

**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, 2016, and the related statements of revenues, expenses and changes 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 18, 2016.

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, 2016. 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.



May 18, 2016

**4. Cash and Investments:**

The Authority has a written investment policy that applies to all its investments. The policy allows for the following investments:

- Certificates of Deposit in banks doing business in the State which are also members of the Federal Deposit Insurance Corporation (FDIC)
- Deposits in money market accounts in banks specified above
- Money market funds that invest exclusively in obligations of the United States Government or one of its agencies
- Obligations of the State, the United States Government or Agencies of the United States Government, or obligations guaranteed as to principal and interest by one of these entities

The amount of investments by type and maturities at March 31, 2016 are presented below:

Investment type	Rates	Fair value	% of total	Maturities (in Years)	
				Less than 1	1-5
Certificates of Deposit	.5 - 1.8%	\$ 6,498,714	30.2%	\$ 5,669,632	\$ 829,082
U.S. Treasury notes	0 - 0.9%	6,567,647	30.5%	3,515,799	3,051,848
Federal Agency notes	2.0 - 5.5%	8,207,474	38.2%	1,924,972	6,282,502
Money market funds	0.01%	227,255	1.1%	227,255	-
		<u>\$ 21,501,090</u>	<u>100.0%</u>	<u>\$ 11,337,658</u>	<u>\$ 10,163,432</u>

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.

Investments are designated for the following purposes:

Operating	\$ 2,801,716
Vehicle replacement	3,875,475
Capital projects and local match	2,753,143
Risk retention	3,924,334
Workers' compensation self-insurance	8,146,422
Total investments	<u>\$ 21,501,090</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