

# Audit Presentation

May 25, 2012



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# Audit Scope and Reports

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## Engagement Scope

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



## Required Communications

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

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

### **Other Required Communications**

- Consistent application of accounting principles
- No disagreements with management or scope limitations
- No unusual difficulties
- Client prepared adjustments included recording capital lease



## Risk Standards and Identification of Risk Areas

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### **Risk Based Audit Approach**

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

### **Fraud**

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



## Observations and Recommendations

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

- No material weaknesses
  - L&M assistance with financial statement preparation
  - Credit card usage
  - Continue quarterly monitoring workers' compensation liability accrual
  - Continue to increase separation of duties and cross training
  - Consider monthly recording of grants on MUNIS
  - CDTC cross training and accounting
  - Access controls – full IT review for FY 2013
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CAPITAL DISTRICT TRANSPORTATION AUTHORITY

Audit Presentation

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

March 31,	2012	2011	
<b>Assets</b>			
Cash and investments	\$ 34,904	\$ 29,278	Timing; restricted investment for bus lease/purchase
Receivables	5,549	9,643	Timing of receipt of preventive maintenance funds
Inventory and other	4,187	3,782	CDTC advance, inventory and prepaid expenses
Capital assets, net	114,544	121,348	Additions \$4.8m; disposition \$4.9m; depreciation \$11.6m
	<u>159,184</u>	<u>164,051</u>	
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 6,531	\$ 6,103	Timing
Estimated provision for claims and settlements	8,842	9,052	Workers' comp (\$7.8m) and general liability (\$1m)
Obligations under lease/purchase	8,000	-	Bus lease
Other postemployment benefits (GASB 45)	22,532	17,781	Per actuarial report
<b>Total liabilities</b>	<u>45,905</u>	<u>32,936</u>	
<b>Net Assets</b>			
Invested in capital assets, net of depreciation	114,544	121,348	
Unrestricted	(1,265)	9,767	OPEB accrual
<b>Total net assets</b>	<u>113,279</u>	<u>131,115</u>	
<b>Total liabilities and net assets</b>	<u>\$ 159,184</u>	<u>\$ 164,051</u>	

CAPITAL DISTRICT TRANSPORTATION AUTHORITY

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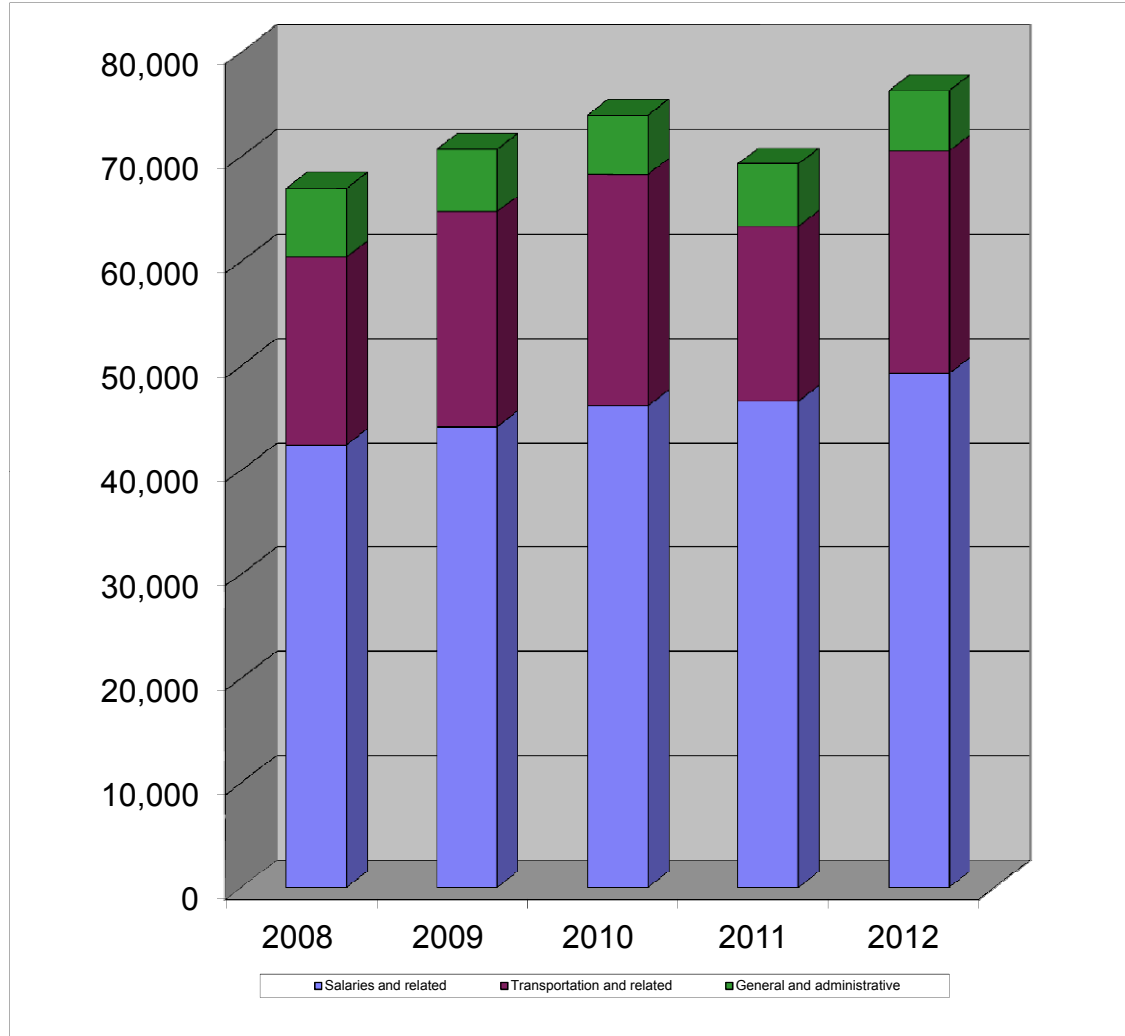
**Financial Summary - Revenues and Expenses** (in thousands)

For the years ended March 31,	2011	2011	Variance	% Change	
<b>Operating revenues:</b>					
Passenger	\$ 16,445	\$ 15,941	504	3.2%	8% increase ridership; no fare changes
Advertising, parking and rentals	3,406	2,933	473	16.1%	Rental and parking at Rensselaer
<b>Total operating revenues</b>	<b>19,851</b>	<b>18,874</b>	<b>977</b>	<b>5.2%</b>	
<b>Operating expenses:</b>					
Salaries, payroll taxes and benefits	49,307	46,636	2,671	5.7%	3% pay increase 6/11 offset by decrease in employees; Workers' comp, health insurance and pension increases
Other postemployment benefits	6,275	7,480	(1,205)	-16.1%	Postemployment benefits per actuarial report
Maintenance, transportation and ridership	21,259	16,722	4,537	27.1%	Adirondack Trailways \$3.5m, route restructuring in 2012
Administration and general and depreciation	17,346	18,071	(725)	-4.0%	\$11.6 Depreciation in 2012
<b>Total operating expenses</b>	<b>94,187</b>	<b>88,909</b>	<b>5,278</b>	<b>5.9%</b>	
<b>Operating loss</b>	<b>(74,336)</b>	<b>(70,035)</b>	<b>(4,301)</b>	<b>6.1%</b>	
<b>Non-operating revenues, net:</b>					
Capital contributions	2,153	23,653	(21,500)	-90.9%	\$18m ARRA in 2011; timing of capital projects
Federal operating assistance	11,457	9,795	1,662	17.0%	Adirondack Trailways \$3.5m in 2012
State and local government funding	32,999	33,057	(58)	-0.2%	Consistent
Mortgage tax and other	9,893	10,474	(581)	-5.5%	Decrease in mortgage recording tax
<b>Total non-operating revenues</b>	<b>56,502</b>	<b>76,979</b>	<b>(20,477)</b>	<b>-26.6%</b>	<b>\$18m ARRA in 2011</b>
<b>Increase (decrease) in net assets</b>	<b>\$ (17,834)</b>	<b>\$ 6,944</b>			

**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2008-2012**

	2008	2009	2010	2011	2012
Salaries and related	\$ 42,471,940	\$ 44,142,011	\$ 46,179,898	\$ 46,636,248	\$ 49,307,032
Transportation and related	17,979,271	20,608,650	22,103,392	16,721,108	21,259,958
General and administrative	6,532,925	5,965,258	5,701,435	5,963,895	5,774,645
<b>Total</b>	<b>\$ 66,984,136</b>	<b>\$ 70,715,919</b>	<b>\$ 73,984,725</b>	<b>\$ 69,321,251</b>	<b>\$ 76,341,635</b>

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

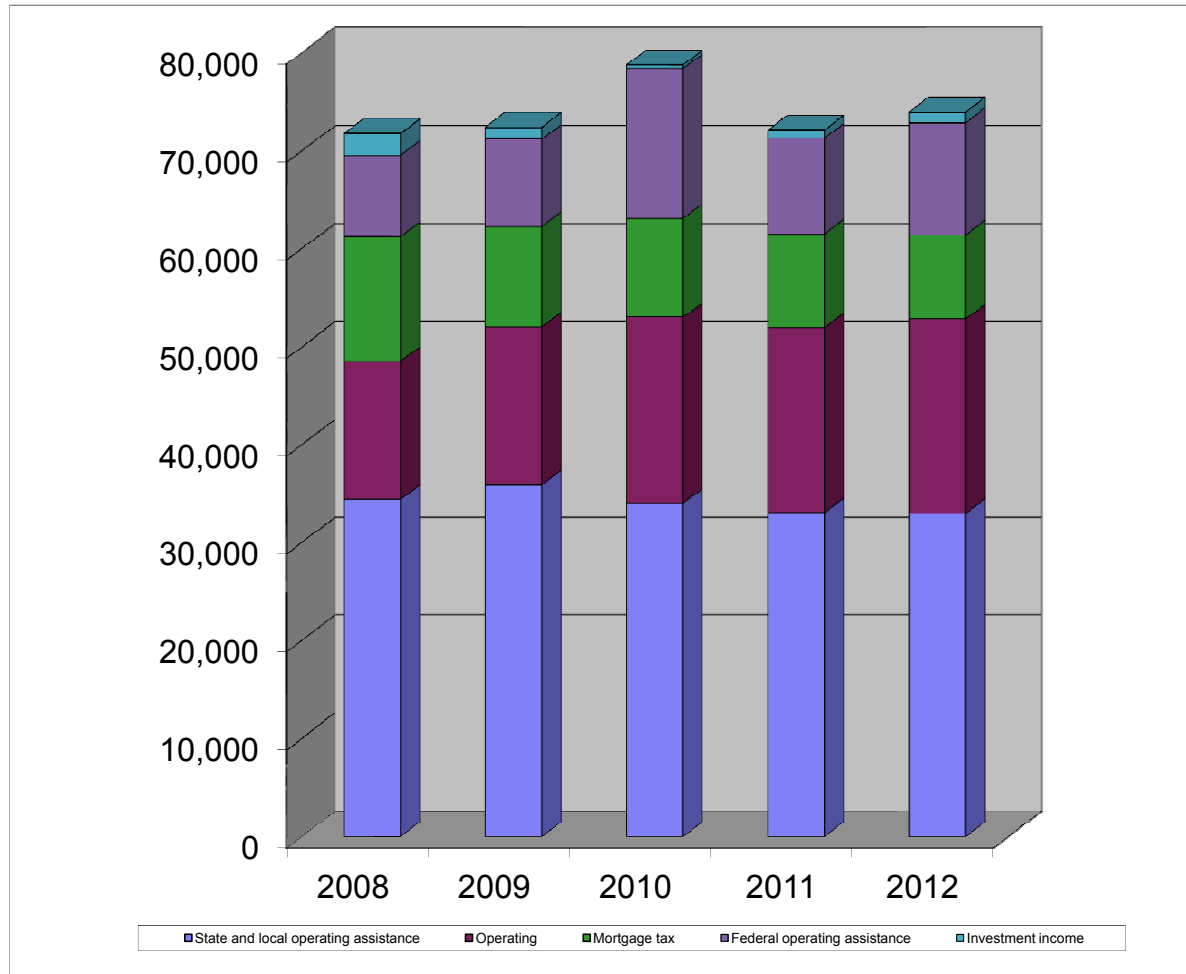




**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2008-2012**

	2008	2009	2010	2011	2012
State and local operating assistance	\$ 34,434,663	\$ 35,914,841	\$ 34,055,252	\$ 33,056,961	\$ 32,999,033
Operating	14,119,741	16,107,120	18,965,539	18,874,192	19,851,334
Mortgage tax	12,707,609	10,263,773	10,091,733	9,602,544	8,584,578
Federal operating assistance	8,299,645	8,921,233	15,290,978	9,794,690	11,457,345
Investment income	2,228,812	1,227,905	384,926	812,720	1,038,663
<b>Total</b>	<b>\$ 71,790,470</b>	<b>\$ 72,434,872</b>	<b>\$ 78,788,428</b>	<b>\$ 72,141,107</b>	<b>\$ 73,930,953</b>

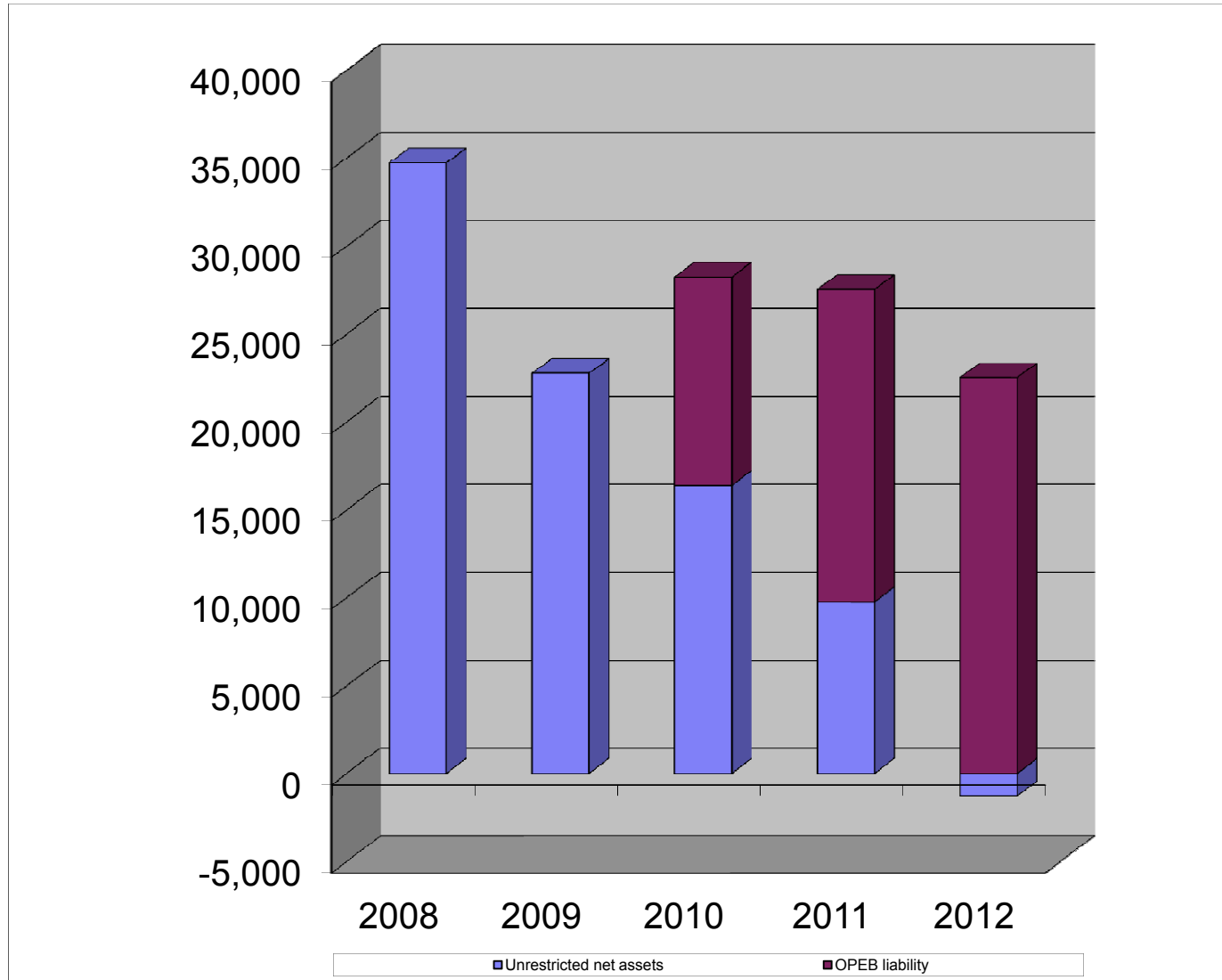
**Select Revenues (thousands)**



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2008-2012**

	2008	2009	2010	2011	2012
Unrestricted net assets	\$ 34,723,924	\$ 22,779,943	\$ 16,394,245	\$ 9,766,901	\$ (1,264,834)
OPEB liability	-	5,579,305	11,867,651	17,780,888	22,531,650
<b>Total</b>	<b>\$ 34,723,924</b>	<b>\$ 28,359,248</b>	<b>\$ 28,261,896</b>	<b>\$ 27,547,789</b>	<b>\$ 21,266,816</b>

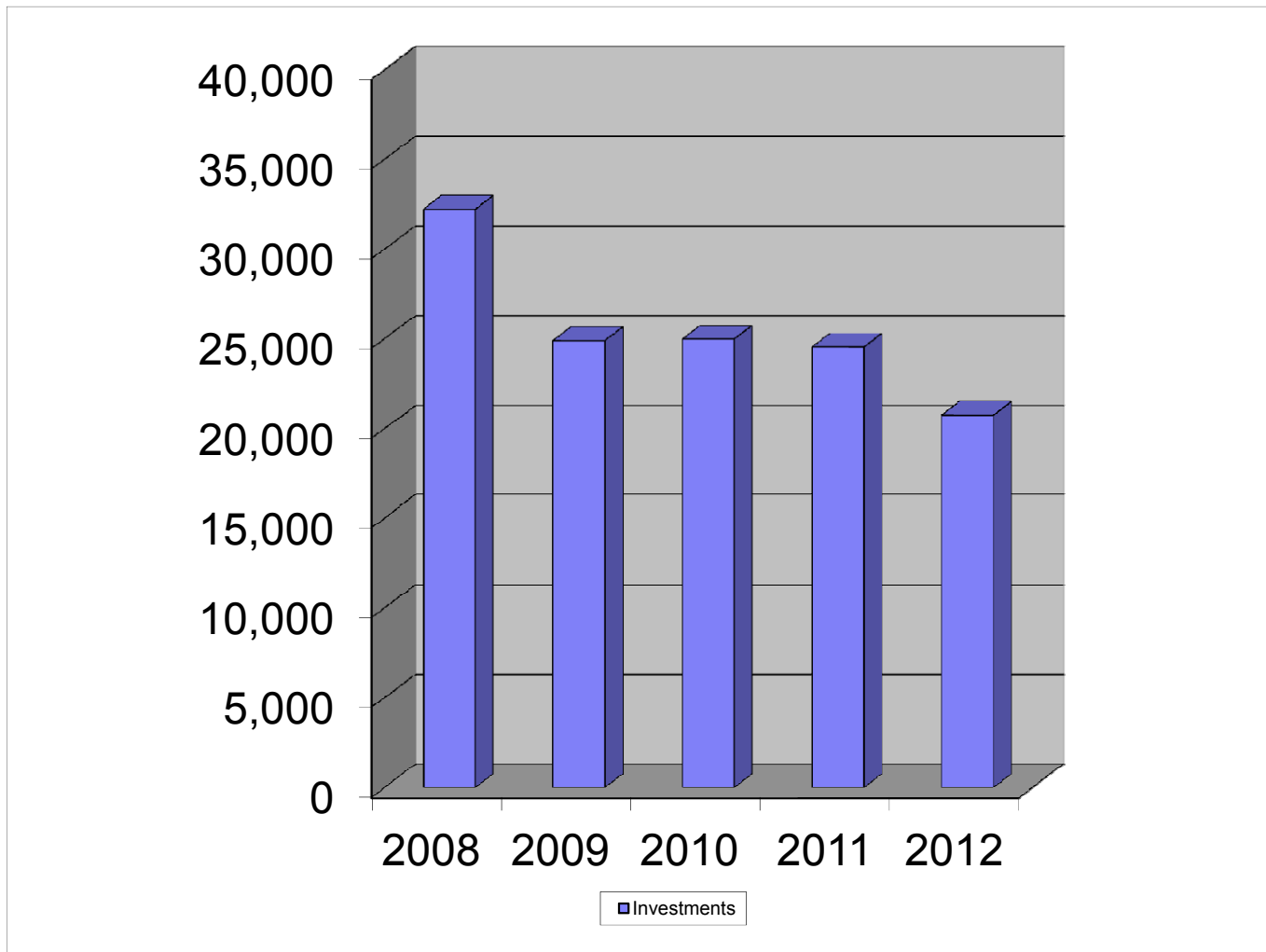
**Unrestricted Net Assets with OPEB Liability (thousands)**



**CAPITAL DISTRICT TRANSPORTATION AUTHORITY  
FIVE YEAR HIGHLIGHTS  
2008-2012**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Investments	\$ 32,233,044	\$ 24,885,808	\$ 24,979,849	\$ 24,534,658	\$ 20,771,663

**Investments (thousands)**





**Questions/Concerns?**