – The CDTA Board of Directors recently approved the purchase of four electric buses, which will kick-start our efforts to electrify transit in the Capital Region. Electric bus technology is at the forefront of initiatives for many transit agencies across the country. CDTA will be the first property in upstate New York to implement this technology. Our pilot program will begin in summer 2019.

- **NEW TRANSIT TECH** - With the Navigator program off and running, CDTA turned to its on-street operations for the next wave of transit technology. A new state-of-the-art command center opened with improved communication and access for more accurate customer information and more efficient operations. It also provides a 21st century work-space for our transportation professionals that monitor operations each day.

- **NEW CONTRACT** – CDTA's Board of Directors approved a new three-year contract for our unionized workforce in December. The agreement between CDTA and the Amalgamated Transit Union Local 1321 improves wages and benefits and provides oversight regarding work assignments and service quality. Nearly 600 employees are covered by the contract, which runs until June 2021.

- **PINK OUT** – CDTA partnered with the American Cancer Society to raise awareness and funding for Breast Cancer Awareness month. CDTA painted two buses pink to bring attention to the cause during October. Our employees are a major contributor to the success of the campaign, making it a showcase event for CDTA. We also provided transportation for the Making Strides walk in Albany's Washington Park which draws nearly 20,000 walkers.

- **FALL STEAM AHEAD** – CDTA hosted its annual Fall Festival at our administrative headquarters, opening our doors to the community and more than 500 area school children. Our property was transformed with pumpkins, scarecrows, hayrides and demonstrations from the Albany Police and Fire Departments, the New York State Police dive team and the Albany County Sheriff's Department along with other themed activities.





Connecting the Capital Region Community

- **COMMUNITY MATTERS** – CDTA is committed to the community, providing transportation for more than 100 events throughout the year. Our services make it possible for children, seniors and others to be active members of their community. Giving back to the community is an important way for CDTA to be an integral cog in the vitality and growth of the region.
- **FUN IN THE SUN** – Working with Rensselaer County and the City of Troy, we partnered with the Troy Boys and Girls Club to provide daily service to Grafton State Park. This service provided club members and city residents with connections to summer fun at Grafton Lake and park. The partnership resulted in high level of service and delivered guaranteed ridership for CDTA.
- **NATIONAL STAGE** – Long-time CDTA Board member and former Board Chairman, David M. Stackrow, Sr. was elected as Chairman of the American Public Transportation Association Board of Directors in September. Stackrow is leading more than 1,500 APTA members that represent bus, rail, paratransit and other organizations that move people throughout North America. Stackrow was appointed to the CDTA Board in 1995 and is currently the longest tenured member in company history.
- **BOARD LEADERSHIP** - Georgeanna M. Nugent of Saratoga Springs was elected to serve as Chairwoman of the Board of Directors. Nugent has been an active member of the Board helping to shape the innovative changes that have taken place at CDTA over the last several years. Nugent, who was appointed to the CDTA Board in 2009 is active in her community, is an avid horse racing fan, and is a member of the NYRA Board of Directors.

LARK AND WASHINGTON TRANSIT IMPROVEMENT PROJECT COMPLETED



New Bus Plus Station Opens; Features Enhancements for All Modes of Travel

CDTA and several partners celebrated the completion of the Lark and Washington Transit Improvement Project in July. This cooperative project focuses on a three-block area of Washington Avenue, centered on the Lark & Washington intersection and the new Lark/Library BusPlus station, where many improvements were made for customers waiting for buses and walking to buses. The project also focuses on improving traffic operations and safe pedestrian crossings and movement.

The new Bus Rapid Transit (BRT) station and major customer waiting area is located in front of the Albany Public Library. New crosswalks and pedestrian traffic signals were installed on Washington Avenue to improve the walkability of the surrounding area. Travel lanes were realigned to result in more efficient and safer operations for all drivers. Similar and related improvements were made on Lark Street and along Washington Avenue between Dove Street and Sprague Place.

Ten bus routes pass through the Lark and Washington intersection every day. It is one of the highest volume stops in the CDTA system, with nearly 2,000 boardings every day. However, its high amount of transfer activity makes



it the busiest in the CDTA system. Transfer activities occur when customer get off one bus route to transfer to another bus route to complete their trips. This results in a higher level of pedestrian activity as customers move between stops, making the corresponding improvements even more important.

This project is part of a larger vision that CDTA has for the Washington-Western Corridor. Building on the success of its Bus Rapid Transit style service along Route 5 between Albany and Schenectady, two more BRT lines are in development. BRT on Route 5 known as the BusPlus Red Line has resulted in a 25% increase in ridership along the corridor, showing the impact of limited stop, faster and more reliable service along busy and densely populated corridors.

The “Purple Line” will run from downtown Albany to the University at Albany and Crossgates Mall along the Washington-Western corridor and the “Blue Line” which will run between Albany, Menands, Watervliet, Troy, Cohoes, and Waterford along the River Corridor (Route 4 & 32). Purple Line buses will stop at the Lark/Library station.

The total cost of this project was \$1.6 million. CDTA received \$770,000 in funding through a competitive New York State Department of Transportation (NYSDOT) safety grant that helped to complete the Washington Avenue Transit Improvement project. Additional funding was provided by the regional Transportation Improvement Program (TIP) administered by the Capital District Transportation Committee (CDTC).

CDTA is constructing both BRT lines incrementally and they are expected to be operational in the next 2-3 years. Infrastructure and safety improvements are being implemented so that some of the benefits of the projects can be advanced ahead of BRT operations. The Washington Avenue Transit Improvement project is the first phase of the Purple Line. The first phase of the Blue Line recently completed construction and included similar transit and pedestrian improvements at eight BusPlus station locations in Albany, Troy, and Cohoes.



CLEAN TRANSPORTATION NY DETAILS ANNOUNCED



Governor Cuomo Announces Details of Volkswagen Settlement Funds

The Department of Environmental Conservation (DEC) announced details of the Clean Transportation NY initiative in at CDTA. Details of the \$127.7 million dollar Volkswagen settlement will be used toward increasing the number of electric vehicles across New York State, as well as other green initiatives.

“There is a lot of excitement surrounding electric vehicle technology and CDTA wants to be at the forefront of this work,” said Capital District Transportation Authority CEO Carm Basile. “We want to applaud the Governor for his forward-thinking and steadfast work on the Clean Transportation NY initiative. This thoughtful process will deliver solutions that are good for the environment, good for our communities, and good for the people and business that rely on us.”

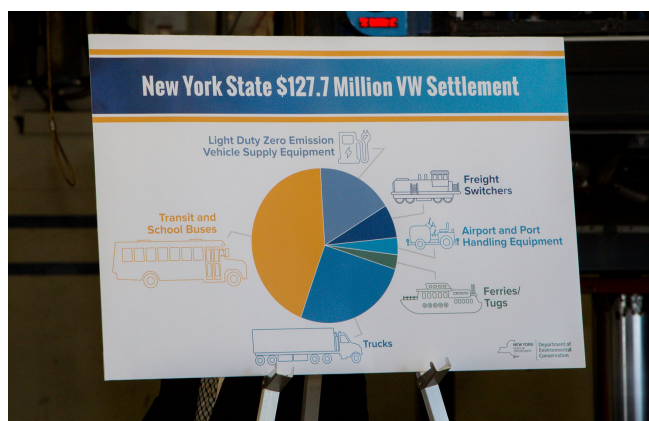
In October 2016, a federal judge approved a national settlement plan to address Volkswagen’s installation and use of devices in approximately 580,000 Volkswagen, Audi, and Porsche vehicles that circumvented federal emissions standards for nitrogen oxides (NOx), one of the main contributors to smog and respiratory problems. The companies installed emissions control defeat device software in cars from model years 2009 through 2016, which allowed NOx emissions up to 40 times the certification standard.



With the support of the Attorney General's Office, New York received \$127.7 million as part of this legal settlement. The state will invest these resources in projects to mitigate the impacts of VW's air violations. Under Clean Transportation NY, the state will use these funds to maximize the reduction of emissions of NOx and other harmful pollutants, including greenhouse gases, particulate matter, and mobile source air toxics while also spurring investment in clean transportation infrastructure.

Additional Clean Transportation NY investments will fund electric vehicle charging infrastructure to support and encourage the growth of all-electric ground support equipment at airports and light-duty, on-road all-electric vehicles throughout the state. The mitigation plan will also bolster the state's Zero Emissions Vehicle (ZEV) program, which requires vehicle manufacturers to research, develop, and market electric vehicles that will have zero tailpipe emissions. Governor Cuomo's aggressive actions to support electric vehicle sales and infrastructure have already increased the number of electric vehicles sold in New York 67 percent from 2016 to 2017.

After finalizing the plan, DEC will work with state authorities and others to implement it. That implementation process will prioritize electrification in most investment categories. For example, DEC will work with a New York authority with a decided emphasis on replacing old diesel-powered school buses with new, all-electric school buses. This solicitation will recognize the promise of cooperative and community ownership models, without excluding other public and private proposals. Implementation processes will also prioritize investments in EJ areas and other areas disproportionately burdened by diesel emissions.



CDTA BOARD MEMBER ELECTED TO LEAD NATIONAL TRANSPORTATION BOARD

Long-time CDTA Board member and former Board Chairman, David M. Stackrow, Sr. was elected as Chairman of the American Public Transportation Association (APTA) Board of Directors in September. APTA is the national trade association for bus, rail, paratransit and other organizations that move people throughout North America. The association also includes companies that build and supply the necessary components to help member organizations operate safely and efficiently. In total, there are more than 1500 members of APTA.



David M. Stackrow, Sr. to Serve as Chairman of APTA for 2018-2019

“It’s an honor to take on this role, and represent CDTA, the Capital Region and New York State at the national level,” said David M. Stackrow, Sr., APTA Board Chairman. “We have done great things at CDTA to improve and advance mobility in our region. I’m excited to continue my role as a CDTA Board member, and to take on this new responsibility that will allow me a voice for public transportation systems and the work we are doing across this country.”

Stackrow was appointed to the Capital District Transportation Authority (CDTA) Board in 1995, serving as Board Chair during three different terms. He has also served as Vice Chair and Secretary of the Board, as well as Chair of the Governance Committee.

In 2010, Stackrow became an active member of APTA, elected to their Board in 2014, and elected to their Executive Committee in 2016. He is the past Chair of the Transit Board Member Committee and Audit Committee. Dave is also involved in other committees including Finance, Mid-Size Operations, Legislative, Human Resources, Member Services, and the Diversity Council. He has participated in several APTA task forces. In the Capital Region, Stackrow serves on a number of Boards and Civic groups.

Mr. Stackrow is Managing Partner of Scott, Stackrow & Co. CPAs, P.C. He’s a graduate of La Salle Institute and Siena College. Dave is a lifelong resident of Rensselaer County who resides in Poestenkill with his wife, Karen (Rosenberger) Stackrow, and their two children, Michael and Kathryn.



CDTA AND PARTNERS LAUNCH CAPITAL CITY TROLLEY

In November, CDTA and several community partners launched the Capital City Trolley. The free service will provide a safe and convenient link between a pair of Albany neighborhoods – Lark Street’s Restaurant & Retail Row and Downtown Albany’s Entertainment District.

Schenectady-based software and logistics company, Transfinder has enhanced its CityFinder mobile application that allows users to track trolley location and highlights detailed points of interest.

The service will offer convenient stops near key attractions, including the Albany Capital Center, the Times Union Center, the State Capitol, the Palace Theatre, the Corning Riverfront Park, Quackenbush Square, the Riverfront Parking Garage and the Washington Avenue Armory.

CDTA has partnered with the Albany Capital Center, Albany Parking Authority, Albany Police Department, Albany County Sheriff’s Department, Discover Albany, Palace Theater, Lark Street BID, Downtown Albany BID, Capitalize Albany Corporation to bring this exciting service to downtown.



Capital City Trolley outside the Times Union Center in Albany, NY



Service to Run Thursday-Saturday Nights, Linking Albany Neighborhood Attractions Beginning October 25



ELECTRIC CITY TROLLEY RETURNS



Electric City Trolley outside Rivers Casino in Schenectady, NY

The Electric City Trolley returned in 2018 operating Thursday, Friday and Saturday nights free to the community. As the region's mobility leader, CDTA continually looks for ways to expand services and meet the needs of the communities we serve. The Electric City Trolley is another way CDTA is responding. Along with our community partners, we are able to offer a fun, and convenient way to explore downtown and get around easily.

The Electric City Trolley is a partnership between CDTA and the Schenectady County Metroplex Development Authority, Rivers Casino & Resort, Downtown Schenectady Improvement Corporation, the Galesi Group and Discover Schenectady. Schenectady-based software and logistics company, Transfinder's free application CityFinder, allows users to track trolley location and detailed points of interest.



CDTA GOES PINK TO SUPPORT AMERICAN CANCER SOCIETY CAMPAIGN



Pink Buses to Support "Real Men Wear Pink" Until October 31, 2018

CDTA once again partnered with the American Cancer Society on its Real Men Wear Pink Campaign. As part of the initiative, pink buses will be rolled out on Capital Region Streets to raise awareness and support the campaign. Materials and decals to transform the city buses were generously donated by NAPA Auto Parts and Lamar Advertising. Last year, CDTA employees helped raise nearly \$16,000 for Real Men Wear Pink.



Capital District Transportation Authority

FINANCIAL STATEMENTS

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

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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, 2019 and 2018, 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, 2019 and 2018, 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

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2019, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 22, 2019 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 22, 2019



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

Management's Discussion and Analysis
For the Years Ended March 31, 2019, 2018 and 2017
(Unaudited)

INTRODUCTION

This Management 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, 2019, 2018, and 2017, 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. In 2019, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement requires the Authority to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources for the defined benefit OPEB plan. The cumulative effect of implementing this required change in accounting principle resulted in the restatement of beginning net position as detailed in Note 3 to the financial statements. The comparative data in the MD&A for 2017 and 2018 has not been restated.

The statements of revenues, expenses, and change 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 condition of the Authority as of March 31 of each fiscal year.

| | 2019 | 2018 | 2017 |
|---|-----------------------|-----------------------|-----------------------|
| Assets: | | | |
| Current assets | \$ 47,906,229 | \$ 43,881,180 | \$ 42,333,306 |
| Capital assets, net | 121,138,986 | 125,773,925 | 109,894,748 |
| Total assets | 169,045,215 | 169,655,105 | 152,228,054 |
| Deferred outflows of resources from pension | 2,608,902 | 1,910,046 | 3,733,886 |
| Total assets and deferred outflows of resources | \$ 171,654,117 | \$ 171,565,151 | \$ 155,961,940 |
| Liabilities: | | | |
| Current liabilities | \$ 16,522,548 | \$ 12,375,313 | \$ 10,013,113 |
| Noncurrent liabilities | 106,502,596 | 70,020,386 | 66,362,855 |
| Total liabilities | 123,025,144 | 82,395,699 | 76,375,968 |
| Deferred inflows of resources from pension | 2,535,067 | 497,408 | 566,287 |
| Deferred inflows of resources from OPEB | 1,872,110 | - | - |
| Total deferred outflows of resources | 4,407,177 | 497,408 | 566,287 |
| Net position: | | | |
| Net investment in capital assets | 114,864,563 | 117,984,754 | 100,629,651 |
| Unrestricted | (70,642,767) | (29,312,710) | (21,609,966) |
| Total net position | 44,221,796 | 88,672,044 | 79,019,685 |
| Total liabilities, deferred inflows of resources, and net position | \$ 171,654,117 | \$ 171,565,151 | \$ 155,961,940 |

Changes in net position over time can serve as a useful indicator of the Authority's financial position. The implementation of GASB 75, which requires recognition of the entire OPEB liability, resulted in a significant decrease in net position in fiscal 2019. The cumulative effect of this change in accounting principle resulted in a decrease in net position of \$35 million as of April 1, 2018. Net investment in capital assets, which represents the Authority's net capital assets offset by outstanding balances of related debt obligations attributable to acquisition of the capital assets, decreased from 2018 as current year depreciation exceeded additions and related debt payments.

Current assets increased from 2018 by \$4.0 million primarily due to timing of receivables from New York State related to bus purchases. Net capital assets decreased \$4.6 million from 2018 because depreciation exceeded capital additions in 2019. Capital additions in 2019 are more representative of a typical year, whereas last year CDTA placed over 50 buses into service, which was much higher than normal. 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.

Total liabilities increased \$40.6 million from 2018 to 2019, primarily due to implementation of GASB 75 discussed above. With the full liability now recognized on the balance sheet, the Authority expects this accrual to remain relatively constant pending actuarial assumption changes beyond the Authority's control. Current liabilities for this period also increased \$4.1 million due to outstanding bus invoices which were paid subsequent to March 31, 2019.

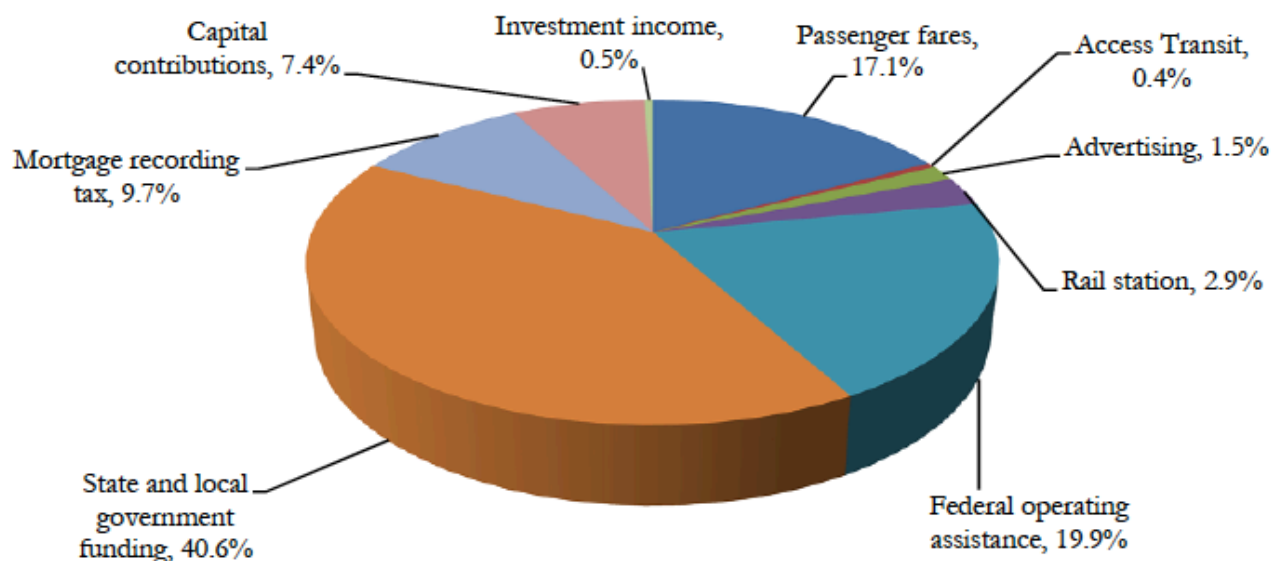
Revenue Summary

| | 2019 | 2018 | 2017 |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Operating revenues: | | | |
| Passenger fares | \$ 18,504,514 | \$ 18,224,334 | \$ 18,353,335 |
| Access Transit | 537,852 | 465,610 | 458,137 |
| Advertising | 1,639,253 | 1,065,526 | 1,084,517 |
| Rail station parking and rentals | 3,131,036 | 3,378,907 | 3,425,336 |
| Total operating revenues | 23,812,655 | 23,134,377 | 23,321,325 |
| Non-operating revenues: | | | |
| Federal operating assistance | 21,465,658 | 18,407,896 | 17,609,934 |
| State and local government funding | 43,862,632 | 45,156,205 | 41,091,925 |
| Mortgage recording tax | 10,397,843 | 10,495,718 | 11,078,587 |
| Investment income | 497,439 | 187,301 | 129,567 |
| Capital contributions | 7,981,722 | 27,630,849 | 7,873,541 |
| Total non-operating revenue | 84,205,294 | 101,877,969 | 77,783,554 |
| Total revenue | \$ 108,017,949 | \$ 125,012,346 | \$ 101,104,879 |

Operating revenue in 2019 remained relatively consistent in all categories compared to 2018 and 2017. Universal access agreements continue to provide a strong base for passenger revenue. Advertising partner, Lamar, continues to exceed contact goals year after year, while a sponsorship agreement with Capital District Physicians' Health Plan, Inc. (CDPHP) for a bike share program has increased advertising revenue.

Non-operating revenue decreased \$17.7 million from 2018 due to a reduction in capital contributions. The reduction is based on the use of New York State capital allocations to support bus purchases as the Authority used two years' allocation in 2018, but only one year in 2017 and 2019. Federal operating assistance consists of non-capitalized federally backed expenses that increased by \$3.0 million. The use of federal and New York State capital funds reflects project level usage and is not tied to daily service operations.

The chart below summarizes 2019 revenue by source and percentage of revenue in each category.



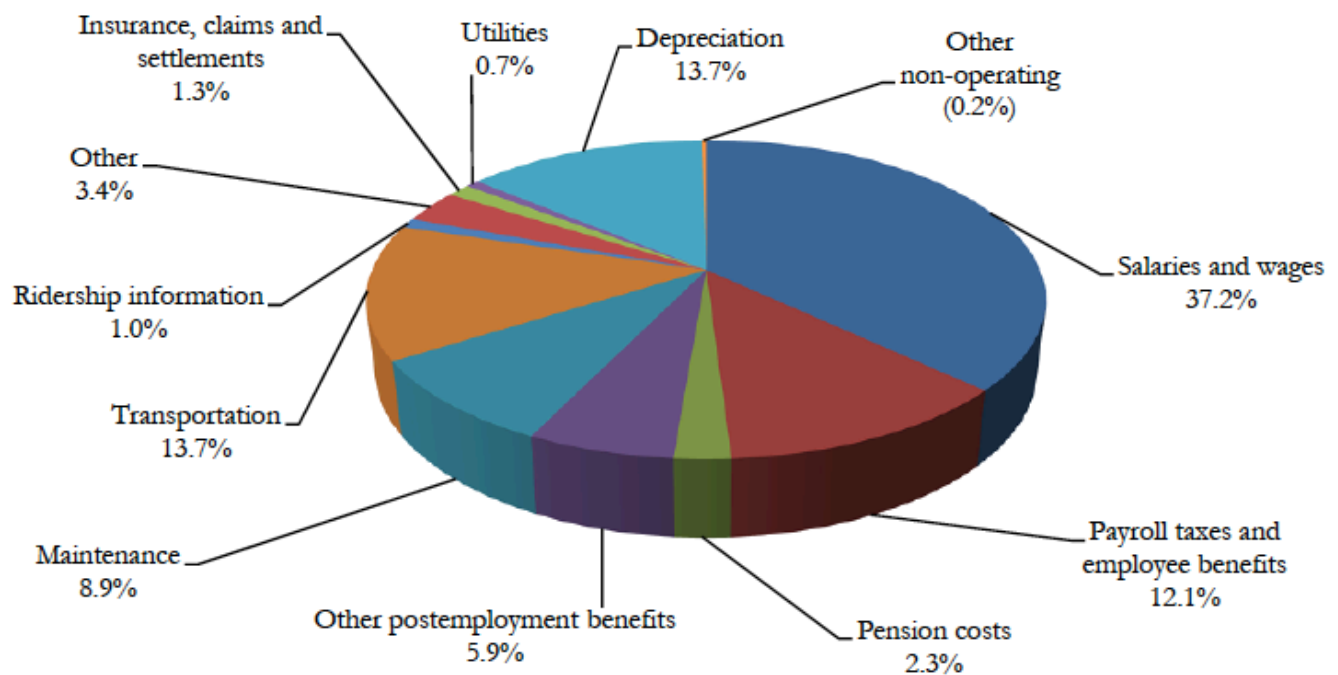
Expense Summary

The table below shows a three-year comparison of amounts expended by category followed by a chart summarizing expenses for the fiscal year ended March 31, 2019 by source and percentage.

| | 2019 | 2018 | 2017 |
|--|-----------------------|-----------------------|-----------------------|
| Operating expenses: | | | |
| Salaries and wages | \$ 43,493,120 | \$ 41,885,463 | \$ 40,873,247 |
| Payroll taxes and employee benefits | 14,119,709 | 14,734,804 | 12,611,041 |
| Pension costs | 2,650,727 | 2,535,609 | 2,997,170 |
| Other postemployment benefits | 6,936,136 | 7,146,243 | 7,504,179 |
| Maintenance | 10,388,325 | 8,616,962 | 7,591,617 |
| Transportation | 16,087,367 | 16,980,501 | 17,590,965 |
| Ridership information | 1,158,760 | 1,255,204 | 978,365 |
| Other | 3,929,729 | 3,430,897 | 3,225,205 |
| Insurance, claims and settlements | 1,551,039 | 1,048,396 | 196,652 |
| Utilities | 872,082 | 783,476 | 735,279 |
| | 101,186,994 | 98,417,555 | 94,303,720 |
| Depreciation | 16,058,734 | 16,161,198 | 14,103,969 |
| Total operating expenses | 117,245,728 | 114,578,753 | 108,407,689 |
| Non-operating (revenues) expenses: | | | |
| Other non-operating (revenues) expenses, net | (274,203) | 781,234 | 506,027 |
| Total expenses | \$ 116,971,525 | \$ 115,359,987 | \$ 108,913,716 |

Total operating expense increased \$2.7 million (2.3%) from 2018. Employee wages and related benefits increased \$0.9 million, which includes an increase in wages of \$1.6 million based on the recent collective bargaining agreement, a reduction in payroll taxes and employee benefits of \$0.6 million, and small fluctuations in pension and OPEB expenses. Within payroll taxes and employee benefits, workers compensation payments increased \$0.3 million but the overall workers compensation liability decreased by \$1.5 million from 2018. Employee health benefits increased \$0.5 million.

The remaining \$1.8 million increase in operational expense is attributed to the net changes in non-personnel expenses. Maintenance expense increased \$1.8 million due to repairs at the Rensselaer Rail Station, which were necessary for continued use of the parking facility. Increases in insurance settlements and claims were offset by a reduction in transportation expenses due to a reduction in fuel costs.



CAPITAL ASSETS AND LONG-TERM DEBT

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

| | 2019 | 2018 | 2017 |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| Land and improvements | \$ 1,529,981 | \$ 1,529,981 | \$ 1,529,981 |
| Construction-in-progress | 8,159,359 | 5,804,623 | 715,403 |
| Buildings and improvements | 42,203,162 | 44,978,294 | 47,989,796 |
| Revenue equipment | 66,590,168 | 70,049,688 | 55,972,830 |
| Service equipment and vehicles | 2,356,035 | 2,716,995 | 2,415,013 |
| Furniture and equipment | 300,281 | 694,344 | 1,271,725 |
| | <u>\$ 121,138,986</u> | <u>\$ 125,773,925</u> | <u>\$ 109,894,748</u> |

The Authority's capital assets, net of depreciation, represent over 70% of the Authority's total assets. In 2019, net capital assets decreased \$4.6 million. Additions to capital assets of \$13.3 million consisted primarily of vehicles (\$8.7 million) and construction in progress (\$4.2 million). Construction in progress increases of \$3.9 million related to the Information Technology Management System (ITMS) project with the remainder for improvements at the 110 Watervliet Avenue facility. Additions were offset by depreciation expense of \$16.1 million, consisting of \$12.3 million for vehicles and related service equipment, and \$3.7 million for facility related capital assets.

In 2011 and 2014 the Authority entered into capital lease agreements to purchase transit buses. Payments on the leases total \$1.7 million per year. Principal and interest payments were \$1.5 million and \$0.2 million respectively in 2019.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Annual boardings were almost 15.7 million during 2019. Ridership is a measure of the Authority's success, and CDTA continues to perform well compared to similar transit authorities. Consistent high levels of ridership facilitate positive discussions within New York State for more capital and operating funding to improve and expand services to the Authority's service region. High levels of ridership support advocacy efforts with the federal government to add new services such as Bus Rapid Transit and create opportunities for new regional partners for Universal Access agreements. Moving forward, there are several factors to manage:

Information Technology

Approximately five-years ago, CDTA started several major IT projects. The Authority implemented a Smartcard-based fare collection system, known as CDTA Navigator; and also implemented ITMS, which is an entirely new communication system that is expected to be fully implemented by the end of fiscal 2020.

Bus Rapid Transit

Both Bus Rapid Transit corridors in development will continue to see progress. River BRT was awarded federal and New York State funding totaling \$43 million, allowing the Authority to completely make-over the corridor. Part of the award included a \$27 million Capital Investment Grant (CIG, Small Starts) from the Federal Transit Administration (FTA). Construction is expected to start in the fall of 2019. Washington and Western BRT (WWBRT) received Transportation Alternatives Program (TAP) funding to begin work on key pieces of the corridor while the Authority works through the Federal CIG process.

New York State and Federal Funding

The Authority has been fortunate in recent years to present high-profile projects to the FTA and have the FTA provide funding for these projects. As a result of these awards, projects like the Fare Collection System, ITMS, and River BRT have been funded. These projects will help CDTA modernize the fare revenue system, facility components and expand upon regional services. Further, CDTA has benefited from New York State allocating the funds to provide a five-year capital plan. The Authority used these funds in part, to replace the remaining 60 Nova vehicles that reached 17-years of age.

The Authority's traditional transit allocation from the FTA, Section 5307, has seen a modest increase over the past few years, but not enough to keep up with equipment replacements and other standard capital needs. CDTA has also used more capital funding to help with operational expenses. The Authority has concerns with future federal legislation as the authorization is due to expire late next year. We are hopeful that a new reauthorization bill is passed next year while at the same time a new Five-Year NYS Capital Plan is put in place as well.

Workers Compensation

These costs continue to rise even though programs are in place to reduce accidents and maintain a safe workplace. New York State indemnity payments continue to increase each year, which the Authority has no control over. This expense and pending liability have increased significantly over the past several years.

Collective Bargaining Agreement

It should be noted that the Authority reached an agreement with the Amalgamated Transit Union (ATU) in 2019. This agreement is through June 2021 and provides a 3% wage increase each year while at the same time making changes to health coverage that help the Authority reduce overall health care expenses.

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.



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

Balance Sheets

| March 31, | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 9,993,516 | \$ 10,963,346 |
| Investments | 19,364,099 | 20,031,893 |
| Government grants receivable | 10,643,699 | 5,312,984 |
| Other receivables and prepaid expenses | 3,903,103 | 3,798,554 |
| Materials, parts, and supplies | 4,001,812 | 3,774,403 |
| | <u>47,906,229</u> | <u>43,881,180</u> |
| Noncurrent assets: | | |
| Capital assets, net | 121,138,986 | 125,773,925 |
| Total assets | <u>169,045,215</u> | <u>169,655,105</u> |
| Deferred outflows of resources: | | |
| Deferred outflows of resources related to pensions | 2,608,902 | 1,910,046 |
| Total assets and deferred outflows of resources | <u>\$ 171,654,117</u> | <u>\$ 171,565,151</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 12,928,725 | \$ 9,098,144 |
| Current portion of capital lease obligations | 1,550,461 | 1,510,841 |
| Unearned passenger revenue | 2,043,362 | 1,766,328 |
| | <u>16,522,548</u> | <u>12,375,313</u> |
| Noncurrent liabilities: | | |
| Capital lease obligations | 4,723,962 | 6,278,330 |
| Estimated provision for claims and settlements | 10,882,600 | 10,000,400 |
| Net pension liability | 735,846 | 1,987,377 |
| Total OBEI liability | 90,160,188 | 51,754,279 |
| | <u>106,502,596</u> | <u>70,020,386</u> |
| Total liabilities | <u>123,025,144</u> | <u>82,395,699</u> |
| Deferred inflows of resources: | | |
| Deferred inflows of resources related to pensions | 2,535,067 | 497,408 |
| Deferred inflows of resources related to OPEB | 1,872,110 | - |
| Total deferred inflows of resources | <u>4,407,177</u> | <u>497,408</u> |
| Net position: | | |
| Net investment in capital assets | 114,864,563 | 117,984,754 |
| Unrestricted | (70,642,767) | (29,312,710) |
| Total net position | <u>44,221,796</u> | <u>88,672,044</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 171,654,117</u> | <u>\$ 171,565,151</u> |

CAPITAL DISTRICT TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Change in Net Position

| For the years ended March 31, | 2019 | 2018 |
|--|----------------------|----------------------|
| Operating revenues: | | |
| Passenger fares | \$ 18,504,514 | \$ 18,224,334 |
| Access Transit | 537,852 | 465,610 |
| Advertising | 1,639,253 | 1,065,526 |
| Rail station parking and rentals | 3,131,036 | 3,378,907 |
| Total operating revenues | 23,812,655 | 23,134,377 |
| Operating expenses: | | |
| Salaries and wages | 43,493,120 | 41,885,463 |
| Payroll taxes and employee benefits | 14,119,709 | 14,734,804 |
| Pension costs | 2,650,727 | 2,535,609 |
| Other postemployment benefits | 6,936,136 | 7,146,243 |
| Maintenance | 10,388,325 | 8,616,962 |
| Transportation | 16,087,367 | 16,980,501 |
| Ridership information | 1,158,760 | 1,255,204 |
| Insurance, claims, and settlements | 1,551,039 | 1,048,396 |
| Utilities | 872,082 | 783,476 |
| Other | 3,929,729 | 3,430,897 |
| Total operating expenses before depreciation | 101,186,994 | 98,417,555 |
| Operating loss before depreciation | (77,374,339) | (75,283,178) |
| Depreciation | (16,058,734) | (16,161,198) |
| Operating loss | (93,433,073) | (91,444,376) |
| Non-operating revenues (expenses): | | |
| Federal operating assistance | 21,465,658 | 18,407,896 |
| State and local government funding | 43,862,632 | 45,156,205 |
| Mortgage recording tax | 10,397,843 | 10,495,718 |
| Investment income | 497,439 | 187,301 |
| Other non-operating revenues (expenses) | 274,203 | (781,234) |
| Total non-operating net revenues | 76,497,775 | 73,465,886 |
| Change in net position before capital contributions | (16,935,298) | (17,978,490) |
| Capital contributions | 7,981,722 | 27,630,849 |
| Change in net position | (8,953,576) | 9,652,359 |
| Net position - beginning of year | 88,672,044 | 79,019,685 |
| Cumulative effect of a change in accounting principle (Note 3) | (35,496,672) | - |
| Net position - beginning, as restated | 53,175,372 | 79,019,685 |
| Net position - end of year | \$ 44,221,796 | \$ 88,672,044 |



CAPITAL DISTRICT TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

Statements of Cash Flows

| For the years ended March 31, | 2019 | 2018 |
|--|------------------------|------------------------|
| Operating activities: | | |
| Cash received from passengers | \$ 18,676,999 | \$ 16,967,037 |
| Cash payments to suppliers for goods and services | (32,844,728) | (31,571,924) |
| Cash payments to employees for salaries and benefits | (61,448,873) | (59,375,102) |
| Other operating revenues received | 5,308,141 | 4,910,043 |
| Net operating activities | (70,308,461) | (69,069,946) |
| Non-capital financing activities: | | |
| Operating assistance, governmental funding and mortgage recording tax received | 70,395,418 | 72,724,881 |
| Other non-operating revenues (expenses) | 462,732 | (535,840) |
| Net non-capital financing activities | 70,858,150 | 72,189,041 |
| Capital and related financing activities: | | |
| Proceeds from sales of capital assets | 72,159 | 68,496 |
| Acquisition of capital assets | (9,035,356) | (30,441,741) |
| Payments for interest | (188,529) | (288,860) |
| Capital contributed under grants | 7,981,722 | 27,630,849 |
| Payments on capital lease obligations | (1,514,748) | (1,475,926) |
| Net capital and related financing activities | (2,684,752) | (4,507,182) |
| Investing activities: | | |
| Interest received on investments | 1,874,353 | 393,221 |
| Proceeds from sales and maturities of investments | 25,947,134 | 20,950,910 |
| Purchases of investments | (26,656,254) | (20,665,260) |
| Net investing activities | 1,165,233 | 678,871 |
| Net change in cash | (969,830) | (709,216) |
| Cash - beginning of year | 10,963,346 | 11,672,562 |
| Cash - end of year | \$ 9,993,516 | \$ 10,963,346 |
| Reconciliation of operating loss to net cash used for operating activities: | | |
| Operating loss | \$ (93,433,073) | \$ (91,444,376) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 16,058,734 | 16,161,198 |
| Net pension activity | 87,272 | 302,968 |
| Other postemployment benefits | 4,781,347 | 4,848,649 |
| Loss on disposal of capital assets | 1,420,866 | - |
| Changes in assets and liabilities: | | |
| Other receivables and prepaid expenses | (104,549) | (1,327,078) |
| Materials, parts, and supplies | (227,409) | (86,644) |
| Accounts payable and accrued expenses | (50,883) | 630,156 |
| Unearned passenger revenue | 277,034 | 69,781 |
| Estimated provision for claims and settlements | 882,200 | 1,775,400 |
| Net cash used for operating activities | \$ (70,308,461) | \$ (69,069,946) |

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 change 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, 2019 and 2018, 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 \$350,000 at March 31, 2019 and 2018.

To reduce its exposure to rising fuel costs, the Authority has entered into contracts that fix the prices of certain vehicle fuels through May 2020. 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.



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. Change in Accounting Principle

Effective April 1, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), which supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses accounting and financial reporting for other postemployment benefits offered by the Authority and requires various note disclosures (Note 10) and required supplementary information. As a result, beginning of year net position has been restated as follows:

| | |
|--|----------------------|
| Net position previously reported, March 31, 2018 | \$ 88,672,044 |
| OPEB liability, as previously reported | 51,754,279 |
| Total OPEB liability | (87,250,951) |
| Net position as restated | <u>\$ 53,175,372</u> |

Information for the prior year is not available and therefore such amounts have not been restated.

4. 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, 2019 and 2018 are presented below:

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Certificates of deposit | \$ 269,441 | \$ 3,926,943 |
| U.S. Treasury notes | 18,908,701 | 9,011,990 |
| Federal Home Loan Mortgage Corporation | - | 3,106,600 |
| Federal Home Loan Bank | - | 2,859,773 |
| Federal Farm Credit Bank | - | 727,918 |
| Federal National Mortgage Association | - | 298,836 |
| Money market funds | 185,957 | 99,833 |
| | <u>\$ 19,364,099</u> | <u>\$ 20,031,893</u> |
| Maturities (in years): | | |
| Less than one | \$ 15,863,959 | \$ 18,773,482 |
| One to five | 3,500,140 | 1,258,411 |
| | <u>\$ 19,364,099</u> | <u>\$ 20,031,893</u> |

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| One to five | 3,500,140 | 1,258,411 |
| | <u>\$ 19,364,099</u> | <u>\$ 20,031,893</u> |



Investments are designated for the following purposes:

| | 2019 | 2018 |
|--------------------------------------|----------------------|----------------------|
| Operating | \$ 2,082,791 | \$ 2,401,126 |
| Vehicle replacement | 2,401,296 | 2,443,016 |
| Capital projects and local match | 3,055,358 | 3,643,945 |
| Risk retention | 4,080,488 | 3,982,417 |
| Workers' compensation self-insurance | 7,744,166 | 7,561,389 |
| | <u>\$ 19,364,099</u> | <u>\$ 20,031,893</u> |

- 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

5. Capital Assets:

| | April 1, 2018 | Additions | Reclassifications And Disposals | March 31, 2019 |
|---------------------------------------|------------------|----------------|------------------------------------|-------------------|
| Non-depreciable capital assets: | | | | |
| Land and improvements | \$ 1,529,981 | - | - | \$ 1,529,981 |
| Construction in progress | 5,804,623 | 4,186,233 | (1,831,497) | 8,159,359 |
| Total non-depreciable assets | 7,334,604 | 4,186,233 | (1,831,497) | 9,689,340 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 95,212,505 | 112,489 | - | 95,324,994 |
| Revenue equipment | 163,564,757 | 8,382,708 | (6,030,194) | 165,917,271 |
| Service equipment and vehicles | 7,029,922 | 235,390 | (196,089) | 7,069,223 |
| Furniture and equipment | 18,113,789 | - | - | 18,113,789 |
| Total depreciable capital assets | 283,920,973 | 8,730,587 | (6,226,283) | 286,425,277 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (50,234,211) | (2,887,621) | - | (53,121,832) |
| Revenue equipment | (93,515,069) | (11,731,095) | 5,919,061 | (99,327,103) |
| Service equipment and vehicles | (4,312,927) | (596,349) | 196,088 | (4,713,188) |
| Furniture and equipment | (17,419,445) | (843,669) | 449,606 | (17,813,508) |
| Total accumulated depreciation | (165,481,652) | (16,058,734) | 6,564,755 | (174,975,631) |
| Total depreciable capital assets, net | 118,439,321 | (7,328,147) | 338,472 | 111,449,646 |
| Total capital assets, net | \$ 125,773,925 | \$ (3,141,914) | \$ (1,493,025) | \$ 121,138,986 |

| | April 1, 2017 | Additions | Reclassifications And Disposals | March 31, 2018 |
|---------------------------------------|------------------|---------------|------------------------------------|-------------------|
| Non-depreciable capital assets: | | | | |
| Land and improvements | \$ 1,529,981 | - | - | \$ 1,529,981 |
| Construction in progress | 715,403 | 5,089,220 | - | 5,804,623 |
| Total non-depreciable assets | 2,245,384 | 5,089,220 | - | 7,334,604 |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 95,212,505 | - | - | 95,212,505 |
| Revenue equipment | 144,081,077 | 25,530,454 | (6,046,774) | 163,564,757 |
| Service equipment and vehicles | 6,229,873 | 838,062 | (38,013) | 7,029,922 |
| Furniture and equipment | 17,506,120 | 607,669 | - | 18,113,789 |
| Total depreciable capital assets | 263,029,575 | 26,976,185 | (6,084,787) | 283,920,973 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (47,222,709) | (3,011,502) | - | (50,234,211) |
| Revenue equipment | (88,108,247) | (11,428,566) | 6,021,744 | (93,515,069) |
| Service equipment and vehicles | (3,814,860) | (536,080) | 38,013 | (4,312,927) |
| Furniture and equipment | (16,234,395) | (1,185,050) | - | (17,419,445) |
| Total accumulated depreciation | (155,380,211) | (16,161,198) | 6,059,757 | (165,481,652) |
| Total depreciable capital assets, net | 107,649,364 | 10,814,987 | (25,030) | 118,439,321 |
| Total capital assets, net | \$ 109,894,748 | \$ 15,904,207 | \$ (25,030) | \$ 125,773,925 |

6. Short-Term Borrowings:

The Authority has available a \$10,000,000 bank demand line of credit with interest based on an adjusted LIBOR rate (2.46% at March 31, 2019), 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, 2019 or 2018.

7. 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, 2019 are as follows:

| Years Ending March 31, | Principal | Interest |
|------------------------|---------------------|-------------------|
| 2020 | \$ 1,550,461 | \$ 149,537 |
| 2021 | 1,591,129 | 108,868 |
| 2022 | 1,632,874 | 67,123 |
| 2023 | 745,045 | 30,811 |
| 2024 | 754,914 | 13,351 |
| | <u>\$ 6,274,423</u> | <u>\$ 369,690</u> |



8. Public Support and Operating Assistance:

The Authority's activities 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; 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, 2019 and 2018 were:

| | 2019 | 2018 |
|--|---------------|---------------|
| Federal operating assistance (FTA) | \$ 21,465,658 | \$ 18,407,896 |
| State and local government funding: | | |
| New York State | 41,945,632 | 43,239,205 |
| 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 | 43,862,632 | 45,156,205 |
| Mortgage recording tax: | | |
| Albany County | 3,920,904 | 3,785,209 |
| Rensselaer County | 1,563,206 | 1,514,983 |
| Schenectady County | 1,425,502 | 1,356,787 |
| Saratoga County | 3,488,231 | 3,838,739 |
| Total mortgage recording tax | 10,397,843 | 10,495,718 |
| | \$ 75,726,133 | \$ 74,059,819 |

9. 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 2019 and 2018 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 \$526,454 and \$556,740 at March 31, 2019 and 2018 and are included within other receivables and prepaid expenses on the accompanying balance sheets.



10. Postemployment Benefits Other Than Pensions (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 issue financial statements, and is not a trust.

At March 31, 2019, employees covered by the Plan include:

| | |
|--|--------------|
| Active employees | 656 |
| Inactive employees or beneficiaries currently receiving benefits | 357 |
| Inactive employees entitled to but not yet receiving benefits | - |
| | <u>1,013</u> |

Total OPEB Liability

The Authority's total OPEB liability of \$90,160,188 was measured as of March 31, 2019 and was determined by an actuarial valuation as of April 1, 2018, rolled forward to March 31, 2019.

The total OPEB liability 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 v2019_b for long-term rates, initially 7.0% (9.5% for prescription drug) and an ultimate rate of 3.78% after 2075

Salary increases – 2.00%

Mortality – RPH 2014 mortality tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2018 on a fully generational basis

Discount rate – 3.42% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.25%

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at March 31, 2018, as restated | <u>\$ 87,250,951</u> |
| Changes for the year: | |
| Service cost | 3,900,631 |
| Interest | 3,251,679 |
| Changes of benefit terms | 45,733 |
| Differences between expected and actual experience | - |
| Changes of assumptions or other inputs | (2,134,017) |
| Benefit payments | <u>(2,154,789)</u> |
| Net changes | <u>2,909,237</u> |
| Balance at March 31, 2019 | <u>\$ 90,160,188</u> |

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 (2.42%) | Discount Rate (3.42%) | 1.0% Increase (4.42%) |
|----------------------|--------------------------|--------------------------|--------------------------|
| Total OPEB liability | \$ 106,042,505 | \$ 90,160,188 | \$ 77,447,949 |

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 (6.0% to 2.78%) | Discount Rate (7.0% to 3.78%) | 1.0% Increase (8.0% to 4.78%) |
|----------------------|----------------------------------|----------------------------------|----------------------------------|
| Total OPEB liability | \$ 75,272,377 | \$ 90,160,188 | \$ 110,374,506 |

OPEB Expense and Deferred Inflows of Resources

For the year ended March 31, 2019, the Authority recognized OPEB expense of \$6,936,136. At March 31, 2019, the Authority reported deferred inflows of resources related to OPEB of \$1,872,110 from changes of assumptions, which will be recognized in OPEB expense as follows:

| Years Ending March 31, | |
|------------------------|-----------------------|
| 2020 | \$ (261,907) |
| 2021 | (261,907) |
| 2022 | (261,907) |
| 2023 | (261,907) |
| 2024 | (261,907) |
| Thereafter | (562,575) |
| | <u>\$ (1,872,110)</u> |

11. Pensions:

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 each fiscal year, rates ranged from 9.3% to 15.8%.

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

At March 31, 2019 and 2018, the Authority reported a liability of \$735,846 and \$1,987,377, respectively, for its proportionate share of the net pension liability.

The net pension liability was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017. The Authority's proportion of the net pension liability 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, 2018 measurement date, the Authority's proportion was 0.0227996%, an increase of 0.0016488 from its proportion measured at March 31, 2017.

For the years ended March 31, 2019 and 2018, the Authority recognized pension expense of \$834,590 and \$838,683, respectively. At March 31, 2019 and 2018, the Authority reported deferred outflows and deferred inflows of resources as follows:

| | 2019 | | 2018 | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 262,452 | \$ 204,350 | \$ 50,491 | \$ 301,286 |
| Changes of assumptions | 487,927 | - | 688,361 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,034,222 | 2,109,621 | 389,428 | - |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 44,925 | 221,096 | - | 196,122 |
| Contributions subsequent to the measurement date | 779,376 | - | 781,766 | - |
| | <u>\$ 2,608,902</u> | <u>\$ 2,535,067</u> | <u>\$ 1,910,046</u> | <u>\$ 497,408</u> |

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, | |
|------------------------|---------------------|
| 2020 | \$ 75,564 |
| 2021 | 68,696 |
| 2022 | (568,406) |
| 2023 | (281,395) |
| | <u>\$ (705,541)</u> |

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2017 valuation, with update procedures used to roll forward the total pension liability to March 31, 2018, 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 – 3.8%

Cost of living adjustments – 1.3% annually

Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2014

Discount rate – 7.0%

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 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% | 4.6% |
| International equities | 14% | 6.4% |
| Private equities | 10% | 7.5% |
| Real estate | 10% | 5.6% |
| Inflation-indexed bonds | 4% | 1.3% |
| Bonds and mortgages | 17% | 1.3% |
| Short-term | 1% | (0.3)% |
| Other | 8% | 3.8%-5.7% |
| | <u>100%</u> | |

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 7.0%. The impact of using a discount rate that is 1% lower (6.0%) than the current rate would result in a net pension liability of \$5,567,609 and a 1% higher (8.0%) rate would result in a net pension asset of \$3,351,633.



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 \$1,816,136 and \$1,696,926 for the years ended March 31, 2019 and 2018. 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.

12. 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 \$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, 2019.

The Authority has designated risk reserves of \$11,824,654 and \$11,543,806 at March 31, 2019 and 2018 (Note 4). 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 | | | | |
| 2019 | \$ 9,149,900 | \$ 2,549,300 | \$ 2,438,200 | \$ 9,261,000 |
| 2018 | \$ 7,536,200 | \$ 3,807,000 | \$ 2,193,300 | \$ 9,149,900 |
| General liability | | | | |
| 2019 | \$ 850,500 | \$ 1,070,000 | \$ 298,900 | \$ 1,621,600 |
| 2018 | \$ 688,800 | \$ 553,600 | \$ 391,900 | \$ 850,500 |

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 2019, the Authority exercised its option to purchase four electric buses totaling \$4,095,000 with delivery in 2020. The Authority also has various projects in progress with expected completion dates during 2020 and estimated remaining costs totaling \$11,644,000.

13. 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 \$5,505,108 in 2019 and \$1,623,644 in 2018.



CAPITAL DISTRICT TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

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

March 31, 2019

| | |
|--|---------------|
| Total OPEB liability - beginning, as restated | \$ 87,250,951 |
| Changes for the year: | |
| Service cost | 3,900,631 |
| Interest | 3,251,679 |
| Changes of benefit terms | 45,733 |
| Differences between expected and actual experience | - |
| Changes of assumptions or other inputs | (2,134,017) |
| Benefit payments | (2,154,789) |
| Net change in total OPEB liability | 2,909,237 |
| Total OPEB liability - ending | \$ 90,160,188 |
| Covered-employee payroll | \$ 43,493,120 |
| Total OPEB liability as a percentage of covered-employee payroll | 207.30% |

Data prior to 2019 is unavailable.

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



CAPITAL DISTRICT TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

**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, | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|
| Authority's proportion of the net pension position | 0.0227996% | 0.0211508% | 0.0214287% | 0.0213687% |
| Authority's proportionate share of the net pension liability | \$ 735,846 | \$ 1,987,377 | \$ 3,439,370 | \$ 721,886 |
| Authority's covered payroll | \$ 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 | 13.35% | 39.41% | 71.47% | 15.02% |
| Plan fiduciary net position as a percentage of the total pension liability | 98.24% | 94.70% | 90.70% | 97.90% |

Data prior to 2015 is unavailable.

The following is a summary of changes of assumptions:

| | 2016 | 2015 |
|----------------------------|------|------|
| Inflation | 2.5% | 2.7% |
| Salary increases | 3.8% | 4.9% |
| Cost of living adjustments | 1.3% | 1.4% |
| Investment rate of return | 7.0% | 7.5% |
| Discount rate | 7.0% | 7.5% |

CAPITAL DISTRICT TRANSPORTATION AUTHORITY

(A Component Unit of the State of New York)

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

| March 31, | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 779,376 | \$ 781,766 | \$ 748,134 | \$ 865,808 | \$ 888,428 | \$ 960,659 |
| Contribution in relation to the contractually required contribution | (779,376) | (781,766) | (748,134) | (865,808) | (888,428) | (960,659) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Authority's covered payroll | \$ 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 | 13.96% | 14.19% | 14.84% | 17.99% | 18.48% | 20.11% |

Data prior to 2014 is unavailable.



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, 2019, 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 22, 2019.

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.

Lumaden & McCormick, LLP

May 22, 2019



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, 2019, 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 22, 2019.

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, 2019. 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 22, 2019





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