2017-2018 Annual Report

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From the Chairman

On behalf of our Board of Directors, I am proud to present the Capital District Transportation Authority Annual Report. We are the Capital Region's mobility leader, focusing on connecting communities with transportation choices that improve accessibility, enhance opportunities and offer customers more options.

We have a base of community partners that complement our dedicated and accomplished workforce. Our work serving as a community resource, a valued partner and a key component of the region's economic development engine, resulted in our designation as the American Public Transportation Association 2017 Mid-Size Transit System of the Year. We did not do this alone, and we look forward to continued collaboration and cooperation.

We are taking on new challenges and providing regional leadership to insure our customers and partners have the best options. Our regional bike-share, CDPHP *Cycle!*, hit the ground running this year with significant community support, and the program is set to double in size over the next year due to its tremendous success.

We have made progress on taxicab regulatory oversight work over the past year. We have developed a regional ordinance for continuity across municipal lines, and have made it easier for customers to provide feedback on service quality. This program is on track to enhance taxi service regionally, providing benefits to multiple customer groups throughout our region.

We have made accessing our services easier with the full deployment of our *Navigator* smartcard and mobile ticketing system. Customers have taken to the program with a larger retail network and online replenishment. We are moving ahead with integration possibilities to access other transportation modes across the region.

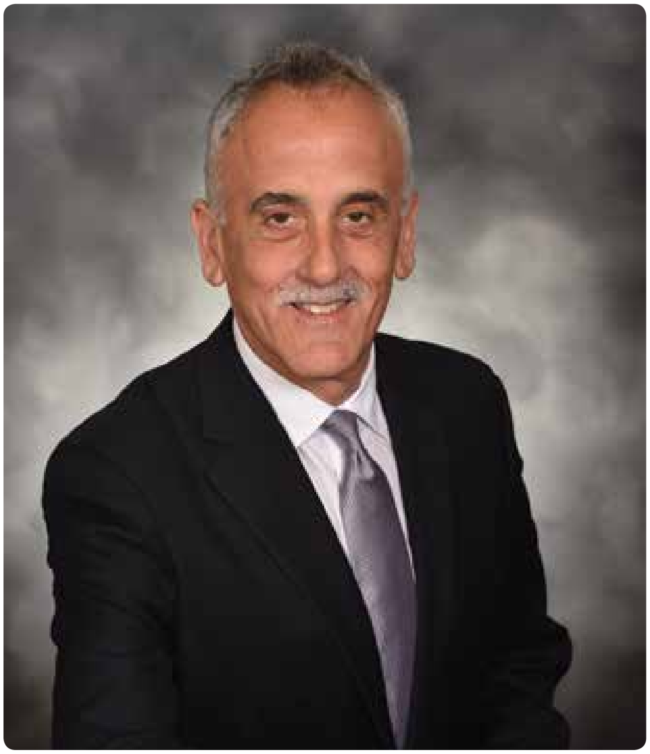
All this work supports the forward-thinking business approach we have adopted at the Board level. We focus on efficient financial practices, strong and effective advocacy for improving transit funding, and enhanced partnerships to increase ridership and revenue. Additional focus on consistent community outreach has expanded programming to new groups of businesses and charitable organizations, which is at the heart of what transit means to our communities.

It's the dedication and commitment of our entire organization from the Board of Directors on down, that has put us in our current position, and we look forward to doing more for our employees, the region, and its residents.

Sincerely,

David M. Stackrow CDTA Board Chairman

From the Chief Executive Officer



On behalf of the nearly 700 employees at CDTA, I am pleased to present this year's Annual Report. We closed our 2018 fiscal year with more than 16 million trips, a balanced operating budget, and a focus on maximizing mobility options across the region.

We continue to build on our reputation as the Capital Region's mobility leader, while strengthening ties to the communities we serve, by driving economic development and improving quality of life. Our work plan follows the vision that the Board of Directors has established and drives the efforts of our employees to provide a wide menu of mobility options.

Our CDPHP *Cycle!* regional bike-share program has been an instant success with more than 2,500 members and over 11,000 trips taken in just four months. This new mobility option is a healthy and affordable way to travel, and it connects with CDTA services. The program will expand to 350 bikes and 80 stations when the second season begins in late spring 2018.

Regional growth of mobility options will provide more long-term benefits with our new smartcard and mobile ticketing system, *Navigator*. We completed the transition this year, resulting in nearly 50,000 cards and mobile app downloads in the marketplace. Customers have more choices, easy to use fare products and 21st century security to assist in their travels.

Our popular Universal Access program has grown to more than 20 partners, which accounts for more than 4 million trips. We are in the development stages of a similar program for CDPHP *Cycle!*

We have taken on a variety of infrastructure projects throughout the region from Troy to Albany, while rolling out a pilot programs, for downtown circulator service to support growth in our core cities. We are providing more choices to get people where they want to go, and they are responding.

CDTA is committed to innovation and deploying new services and programs that address community needs. These efforts are driven by our skilled workforce as we provide a new transportation landscape. Our goal is to offer a deep and wide menu of options to improve access to what the region offers, and to foster optimism for the people who live and work here.

Sincerely,

Carm Basile CEO

Board Of Directors

David M. Stackrow
Chairman, Rensselaer County

Georgeanna Nugent
Vice-Chairwoman, Saratoga County

Mike Criscione
Albany County

Jaclyn Falotico
Schenectady County

Jayme Lahut
Schenectady County

Denise Figueroa
Albany County

Mark Schaeffer
Albany County

Corey Bixby
Labor (Non Voting Union Member)

Senior Staff

Carm Basile
Chief Executive Officer

Amanda Avery
General Counsel

Michael Collins
Vice President of Finance and Administration

Christopher Desany
Vice President of Planning and Infrastructure

Frederick C. Gilliam
Director of Transportation

Lance Zarcone
Director of Maintenance

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 choice riders 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.
- **CDTA** is responsive to the environment and operates the most efficient systems available. CDTA undertakes continual outreach to enroll 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 that 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	16,373,448
Fixed Route	16,051,638
NX	169,701
STAR	291,810
Bikes on Buses	68,289
Wheelchair Boardings	956,260
CDPHP *Cycle!* Rides	11,683

Fares (Effective April 1, 2018)

Base Fare	$1.50
BusPlus Fare	$2.00
STAR	$2.50
NX (varies by zone)	
• Zone 1	$4.00
• Zone 2	$5.00
• Zone 3	$7.00

Buildings and 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

Information Sources

Customer Service Center	(518) 482-8822
STAR Reservation Center	(518) 482-2022
Total Calls Answered Annually	400,000
Company Web Site	www.cdta.org
Web Site Visits Annually	14.1 million

Financial Information

Consolidated Operating Budget (2017-18)	$86.1 million
Customer Revenue	$18.2 million
Value of Capital Assets (net depreciation)	$125.8 million
Fleet	57%
Facilities	36%
Other (Technology, Fare Collection)	7%
Planned Capital Expenditures	$226.1 million, (5 yrs)
Fleet	36%
Facilities	2%
Other (Technology, Fare Collection)	8%

Operating Service Details

CDTA Employees	690
Revenue Vehicles	300
Fixed Route Vehicles	233
Hybrid Vehicles (part of overall fleet)	77
Paratransit Vehicles (STAR)	31
NX Commuter Coaches	14
Bus Routes	50
Annual Vehicle Miles	10 million
Annual Vehicle Hours	750,000
Annual Fuel Consumption	2.2 million gallons
Bus Stops	2,640
Passenger Shelters	318
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

Community Connections

CDTA Employees kicking off company wide Pink campaign

CDTA services stimulate and support the local economy. Community leaders are incorporating transit services into their planning efforts to foster environmentally healthy communities. While this is happening, we have sharpened our branding to position CDTA to a wider and more diverse audience of customers and partners.

We provide special event services and support community initiatives that make our region a better place to live, work and play. Events including First Night in Saratoga Springs, the annual Victorian Stroll in Troy, Albany's Tulip Festival and July 4th celebration, along with Schenectady's Holiday Parade, are a few of our signature events where we help move the region.

Our buses are safe havens for firefighters, volunteers and others during fires, natural disasters and events where a heated or air-conditioned environment is needed. We work with law enforcement officials to provide shelter and transport families to safe residences during troubling times.

Our staff works with local school districts to move students to important educational opportunities. And, we are tied into local calendars to move large numbers of people to and from special events. Whether its donating Summer Fun Passes to the YMCA or insuring Girls Inc. students have access to new life experiences, we work to provide solutions. CDTA employees are generous with their time and their money. Our United Way campaign is one of the best in the region in terms of per capita giving and participation rates. We are engaged with the American Cancer Society and its Real Men Wear Pink campaign. In 2017 we took our commitment to the streets, painting a bus pink to support the campaign and raise awareness. The campaign raised more than $15,000 thanks to the hard work and support of CDTA employees.

Authority Wins Prestigious Award

CDTA Named Best Mid-Size Public Transportation System in North America

CDTA was named the Best Mid-Size Public Transportation System in North America for 2017 by the American Public Transportation Association (APTA).

The region's geography makes a cohesive transportation network challenging, but CDTA has worked to connect area cities and surrounding towns with a number of unique and innovative services, like our bike-share program, CDPHP *Cycle!*, BusPlus Bus Rapid Transit service along Route 5, and our smartcard and mobile payment program, *Navigator*.

The formal announcement was made at an event at Bob Ford Field on the campus of the University at Albany. CDTA Board Chairman David M. Stackrow, Chief Executive Officer Carm Basile and a host of community leaders were joined by local officials, businesses and partners, as well as current and past employees to acknowledge the honor.

Better Service for All

Our route network is easy to understand and use, removing perceived barriers and making transit accessible to everyone. This enhances value via new fare products and improving the customer experience with emerging technologies, including a strong digital presence.

More than 14 million pages were viewed at www.cdta.org last year, with real time passenger information being accessed more than 5 million times. More than 85% of our customers access to CDTA through mobile devices, driving down comments related to on-time performance and improving relationships between customers and operating personnel.

CDTA's mobile application for customers offers a one-stop shop for accessing the region's transportation network. The improved *Navigator* mobile application provides customers with mobile ticketing, access real time information, scheduling, news and the ability to provide feedback.

The *Navigator* program offers account management, enhanced security and new features like balance protection, autoload capability and an easy interface for online ordering. *Navigator* will eventually offer utilization across the region's transportation network including bus services, car and bike sharing, all with one card or tap of a smartphone.

Our customer service unit handles more than 400,000 calls annually and our employees respond to comments in a prompt, professional manner. More than 90% of comments are closed within 10 business days. Transparency and responsiveness are key components to insuring customers have the best service possible.

Social media accounts provide customers with information and engaging content about our region, while providing the ability to quickly respond to inquiries. We operate a monthly customer research program that stays abreast of what customers want. The report provides traditional demographics, and industry benchmark metrics in safety, operational efficiency and customer service.

These elements allow us to respond nimbly to customers, offer new tools to assist their trip planning and improve the quality of life throughout the region.

CDPHP *Cycle!*

Paul Winkeller, Exec. Director of NYSBC, Senator Neil Breslin, Assembly woman Patrica Fahy, John D. Bennett, MD, President and CEO of CDPHP, CEO Carm Basile, Mayor Kathy Sheehan, Mary Rozak Director of Communication Albany County

CDTA and CDPHP officially launched CDPHP *Cycle!*, the Capital Region's bike-share program in July 2017. CDPHP *Cycle!* features 350 bikes distributed among 80 bike stations in Albany, Saratoga Springs, Schenectady and Troy. The program offers a healthy, affordable and fun mode of transportation.
Bringing a deep and wide menu of mobility options to the region, all under one umbrella, is central to CDTA's vision for a first-class transportation network.

CDPHP *Cycle!* is another tool for municipalities, trade organizations and businesses to attract new customers and showcase the Capital Region as an ideal place to live, work and play.

The inaugural CDPHP *Cycle!* riding season wrapped up with more than 11,000 trips and nearly 2,500 members in Albany, Schenectady, Troy and Saratoga Springs. Season 2 of *Cycle!* will kick off in May 2018.

The network provided a variety of customer groups with enhanced mobility. Trips in Albany were primarily used to commute, while Saratoga Springs users rented the bikes mainly for recreation. Albany's Hudson River Parkway, Corning Preserve, was the busiest hub, while the Saratoga Spa State Park was the top hub in Saratoga Springs. Proctors Theatre (Jay and State Street) was the most popular location in Schenectady, while and the corner of Hill Street and Liberty Street (Prospect Park) was the top hub in the Collar City of Troy.

CDPHP *Cycle!* 2017 Season Stats

- 2,467 all-time members
- 11,418 trips
- 1,075,090 calories burned
- 23,701 pounds of carbon reduced (compared to driving)
- 26,877 miles ridden

CDTA and Partners Unveil Downtowner Services

CEO Carm Basile with CDTA Board Member, and Schenectady Partners at the kick-off event

CDTA partnered with several organizations in Schenectady to launch the *Electric City Trolley* in June of 2017. As the region's mobility leader, CDTA is continually looking 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 community partners, CDTA is offering a fun, and convenient way to explore downtown and get around easily. Downtown Schenectady is experiencing a rebirth with new energy, construction, jobs and opportunity. We are pleased to be part of the development and the excitement that is evident throughout the city.

The *Electric City Trolley* service offers convenient stops near key attractions, including Rivers Casino & Resort, Mohawk Harbor, the Schenectady Public Library, Hampton Inn, The Stockade, Amtrak Station, Proctors, Little Italy, State Street, Lower Union Street, DoubleTree Hotel and Courtyard Marriott.

CDTA, Albany Mayor Kathy Sheehan, Albany Sheriff Craig Apple and community partners at the launch of the Capital City Shuttle in June 2017

CDTA also partnered with several Albany organizations to launch the *Capital City Shuttle*. The free service offers a safe and convenient link to three vibrant neighborhoods – Lark Street, Downtown Albany and the Warehouse District.

The pilot program operated Thursday, Friday and Saturday nights with a shuttle arriving every 20 minutes. Transfinder's *CityFinder* application provided real-time tracking, reviews and detailed points of interest for the *Capital City Shuttle*.

The service offered 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.

The *Capital City Shuttle* not only provides visitors with a convenient transportation option, but it also helps to curtail drinking and driving. The Albany County Sheriff's STOP DWI Program and DeCrescente Distributing Co., Inc. partnered on the initiative to promote the benefits of the new service and keeping our roads safe.

Schenectady-based software and logistics company, Transfinder, developed an app, *CityFinder*, that allows users to track shuttle location and detailed points of interest.

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

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March 31, 2018

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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, 2018 and 2017, 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, 2018 and 2017, 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.

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 23, 2018 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 23, 2018

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

Management's Discussion and Analysis
For the Years Ended March 31, 2018, 2017 and 2016
(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, 2018, 2017, and 2016, 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. 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.

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.

	2018	2017	2016
Assets:			
Current assets	$ 43,881,180	$ 42,333,306	$ 41,167,775
Capital assets, net	125,773,925	109,894,748	114,298,162
Total assets	169,655,105	152,228,054	155,465,937
Deferred outflows of resources from pension	1,910,046	3,733,886	1,014,299
Total assets and deferred outflows of resources	$ 171,565,151	$ 155,961,940	$ 156,480,236
Liabilities:			
Current liabilities	$ 12,375,313	$ 10,013,113	$ 9,194,963
Noncurrent liabilities	70,020,386	66,362,855	60,331,062
Total liabilities	82,395,699	76,375,968	69,526,025
Deferred inflows of resources from pension	497,408	566,287	125,689
Net position:			
Net investment in capital assets	117,984,754	100,629,651	103,598,427
Unrestricted	(29,312,710)	(21,609,966)	(16,769,905)
Total net position	88,672,044	79,019,685	86,828,522
Total liabilities, deferred inflows of resources, and net position	$ 171,565,151	$ 155,961,940	$ 156,480,236

Changes in net position over time can serve as a useful indicator of the Authority's financial position. Net investment in capital assets represents the Authority's net capital assets, offset by outstanding balances of related debt obligations attributable to acquisition of the capital assets. The continued decrease in the unrestricted net position is primarily due to the accrual of other postemployment healthcare benefits. Excluding this accrual, the Authority's unrestricted net position would be $22.4 million as opposed to negative $29.3 million at March 31, 2018.

From 2017 to 2018, current assets increased $1.5 million due to increases in receivables from Universal Access Contracts and Federal grants the Authority anticipates receiving during fiscal 2019. Net capital assets increased nearly $16.0 million due to bus purchases aided by the New York State Capital Program as well as progress on the federally funded radio project. Overall, capital asset additions of $32.0 million were offset by $16.0 million in depreciation. Deferred outflows of resources of $1.9 million are related to the Authority's participation in the New York State and Local Employees' Retirement System (ERS) and reflect the difference between projected and actual earnings on plan investments, assumption changes, and pension payments made subsequent to the actuarial measurement date of the plan.

Total liabilities increased by $6.0 million at March 31, 2018 compared to March 31, 2017. Non-current liabilities increased by $3.7 million and current liabilities increased $2.3 million. Some of the more significant changes include other post-employment benefits increasing $4.8 million, capital lease obligations decreasing $1.5 million due to annual debt payments, and accounts payable increasing $2.3 million due to timing of invoice payments for buses and a Bus Rapid Transit progress payment.

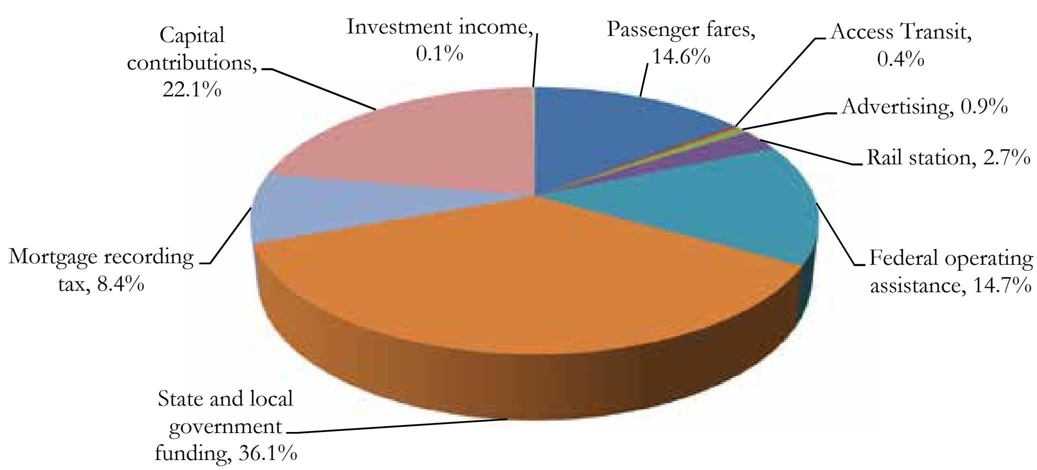
Revenue Summary

	2018	2017	2016
Operating revenues:			
Passenger fares	$ 18,224,334	$ 18,353,335	$ 17,185,297
Access Transit	465,610	458,137	388,521
Advertising	1,065,526	1,084,517	761,263
Rail station parking and rentals	3,378,907	3,425,336	3,315,837
Total operating revenues	23,134,377	23,321,325	21,650,918
Non-operating revenues:			
Federal operating assistance	18,407,896	17,609,934	17,949,081
State and local government funding	45,156,205	41,091,925	40,221,143
Mortgage recording tax	10,495,718	11,078,587	10,187,391
Investment income	187,301	129,567	187,688
Capital contributions	27,630,849	7,873,541	8,792,600
Total non-operating revenue	101,877,969	77,783,554	77,337,903
Total revenue	$ 125,012,346	$ 101,104,879	$ 98,988,821

Operating revenue decreased slightly ($0.2 million) from 2017 to 2018. Most of the decrease was in passenger fares, which was expected during the continued transition from Swiper products to the Navigator smart card system. Advertising and rail station revenue each decreased by about 1%. The rail station decrease is due to the closing of garage parking spots for maintenance.

Non-operating revenues increased 31% ($24.1 million) from 2017 primarily due to an increase in capital contributions of $19.8 million used to purchase buses. Additionally, New York State (NYS) and local funding increased $4.1 million. NYS funds increased in part because more NYS Operating Assistance was provided ($0.7 million), NYS provided 100% funding ($2.1 million) for passenger improvements at the Lark and Washington intersection, and its share of federal grant match increased ($1.2 million).

The chart below summarizes 2018 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, 2018 by source and percentage.

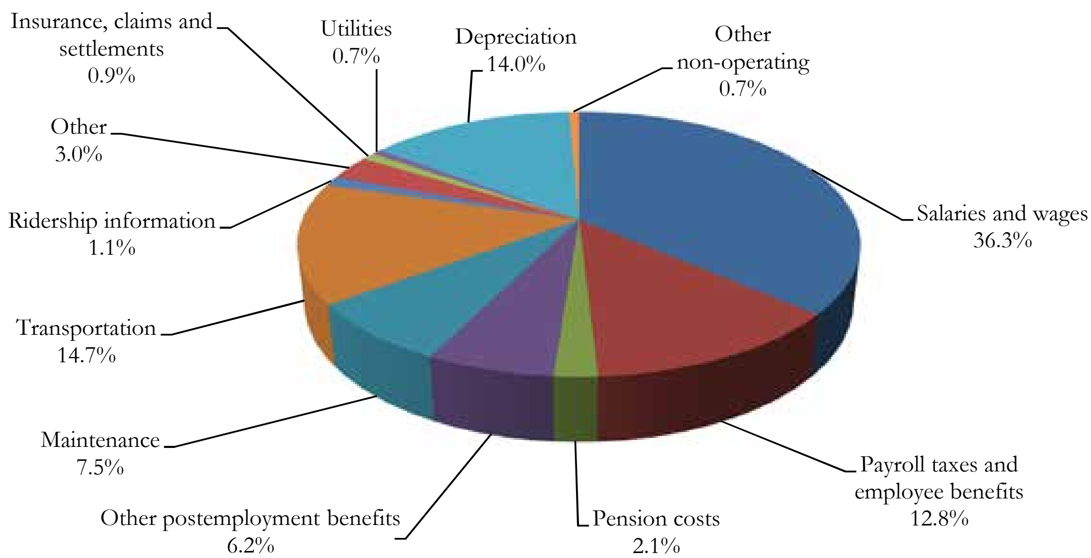
	2018	2017	2016
Operating expenses:			
Salaries and wages	$ 41,885,463	$ 40,873,247	$ 38,653,942
Payroll taxes and employee benefits	14,734,804	12,611,041	12,122,281
Pension costs	2,535,609	2,997,170	2,706,230
Other postemployment benefits	7,146,243	7,504,179	6,902,518
Maintenance	8,616,962	7,591,617	9,255,109
Transportation	16,980,501	17,590,965	16,586,052
Ridership information	1,255,204	978,365	817,437
Other	3,430,897	3,225,205	3,600,295
Insurance, claims and settlements	1,048,396	196,652	674,454
Utilities	783,476	735,279	697,643
	98,417,555	94,303,720	92,015,961
Depreciation	16,161,198	14,103,969	13,652,774
Total operating expenses	114,578,753	108,407,689	105,668,735
Non-operating expenses:			
Other non-operating expenses, net	781,234	506,027	2,911,870
Total expenses	$ 115,359,987	$ 108,913,716	$ 108,580,605

Operating expenses for fiscal 2018 increased $6.2 million from 2017. Expenses related to personnel related costs accounted for approximately $2.3 million of the increase. Wages ($1.0 million) and payroll tax and benefits ($2.1 million) increased $3.1 million but were offset by decreases in pension and postemployment benefits of $0.4 million each. The increase in wages of 2.5% is in line with the collectively bargained contract with the Amalgamated Transit Union (ATU). Payroll tax and benefits increased primarily due to a $1.4 million adjustment to the workers' compensation liability.

The remaining $3.9 million increase in operating expenses from 2017 is due to changes in non-personnel expense categories. Depreciation expense increased $2.1 million due to the related increase in capital assets. Maintenance expense, mostly materials and parts, increased by $1.0 million due to continued reliance on older vehicles which are more expensive to maintain and cause overuse of newer vehicles, which speeds up their life-cycle.

Transportation expense decreased $0.6 million, but there were several noteworthy changes. Due to timing in processing a grant, the Authority did not have an agreement with Adirondack Trailways which resulted in a $2.5 million decrease. Fuel expense decreased by $0.5 million as the Authority was able to lock in pricing lower than the previous year. Purchased transportation increased $0.7 million in 2018, primarily attributable to taxi services used to help with STAR demand.

Insurance, claims, and settlements increased $0.9 million due to an increase in the reserve for future losses, an increase in claims paid, and an increase in insurance premiums.



CAPITAL ASSETS AND LONG-TERM DEBT

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

	2018	2017	2016
Land and improvements	$ 1,529,981	$ 1,529,981	$ 1,529,981
Construction-in-progress	5,804,623	715,403	-
Buildings and improvements	44,978,294	47,989,796	50,324,686
Revenue equipment	70,049,688	55,972,830	58,770,320
Service equipment and vehicles	2,716,995	2,415,013	1,118,152
Furniture and equipment	694,344	1,271,725	2,555,023
	$ 125,773,925	$ 109,894,748	$ 114,298,162

The Authority's capital assets, net of depreciation, represent over 73% of the Authority's total assets. Capital asset additions of $32.0 million in 2018 consisted primarily of vehicles ($25.5 million) and construction in progress ($5.0 million). Construction in progress consisted primarily of work on the River Corridor Bus Rapid Transit Line ($2.3 million), Rensselaer Rail Station ($1.5 million), and the Information Technology Management System ($1.0 million). These additions were offset by $16.0 million in depreciation of which $11.4 million was for vehicles and $3.0 million for buildings and equipment.

In prior years, the Authority entered into two capital lease agreements to purchase transit buses. Principal payments on the capital leases, which extend through November 2023, totaled $1.4 million each year.

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Annual boardings were almost 16.4 million during 2018, the fourth consecutive year over 16 million. Much of our success as an organization comes from our ability to demonstrate success in our most significant measurement, ridership. Continued high levels of ridership facilitate discussions with New York State regarding more capital and operating funding to improve and expand services to the public. High levels of ridership help our 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.

The continuation of the New York State capital plan has been a tremendous help to CDTA. When the program began the Authority had 70 vehicles that were past their useful life. After a few years into the program, only a few of these older vehicles remain. The continued replacement of vehicles, especially those past their useful life, allows the Authority to mitigate significant swings in maintenance expense. It has allowed us to avoid additional bus leases and dedicate more federal funding to cover increases in service. We are hopeful that when the five-year capital program ends, New York State will establish a permanent capital plan.

Federal funding continues to be of concern in several ways. There have only been marginal increases in our yearly federal allocation (Section 5307) for the past few years. While an increase is always helpful, the last few allocations are not near the investment needed to operate and maintain our transit system. In addition to our standard allocation, the uncertainty of major federal competitive grant programs leaves us uncertain on two major Bus Rapid Transit initiatives: The River Corridor and the Washington-Western Corridor. We have submitted and have been rated high enough to receive Small Starts federal funding but have yet to move past this stage for two-years because the federal government has not allocated funds for eligible projects.

Beginning in April 2018, the use of magnetic stripe media was discontinued, and the Authority is now using the Navigator smart card system. This system is designed to provide customers choices on how they want to pay while also making the process of obtaining products more convenient and secure. Options like auto-renew, the ability to load money on a card that is used as you ride, and account recovery if you are registered, are just some of the features that make this an exciting new system.

A few other issues will also have an impact on the future:

Revenue Growth: This is challenging as revenues have only demonstrated slightly increased over the past few years. We want to improve services as we have a robust customer base. However, due to inflation and normal increases in operating expense, it is challenging to make significant operating changes given our revenue stream. We have a good partner in New York State and we will continue to advocate for funding to improve the customer experience at CDTA.

Collective Bargaining Agreement: Our agreement with Amalgamated Transit Union expires in June 2018. Negotiations have begun which will ultimately have an impact on CDTA operations, and we are confident that a fair and sustainable contract will be reached.

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 we have no control over. This expense and pending liability have increased significantly over the past several years.

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,	2018	2017
Assets		
Current assets:		
Cash	$ 10,963,346	$ 11,672,562
Investments	20,031,893	20,523,463
Government grants receivable	5,312,984	3,978,046
Other receivables and prepaid expenses	3,798,554	2,471,476
Materials, parts, and supplies	3,774,403	3,687,759
	43,881,180	42,333,306
Noncurrent assets:		
Capital assets, net	125,773,925	109,894,748
Total assets	169,655,105	152,228,054
Deferred ouflows of resources:		
Deferred outflows of resources related to pensions	1,910,046	3,733,886
Total assets and deferred outflows of resources	$ 171,565,151	$ 155,961,940
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,098,144	$ 6,844,324
Current portion of capital lease obligations	1,510,841	1,472,242
Unearned passenger revenue	1,766,328	1,696,547
	12,375,313	10,013,113
Noncurrent liabilities:		
Capital lease obligations	6,278,330	7,792,855
Estimated provision for claims and settlements	10,000,400	8,225,000
Other postemployment benefits	51,754,279	46,905,630
Net pension liability	1,987,377	3,439,370
	70,020,386	66,362,855
Total liabilities	82,395,699	76,375,968
Deferred inflows of resources:		
Deferred inflows of resources related to pensions	497,408	566,287
Net position:		
Net investment in capital assets	117,984,754	100,629,651
Unrestricted	(29,312,710)	(21,609,966)
Total net position	88,672,044	79,019,685
Total liabilities, deferred inflows of resources, and net position	$ 171,565,151	$ 155,961,940

See accompanying notes.

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,	2018	2017
Operating revenues:		
Passenger fares	$ 18,224,334	$ 18,353,335
Access Transit	465,610	458,137
Advertising	1,065,526	1,084,517
Rail station parking and rentals	3,378,907	3,425,336
Total operating revenues	23,134,377	23,321,325
Operating expenses:		
Salaries and wages	41,885,463	40,873,247
Payroll taxes and employee benefits	14,734,804	12,611,041
Pension costs	2,535,609	2,997,170
Other postemployment benefits	7,146,243	7,504,179
Maintenance	8,616,962	7,591,617
Transportation	16,980,501	17,590,965
Ridership information	1,255,204	978,365
Insurance, claims, and settlements	1,048,396	196,652
Utilities	783,476	735,279
Other	3,430,897	3,225,205
Total operating expenses before depreciation	98,417,555	94,303,720
Operating loss before depreciation	(75,283,178)	(70,982,395)
Depreciation	(16,161,198)	(14,103,969)
Operating loss	(91,444,376)	(85,086,364)
Non-operating revenues (expenses):		
Federal operating assistance	18,407,896	17,609,934
State and local government funding	45,156,205	41,091,925
Mortgage recording tax	10,495,718	11,078,587
Investment income	187,301	129,567
Other non-operating expenses	(781,234)	(506,027)
Total non-operating net revenues	73,465,886	69,403,986
Change in net position before capital contributions	(17,978,490)	(15,682,378)
Capital contributions	27,630,849	7,873,541
Change in net position	9,652,359	(7,808,837)
Net position - beginning of year	79,019,685	86,828,522
Net position - end of year	$ 88,672,044	$ 79,019,685

See accompanying notes.

Statements of Cash Flows

For the years ended March 31,	2018	2017
Operating activities:		
Cash received from passengers	$ 16,967,037	$ 18,898,578
Cash payments to suppliers for goods and services	(31,571,924)	(30,878,593)
Cash payments to employees for salaries and benefits	(59,375,102)	(58,147,791)
Other operating revenues received	4,910,043	4,967,990
Net operating activities	(69,069,946)	(65,159,816)
Non-capital financing activities:		
Operating assistance, governmental funding and mortgage recording tax received	72,724,881	70,201,125
Other non-operating expenses	(535,840)	(227,708)
Net non-capital financing activities	72,189,041	69,973,417
Capital and related financing activities:		
Proceeds from sales of capital assets	68,496	2,512
Acquisition of capital assets	(30,441,741)	(9,716,027)
Payments for interest	(288,860)	(265,359)
Capital contributed under grants	27,630,849	7,873,541
Payments on capital lease obligations	(1,475,926)	(1,434,638)
Net capital and related financing activities	(4,507,182)	(3,539,971)
Investing activities:		
Interest received on investments	393,221	419,768
Proceeds from sales and maturities of investments	20,950,910	14,255,822
Purchases of investments	(20,665,260)	(13,568,396)
Net investing activities	678,871	1,107,194
Net change in cash	(709,216)	2,380,824
Cash - beginning of year	11,672,562	9,291,738
Cash - end of year	$ 10,963,346	$ 11,672,562
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	$ (91,444,376)	$ (85,086,364)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	16,161,198	14,103,969
Net pension activity	302,968	438,495
Other postemployment benefits	4,848,649	5,399,351
Changes in assets and liabilities:		
Other receivables and prepaid expenses	(1,327,078)	296,724
Materials, parts, and supplies	(86,644)	(479,737)
Accounts payable and accrued expenses	630,156	532,027
Unearned passenger revenue	69,781	248,519
Estimated provision for claims and settlements	1,775,400	(612,800)
Net cash used for operating activities	$ (69,069,946)	$ (65,159,816)

See accompanying notes.

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, 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 counties of Albany, Schenectady, Rensselaer and Saratoga:

- 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, 2018 and 2017, 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, 2018 and 2017.

To reduce its exposure to rising fuel costs, the Authority has entered into contracts that fix the prices of certain vehicle fuels purchased from May 2017 through May 2019. 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.

Asset capitalization thresholds and estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life
Buildings and improvements	$5,000	10-40 years
Revenue equipment	$5,000	4-12 years
Service equipment and vehicles	$5,000	3-7 years
Furniture and equipment	$5,000	5-7 years

Compensated Absences

The Authority provides for vacation, sick, and compensatory time attributable to services already rendered. The liabilities are recorded based on employees' rates of pay as of the end of the fiscal year and include all payroll related liabilities. In the event of a voluntary termination, an employee is reimbursed for accumulated vacation days up to a stated maximum. Upon retirement, union represented employees are reimbursed for sixty percent of all accumulated sick days, up to a stated maximum, as specified in contractual agreements.

Pensions

The Authority has elected to participate in the New York State and Local Employees' Retirement System (ERS). The Authority recognizes its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by ERS (Note 10). ERS recognizes benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value.

Net Position

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of the assets
- *Unrestricted* – net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the above restrictions and are available for general use of the Authority

Operating Revenues

The Authority derives passenger revenues from farebox rider payments and the advance sale of transit passes. Amounts received from these advance sales are recorded as unearned revenue at the time of sale and recognized as revenue as passes are redeemed. Unearned passenger revenue represents the face value of unexpired transit passes at year end. Access Transit revenues are earned from facilitating transportation services for Medicaid qualified individuals. Rail station parking and rental revenues are primarily earned at the Authority's Rensselaer and Saratoga Rail Stations.

Non-Operating Revenues

The Authority receives operating assistance and capital contributions pursuant to various federal, state, and local government contracts and grant agreements. Operating assistance and capital contributions are recorded as revenue based on annual appropriations or when expenditures have been incurred in compliance with grant agreements. Operating assistance and capital contributions represent 73% and 66% of total revenue for the years ended March 31, 2018 and 2017, respectively. A significant decrease in this funding may negatively impact future operations.

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. 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, 2018 and 2017 are presented below:

	2018	2017
Certificates of deposit	**$ 3,926,943**	$ 4,377,744
U.S. Treasury notes	**9,011,990**	8,102,179
Federal Home Loan Mortgage Corporation	**3,106,600**	4,822,132
Federal Home Loan Bank	**2,859,773**	1,523,610
Federal Farm Credit Bank	**727,918**	1,577,405
Federal National Mortgage Association	**298,836**	115,990
Money market funds	**99,833**	4,403
	$ 20,031,893	$ 20,523,463
Maturities (in years):		
Less than 1	**$ 18,773,482**	$ 14,404,051
1-5	**1,258,411**	6,119,412
	$ 20,031,893	$ 20,523,463

Investments are designated for the following purposes:

	2018	2017
Operating	**$ 2,401,126**	$ 2,098,273
Vehicle replacement	**2,443,016**	3,669,376
Capital projects and local match	**3,643,945**	2,943,526
Risk retention	**3,982,417**	3,944,509
Workers' compensation self-insurance	**7,561,389**	7,867,779
	$ 20,031,893	$ 20,523,463

- 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

4. Capital Assets:

	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 capital 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**

	April 1, 2016	Additions	Reclassifications and Disposals	March 31, 2017
Non-depreciable capital assets:				
Land and improvements	$ 1,529,981	$ -	$ -	$ 1,529,981
Construction-in-progress	-	715,403	-	715,403
Total non-depreciable capital assets	1,529,981	715,403	-	2,245,384
Depreciable capital assets:				
Buildings and improvements	94,492,272	720,233	-	95,212,505
Revenue equipment	137,934,104	6,708,253	(561,280)	144,081,077
Service equipment and vehicles	4,718,599	1,530,398	(19,124)	6,229,873
Furniture and equipment	17,464,380	41,740	-	17,506,120
Total depreciable capital assets	254,609,355	9,000,624	(580,404)	263,029,575
Less accumulated depreciation:				
Buildings and improvements	(44,167,586)	(3,055,123)	-	(47,222,709)
Revenue equipment	(79,163,784)	(9,490,271)	545,808	(88,108,247)
Service equipment and vehicles	(3,600,447)	(233,537)	19,124	(3,814,860)
Furniture and equipment	(14,909,357)	(1,325,038)	-	(16,234,395)
Total accumulated depreciation	(141,841,174)	(14,103,969)	564,932	(155,380,211)
Total depreciable capital assets, net	112,768,181	(5,103,345)	(15,472)	107,649,364
Total capital assets, net	$ 114,298,162	$ (4,387,942)	$ (15,472)	$ 109,894,748

5. Short-Term Borrowings:

Effective July 11, 2017, 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, 2018), 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, 2018.

6. 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 from May 2014 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 from May 2012 through November 2021.

Required lease payments subsequent to March 31, 2018 are as follows:

Years Ending March 31,	Principal	Interest
2019	$ 1,510,841	$ 189,157
2020	1,550,461	149,537
2021	1,591,129	108,868
2022	1,632,874	67,123
2023	745,045	30,811
2024	758,821	13,351
	$ 7,789,171	$ 558,847

7. 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, 2018 and 2017 were:

	2018	2017
Federal operating assistance (FTA)	$ 18,407,896	$ 17,609,934
State and local government funding:		
New York State	43,239,205	39,174,924
Albany County	1,075,437	1,075,437
Rensselaer County	446,661	446,661
Schenectady County	316,305	316,305
Saratoga County	78,597	78,598
Total State and local government funding	45,156,205	41,091,925
Mortgage recording tax:		
Albany County	3,785,209	3,555,385
Rensselaer County	1,514,983	1,602,519
Schenectady County	1,356,787	1,987,759
Saratoga County	3,838,739	3,932,924
Total mortgage recording tax	10,495,718	11,078,587
	$ 74,059,819	$ 69,780,446

8. 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 the 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 2018 and 2017 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 $556,740 and $541,790 at March 31, 2018 and 2017 and are included within other receivables and prepaid expenses on the accompanying balance sheets.

9. Other Postemployment Benefits (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 does not issue a publicly available financial report.

GASB Statement No. 45 requires that the Authority recognize the cost of OPEB during the periods when employees render the services that will ultimately entitle them to the benefits. This cost is referred to as the annual required contribution (ARC) and includes:

- Amortization of the unfunded actuarial accrued liability (UAAL) for the current year, which is the actuarially-determined, unfunded present value of all future OPEB costs associated with current employees and retirees as of the beginning of the year
- Normal cost which is the actuarially-determined cost of future OPEB earned in the current year

The ARC represents an amount that, if funded each year, would ultimately satisfy the UAAL at the end of the amortization period (the Authority is using the maximum period of 30 years) as well as each year's normal cost during that timeframe. A liability is recognized to the extent that actual funding of the plan is less than the ARC. This liability is reflected on the balance sheets as other postemployment benefits. The Authority's Board of Directors has the authority to establish a funding policy for the plan. The current policy is to fund the plan to the extent of premium payments and reimbursements on a pay-as-you-go basis.

The following table summarizes the Authority's ARC, the amount actually contributed, and changes in the Authority's net OPEB obligation for the years ended March 31, 2018 and 2017:

	2018	2017
Annual required contribution		
Normal cost	**$ 3,554,241**	$ 3,764,744
Amortization of UAAL	**4,428,334**	4,479,496
Annual required contribution	**7,982,575**	8,244,240
Interest on OPEB obligation	**1,876,225**	1,660,251
ARC adjustment	**(2,712,557)**	(2,400,312)
Annual OPEB cost	**7,146,243**	7,504,179
Contributions made	**(2,297,594)**	(2,104,828)
Increase in net OPEB obligation	**4,848,649**	5,399,351
Net OPEB obligation - beginning of year	**46,905,630**	41,506,279
Net OPEB obligation - end of year	**$ 51,754,279**	$ 46,905,630

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the previous three years were as follows:

Year Ended March 31,	OPEB Cost	OPEB Cost Contributed	OPEB Obligation
2018	$ 7,146,243	32.2%	$ 51,754,279
2017	$ 7,504,179	28.0%	$ 46,905,630
2016	$ 6,902,518	27.8%	$ 41,506,279

As of April 1, 2017, the actuarial accrued liability for benefits was $80,848,588, all of which is unfunded. The annual payroll of employees covered by the Plan was $42,498,722, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 190%.

The actuarial valuation involves estimates of costs and the impact of events far into the future. Examples include employee turnover and retirement rates, employee and retiree mortality, and changes in healthcare costs and interest rates. The benefits are subject to routine actuarial valuations and these analyses will reflect revised estimates and assumptions as actual results are compared to past projections and expectations of the future. A schedule of funding progress is presented as required supplementary information and displays trend data on plan assets (if any) and the actuarial accrued liability for benefits.

The actuarial calculations reflect a long-term perspective and utilize techniques designed to reduce short-term volatility in actuarial accrued liabilities. A summary of the methods and assumptions is provided below:

- Healthcare cost trend: 5.0% - 7.25% next year; prescriptions: 10.5% next year; Medicare Advantage and Medicare Part B: 4.6% next year; ultimately declining to 3.886% in 2076
- Actuarial cost method: Projected unit credit
- Amortization method: 30 years, open, single amortization level
- Discount rate: 4.0%
- Mortality: The sex-distinct RP-2014 Blue Collar Mortality Tables, adjusted backward to 2006 with scale MP-2014, then adjusted for mortality improvements with scale MP-2017 on a generational basis
- Turnover: Rates of turnover are based on the experience under the New York State Employees' Retirement System (ERS)
- Retirement incidence: Rates of retirement are based on the experience under ERS
- Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect postemployment healthcare benefits. Future retirees were assumed to elect coverage in medical plans at the following rates: CDPHP plan – 60%; MVP plan – 15%; Empire Plan – 25%
- Spousal coverage: 40% of future retirees are assumed to elect spousal coverage upon retirement, 30% of surviving spouses are assumed to continue coverage
- Per capita costs: All retiree plans are offered through the New York State Health Insurance Program (NYSHIP) Empire Plan

10. 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 16.0%.

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

At March 31, 2018 and 2017, the Authority reported a liability of $1,987,377 and $3,439,370, respectively, for its proportionate share of the net pension liability.

The net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016. 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, 2017 measurement date, the Authority's proportion was .0211508%, a decrease of 0.0002779 from its proportion measured at March 31, 2016.

For the years ended March 31, 2018 and 2017, the Authority recognized pension expense of $838,683 and $1,381,612, respectively. At March 31, 2018 and 2017, the Authority reported deferred outflows and deferred inflows of resources as follows:

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 50,491**	**$ 301,286**	$ 17,463	$ 406,771
Changes of assumptions	**688,361**	**-**	921,533	-
Net difference between projected and actual earnings on pension plan investments	**389,428**	**-**	2,046,756	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	**-**	**196,122**	-	159,516
Authority contributions subsequent to the measurement date	**781,766**	**-**	748,134	-
	$ 1,910,046	**$ 497,408**	$ 3,733,886	$ 566,287

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,	
2019	$ 311,937
2020	311,937
2021	311,937
2022	(304,939)
	$ 630,872

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2016 valuation, with update procedures used to roll forward the total pension liability to March 31, 2017, 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%	7.8%
Real estate	10%	5.8%
Inflation-indexed bonds	4%	1.5%
Bonds and mortgages	17%	1.3%
Short-term	1%	(0.3)%
Other	8%	4.0%-5.9%
	100%	

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 $6,435,165 and a 1% higher (8.0%) rate would result in a net pension asset of $1,722,441.

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 $1,696,926 and 1,615,558 for the years ended March 31, 2018 and 2017. 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.

11. 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 $700,000 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, 2018.

The Authority has designated risk reserves of $11,543,806 and $11,812,288 at March 31, 2018 and 2017 (Note 3). 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				
2018	$ 7,536,200	$ 3,807,000	$ 2,193,300	$ 9,149,900
2017	$ 7,800,000	$ 2,092,600	$ 2,356,400	$ 7,536,200
General liability				
2018	$ 688,800	$ 553,600	$ 391,900	$ 850,500
2017	$ 1,037,800	$ (138,000)	$ 211,000	$ 688,800

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 2018, the Authority exercised its option to purchase six paratransit vehicles totaling $562,000 with delivery in 2019. The Authority also has various projects in progress with expected completion dates during 2019 and 2020 and estimated remaining costs totaling $20.5 million.

12. Cash Flows:

Noncash investing and capital and related financing activities excluded from the 2018 statement of cash flows include property and equipment additions included in accounts payable and accrued expenses at March 31, 2018 of $1,623,664.

Required Supplementary Information (Unaudited)
Schedule of Funding Progress for Other Postemployment Benefits

March 31, 2018

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Deficiency of Assets over UAAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
April 1, 2012	$ -	$ 68,869,227	$ (68,869,227)	0%	$ 34,835,644	198%
April 1, 2014	$ -	$ 70,561,109	$ (70,561,109)	0%	$ 36,510,733	193%
April 1, 2016	$ -	$ 82,175,804	$ (82,175,804)	0%	$ 41,562,885	198%

The combination of changes in assumptions, primarily including the annual rate of increase in healthcare costs, mortality assumptions, and the calculation of claim costs related to retirees was revised due to Actuarial Standards of Practice 6, "Measuring Retiree Group Benefits Obligations and Determining Group Benefits Program Periodic Costs or Actuarially Determined Contributions," which increased the unfunded actuarial accrued liability by $11,615,000.

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,	**2017**	2016	2015
Authority's proportion of the net pension position	**0.0211508%**	0.0214287%	0.0213687%
Authority's proportionate share of the net pension liability	**$ 1,987,377**	$ 3,439,370	$ 721,886
Authority's covered payroll	**$ 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	**39.41%**	71.47%	15.02%
Plan fiduciary net position as a percentage of the total pension liability	**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,	**2018**	2017	2016	2015	2014
Contractually required contribution	**$ 781,766**	$ 748,134	$ 865,808	$ 888,428	$ 960,659
Contribution in relation to the contractually required contribution	**(781,766)**	(748,134)	(865,808)	(888,428)	(960,659)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
Authority's covered payroll	**$ 5,510,880**	$5,042,890	$4,812,115	$4,806,924	$4,777,221
Contributions as a percentage of covered payroll	**14.19%**	14.84%	17.99%	18.48%	20.11%

Data prior to 2014 is unavailable.

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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, 2018, 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 23, 2018.

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.

Lumsden & McCormick, LLP

May 23, 2018

Lumsden McCormick LLP
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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, 2018, 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 23, 2018.

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, 2018. 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 23, 2018


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