Agenda

Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, December 8, 2021 **9:00 AM** **2910 East 5th Street, Austin, TX 78702**

This meeting will be livestreamed at: https://capmetrotx.legistar.com

Items marked with an * have been revised.

I. Public Comment

II. Action Items

1. Approval of minutes from the November 10, 2021 Finance, Audit and Administration Committee meeting.

2. Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Blank Rome Government Relations, LLC for Federal Government Legislative services for a base period of one (1) year with four (4) one-year options for a total not to exceed amount of $1,087,400.

III. Presentations

*1. 2020 Audits of Retirement Plans

2. Internal Audit FY2022 Audit Plan Status

3. Transit Store and Ticket Controls Audit

4. Triennial Review Update

IV. Items for Future Discussion

V. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Terry Mitchell, Chair; Wade Cooper, Leslie Pool and Becki Ross.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.

2910 East 5th Street
Austin, TX 78702

Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee

Item #: AI-2021-289

Agenda Date: 12/8/2021

Approval of minutes from the November 10, 2021 Finance, Audit and Administration Committee meeting.

Minutes

Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, November 10, 2021 **9:00 AM** **2910 East 5th Street, Austin, TX 78702**

I. Call to Order

9:06 a.m. Call to Order

Present	Terry Mitchell, Wade Cooper, Leslie Pool, and Becki Ross

II. Public Comment

There was no public comment this month.

III. Action Items

1. Approval of minutes from the October 13, 2021 Finance, Audit and Administration Committee meeting.

*2. Approval of a resolution authorizing the President & CEO, or his designee, to modify the KPMG, LLC contract # 200611 for Enterprise Resource Planning (ERP) Consulting services, increasing the original Board authorized amount by $259,085, plus a contingency amount of $250,000, for the addition of a Business Analyst to lead systems integrations with the Oracle Enterprise Resource Planning (ERP) system for a new not-to-exceed amount of $3,040,376.

A motion was made by Pool, seconded by Cooper, that this Resolution be recommended for the consent agenda to the Board of Directors, due back on 11/22/2021. The motion carried by the following vote:

Aye: Mitchell, Cooper, and Pool

Away: Ross

3. Approval of a resolution approving of the Fiscal Year 2021 performance review of the Vice President of Internal Audit.

A motion was made by Cooper, seconded by Pool, that this Resolution be adopted. The motion carried by the following vote:

Aye: Mitchell, Cooper, Pool, and Ross

IV. Presentations

1. Internal Audit FY2022 Audit Plan Status

V. Executive Session

Into Executive Session: 10:16 a.m.
Out of Executive Session: 10:50 a.m.

Section 551.074 for Personnel Matters - Performance Review for Vice President, Internal Audit

VI. Items for Future Discussion

VII. Adjournment

11:06 a.m. Meeting Adjourned

ADA Compliance

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Committee Members: Terry Mitchell, Chair; Wade Cooper, Leslie Pool and Becki Ross.

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Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee **Item #:** AI-2021-229

Agenda Date: 12/8/2021

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with Blank Rome Government Relations, LLC for Federal Government Legislative services for a base period of one (1) year with four (4) one-year options for a total not to exceed amount of $1,087,400.

FISCAL IMPACT:

Funding for this action is available in the FY2022 Operating Budget

STRATEGIC PLAN:

Strategic Goal Alignment:

☒ 1. Internal/External Customer Service Excellence ☐ 2. Stakeholder Engagement
☐ 3. Financial and Environmental Sustainability ☒ 4. Staff Development ☒ 5. Agency Growth Management

Strategic Objectives:

☐ 1.1 Safety & Risk	☒1.2 Continuous improvement	☒ 1.3 Dynamic Change
☐1.4 Culture of Innovation	☐2.1 Be an Employer of Choice	☐2.2 Organization Development
☐2.3 Organization Culture	☐3.1 Resource optimization	☐3.2 Safety Culture
☐3.3 Environmental Leadership	☒4.1 Educate & Call to Action	☒4.2 Build Partnerships
☒4.3 Value of Transit	☒4.4 Project Connect	

EXPLANATION OF STRATEGIC ALIGNMENT: The Federal Legislative Consultant supports Capital Metro to advance our federal agenda and advises Capital Metro in federal legislative matters through continuous improvements in how we deliver on the value of transit for both Capital Metro and Project Connect. A key objective is ensuring our consultant will aid in developing and building on existing and developing new partnerships; specifically, through maintaining productive relationships with the Central Texas delegation and transit supportive agency leaders.

BUSINESS CASE: Capital Metro seeks to procure professional services to assist with federal government legislative activities. Advocacy through our Federal Legislative consultant should lead to the improvement of the Authority's communication with internal and external stakeholders, improved financial health, and demonstrated value of public transit, as well as assisting Capital Metro in developing successful funding applications.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on December 8, 2021.

EXECUTIVE SUMMARY: As a recipient of Federal funds to construct, operate and maintain transit services including the operations of a short-line railroad, Capital Metro complies with Federal Regulations and interacts on a regular basis with many federal agencies, including but not limited to the Federal Railroad Administration, the Federal Transit Administration, the Department of Labor, the Office of Management and Budget, and the Environmental Protection Agency. The Infrastructure Investment and Jobs Act (IIJA), recently signed into law, enhances Capital Metro's opportunities for greater federal financial support and as a result, procurement of professional services to assist Capital Metro with federal government legislative activities is critical in receiving the greatest opportunities under the IIJA.

DBE/SBE PARTICIPATION: No SBE goal is assigned to this procurement due to limited subcontracting opportunity. However, we will work with the selected vendor for a commitment towards small business participation.

PROCUREMENT: Click or tap here to enter text.
On August 27, 2021, a Request for Proposals was issued and formally advertised. By the closing date of September 27, 2021, six (6) proposals were received. The proposals were evaluated based on the following factors:

(1) The offeror's demonstrated, relevant work experience and capabilities of the firm as a whole and of the proposed project personnel on projects of a similar size, scope, complexity, and nature, which shall include:
- Extensive knowledge and experience as a federal legislative consultant is desired for the lead or project manager;
- Experienced staff that has demonstrated success in securing federal funds, advancing federal policies that promote and protect the interests of their clients, and assisting clients with appropriation and authorization requests;
- Knowledge about a diversity of federal financial opportunities including but not limited to traditional and non-traditional (e.g., non-FTA or non-FRA) grants, Railroad Rehabilitation & Improvement Financing (RRIF) Program and Transportation infrastructure Finance and Innovation Act (TIFIA) program loans, and toll or tax credits;
- Experience in establishing mutually beneficial relationships and networks with public and private entities to achieve common goals, and
- Firm shall include at least one licensed attorney in the Washington, DC area with experience in

interpreting and drafting federal transit-related legislation.

(2) The proposed staff shall have extensive knowledge and experience in bus, passenger rail, freight rail, and general transportation issues at the federal level, which shall include:

- Experience with DOT and its programs, regulations, and process, more specifically with the FTA and the FRA, and public transportation freight and passenger railroad programs and regulations, and
- Extensive knowledge and experience in federal policy and political issues affecting the public transportation and freight and passenger railroad industry.

(3) The offeror's demonstrated understanding of the project undertaking, the proposed plan for the performance of the work and the technical approach proposed by the offeror.

(4) The qualifications of the Project Team members, which shall include:

- Consultant shall appoint bipartisan staff with access to key Members and Congressional staff, and;
- Consultant shall maintain Washington, DC office/presence.

During the initial evaluation process, proposers rated less than Excellent were eliminated from further review. After a thorough discussion between the evaluation committee team members, the team came to the unanimous consensus to recommend Blank Rome Government Relations LLC for contract award. Pricing was deemed to be fair and reasonable through adequate competition and price/cost analysis, and the firm's proposal received an "Excellent" rating overall.

This is This is a fixed price Contract for the supplies specified. The term of the contract is five years from the Notice to Proceed.

ITEM #	**DESCRIPTION**	**PRICE**
1	Total - Base Year	$ 217,480
2	Total - Option Year 1	$ 217,480
3	Total - Option Year 2	$ 217,480
4	Total - Option Year 3	$ 217,480
5	Total - Option Year 4	$ 217,480
4	**TOTAL BASE AND OPTION PERIODS**	**$ 1,087,400**

RESPONSIBLE DEPARTMENT: Government Affairs

RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

STATE OF TEXAS
COUNTY OF TRAVIS

AI-2021-229

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to comply with all federal laws and regulations; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to effectively communicate with our congressional delegation, Federal Transit Administration and federal agencies; and

WHEREAS, at the direction of Capital Metro, the services provided under the Contract may be performed on behalf of or in connection with Austin Transit Partnership (ATP), and ATP's program, projects, initiatives, and proposals; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to seek federal funding and participation in the implementation of Project Connect.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or his designee, is authorized to finalize and execute a contract with Blank Rome Government Relations, LLC for Federal Government Legislative services for a base period of one (1) year with four (4) one-year options for a total not to exceed amount of $1,087,400.

______________________ **Date:** ______________________
Secretary of the Board
Eric Stratton

2910 East 5th Street
Austin, TX 78702

Capital Metropolitan Transportation Authority

Board of Directors **Item #:** AI-2021-293 **Agenda Date:** 12/8/2021

2020 Audits of Retirement Plans

THE POWER OF BEING UNDERSTOOD

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY

Report to the Members of the Finance Audit and Administration Committee of the Board of Directors

Retirement Plans: Audit for the Year Ended December 31, 2020

December 8, 2021

RSM

To the Members of the Finance Audit and
Administration Committee of the Board of Directors
Capital Metropolitan Transportation Authority
Austin, Texas

Dear Members:

We are pleased to present this report related to our audit of the financial statements of Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees and the Capital Metropolitan Transportation Authority Retirement and Savings Plan (the Plans) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Plan's financial reporting process.

This report is intended solely for the information and use of the members of the Finance Audit and Administration Committee, Board of Directors and management of the Plans and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Capital Metropolitan Transportation Authority.

RSM

Agenda

Topic	
Audit overview and scope	
Results of the independent audit	
Required communications	
Questions and answers	

Audit overview and scope

- The Plan’s financial statements
  - Management is responsible for the preparation and fair presentation of the Plans’ financial statements in accordance with U.S. GAAP.
  - Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards
  - Our responsibility is to express an opinion on the Plans’ financial statements based on our audit.
  - Scope of the audit:
    - Includes examining evidence, on a test basis, supporting the amounts and disclosures included in the financial statements
    - Includes an assessment of the internal control structure for purposes of auditing the amounts and disclosures in the financial statements, but not for providing an opinion on internal control
    - Includes an assessment of accounting principles, significant estimates made by management and disclosures to the financial statements
  - Objective of financial statement audit—to report whether the Plans’ financial statements are fairly presented in conformity with required standards

RSM

Results of the independent audit

- The Plans' financial statement audit results:
  - Opinion on the financial statements: **Unmodified**
  - The **financial statements of the Plans are presented fairly**, in all material respects, in conformity with accounting principles generally accepted in the United States of America
  - **No reportable deficiencies** on internal control were noted

RSM

Required communications

Matter to Report	No	Yes	Comments
Preferability of accounting policies and practices	√		In our view, in such circumstances, the Plans have selected the preferable accounting practice and follow standards set fourth by the Governmental Accounting Standards Board (GASB).
Adoption of, or change in, accounting policies	√		The Plans did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.
Significant unusual transactions	√		We noted no significant unusual transactions during the course of our audit.
Audit adjustments	√		There were no audit adjustments made to the final trial balance presented to us for our audit of the Plans.
Uncorrected misstatements	√		We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

RSM

Required communications (continued)

Matter to Report	No	Yes	Comments
Disagreements with management	✓		We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements of the Plans.
Consultations with other accountants	✓		We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant issues discussed with management	✓		No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant difficulties encountered in performing the audit	✓		We did not encounter any significant difficulties in dealing with management during the audit.
Internal controls over financial reporting	✓		There were no reportable internal control deficiencies noted during the course of our audit of the Plans.

RSM

Required communications (continued)

Significant Estimates	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Net Pension Liability	The Plan has an actuarial valuation performed annually for funding and financial reporting purposes in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*	The pension liability is measured as of December 31, 2020. The calculation is prepared by an independent actuarial company engaged by Capital Metro and management reviews and considers the appropriateness of the assumptions.	We obtained the actuarial valuation report and we confirmed the disclosed balances agreed to the actuarial report. We tested significant assumptions and conclusions for reasonableness and tested the underlying data for completeness and accuracy. We concluded the estimates used by management are reasonable.
Fair Value of Investments	Investments are reported at fair value based on quoted price per share of the fund. The Lincoln Stable Value Fund is valued at amortized cost.	Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investments in mutual funds are reported at fair value based on the quoted price per share of the fund. The Stable Value Fund is reported at amortized cost.	We tested the fair value of investments at year end by using a valuation specialist to price the funds. For the Stable Value Fund, we confirmed the year end amortized cost. We concluded management's estimates are reasonable.

9

RSM

QUESTIONS AND ANSWERS

THANK YOU FOR YOUR TIME AND ATTENTION

RSM

RSM US LLP

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Austin, Texas
512 476 0717
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Capital Metropolitan Transportation Authority Retirement and Savings Plan

Financial Report
December 31, 2020

Contents

RSM US LLP

Independent Auditor's Report

Retirement and Savings Plan Committee
Capital Metropolitan Transportation Authority Retirement and Savings Plan

Report on the Financial Statements
We have audited the accompanying financial statements of Capital Metropolitan Transportation Authority Retirement and Savings Plan (the Plan), which comprise the statement of plan net position as of December 31, 2020, the related statement of changes in plan net position for the year 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 net position of the Plan as of December 31, 2020, and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As discussed in Note 1, the financial statements present only the financial position of Capital Metropolitan Transportation Authority Retirement and Savings Plan and do not purport to, and do not, present the financial position of Capital Metropolitan Transportation Authority as of December 31, 2020, and the changes in financial position for the year then ended. Our opinion is not modified with respect to this matter.

Other Matters—Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis, as listed in the table of contents, to be presented to supplement the basic 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 basic 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 basic financial statements and other knowledge we obtained during our audit of the basic 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.

RSM US LLP

Austin, Texas
September 30, 2021

This section of the Capital Metropolitan Transportation Authority Retirement and Savings Plan's (the Plan) financial report presents our discussion and analysis of the Plan's financial performance during the 2020 Plan year. Readers should consider information presented here in conjunction with the financial statements that follow.

Overview of the Financial Statements

The Plan's financial statements consist of two basic financial statements: (a) statement of fiduciary net position and (b) statement of changes in fiduciary net position. In addition to the basic financial statements are the notes to the financial statements.

- The statement of plan net position presents the Plan's assets and liabilities and the resulting net position held in trust for participants.

- The statement of changes in plan net position presents the Plan's fiscal year additions to, and deductions from, the Plan's net position. Combined, the two statements report the Plan's net position held in trust for Plan benefits. Net position is the difference between assets and liabilities and is one way to measure the Plan's financial position. Increases and decreases in net position over time are one indicator of whether the Plan's financial health is improving or deteriorating.

- Notes to financial statements provide additional information essential for a full understanding of the data in the financial statements.

Collectively, this information presents the net position held in trust for Plan benefits as of the end of each year and summarizes the changes in net position for the year.

2020 Financial Highlights

- Plan net position increased by $3,198,000 or 12.8%
- Participants contributions decreased by $140,000 or 6.2%
- Benefits paid to participants increased by $724,000 or 50.4%

2019 Financial Highlights

- Plan net position increased by $4,911,000 or 24.4%
- Participants contributions increased by $534,000 or 30.6%
- Benefits paid to participants increased by $374,000 or 35.3%

Financial Analysis

Condensed Statements of Plan Net Position

	December 31 2020	December 31 2019	Percentage Change
Assets:			
Investments at fair value	$ 27,656,349	$ 24,463,190	13.1%
Loans receivable from participants	574,839	569,558	0.9%
Plan net position held in trust for Plan benefits	$ 28,231,188	$ 25,032,748	12.8%

- Participant loan activity and balances have increased in 2020 and 2019. The net effect of loan activity resulted in an increase in loan balances of approximately $5,000 in 2020 and $3,000 and 2019.
- Total investments were approximately $27,656,000 at the end of the 2020 Plan year, an increase of approximately $3,193,000, or 13.1% for the year. Total investments for Plan Year 2019 increased $4,910,000 to approximately $24,463,000, an increase of 25.1% for the year.
- The Plan's net position increased by approximately $3,193,000 in 2020. Market conditions were more favorable during fiscal year 2020 compared to 2019 and, as a result, most of the Plan's investment funds had positive rate of returns.

Condensed Statements of Changes in Plan Net Position

	Years Ended December 31 2020	Years Ended December 31 2019	Percentage Change
Additions:			
Investment and interest income (loss), including loans	$ 3,225,915	$ 4,074,369	(20.82%)
Contributions	2,137,164	2,277,319	(6.15%)
Total additions	5,363,079	6,351,688	(15.56%)
Deductions:			
Benefit payments	(2,161,452)	(1,437,280)	50.4%
General, administrative and other expenses	(3,187)	(3,664)	(13.02%)
Total deductions	(2,164,639)	(1,440,944)	50.2%
Net increase	3,198,440	4,910,744	(34.87%)
Plan net position held in trust for Plan benefits at beginning of year	25,032,748	20,122,004	24.4%
Plan net position held in trust for Plan benefits at end of year	$ 28,231,188	$ 25,032,748	12.8%

Fiscal Years 2020 and 2019

The Plan's net position held in trust was $28,231,000 in fiscal year 2020, compared to a net position of $25,033,000 in fiscal year 2019 an increase of $3,198,000 or 12.8%. The increase in net position was due to an increase in investments of $3,193,000, a result of favorable market conditions in 2020. This was reduced by a $37,000 decrease in activity (contributions less total deductions). Overall, most of the Plan's investment funds reflected positive rate of returns in 2020. During the year ended December 31, 2020, the Plan's net appreciation in investments (including gains and losses on investments bought and sold, as well as held during the year) were primarily from mutual funds.

The Plan's net position increase of $4,911,000, or 24.4% in 2019 was due to the increase in the fair value of investments net of interest and dividends of $4,074,000 combined with current period increase of $837,000 in activity (contributions less total deductions). During 2019, most of the Plan's investments were in mutual funds.

Additions: Funds to pay benefits are accumulated through contributions and returns on invested funds. Employee Contributions for 2020 and 2019 totaled approximately $2,137,000 and $2,277,000, respectively. The contributions decreased by $140,000 in 2020 and increased by $534,000 in 2019. Interest, dividends and net appreciation in investments generated a total investment income of $3,226,000 in 2020 and $4,074,000 in 2019.

Deductions: Expenses paid by the Plan include benefit payments and administrative expenses. Benefits paid to retirees and terminating employees in 2020 and 2019 were approximately $2,161,000 and $1,437,000, respectively, a 50.3% increase from 2019 mainly due to an increase in normal distribution after fifty-nine and half years and rollover of distributions. Administrative expenses were $3,188 in 2020 and $3,664 in 2019.

Current Environment

The Plan had 455 eligible participants as of December 31, 2020, compared to 436 eligible participants as of December 31, 2019.

Future Outlook and Currently Known Facts

The Plan has year-to-date contributions of $1,601,497 and total assets of $31,286,694 as of September 7, 2021. There are no other currently known facts, decisions or conditions known to management.

Request for Information

This financial report is designed to provide a general overview of the finances of the Capital Metropolitan Transportation Authority Retirement and Savings Plan for all parties with an interest. Questions concerning the information in this report or requests for additional financial information should be addressed to Retirement Benefits Administrator, Capital Metropolitan Transportation Authority, 2910 East 5th Street, Austin, Texas 78702.

Capital Metropolitan Transportation Authority Retirement and Savings Plan

Statement of Plan Net Position
December 31, 2020

Assets:	
Investments:	
Domestic equity mutual funds	$ 12,142,581
International equity mutual funds	4,488,936
Fixed income mutual funds	8,388,325
Lincoln Stable Value Fund	2,636,507
Total investments	27,656,349
Loans receivable from participants	574,839
Total assets	28,231,188
Total net position held in trust for Plan benefits	$ 28,231,188

See notes to financial statements.

Capital Metropolitan Transportation Authority Retirement and Savings Plan

Statement of Changes in Plan Net Position
Year Ended December 31, 2020

Additions to Plan net position attributed to:	
Investment income:	
Net appreciation in fair value of investments	$ 2,457,281
Interest and dividends	738,707
Total investment income	3,195,988
Interest income on loans receivable from participants	29,927
Contributions:	
Participants	1,904,018
Employer	37,500
Rollovers	195,646
Total contributions	2,137,164
Total additions	5,363,079
Deductions from Plan net position attributed to:	
Benefits paid to participants	(2,161,452)
Administrative expenses, net of trustee credits	(3,187)
Total deductions	(2,164,639)
Net increase in Plan net position	3,198,440
Plan net position held in trust for Plan benefits at beginning of year	25,032,748
Plan net position held in trust for Plan benefits at end of year	$ 28,231,188

See notes to financial statements.

Note 1. Description of Plan

The following description of the Capital Metropolitan Transportation Authority Retirement and Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Reporting entity: The plan is sponsored by Capital Metropolitan Transportation Authority (the Authority). The Plan does not purport to and does not present the financial position or changes in financial position of the Authority as of any time or for any period.

General: The Plan is a defined contribution plan covering all full-time administrative employees of the Authority who are not members of a collective bargaining unit, who are 21 years of age or older and have completed one month of service during the computation period. The employer discretionary contributions are allocated in a fixed amount, as determined by the employer, as of the time prescribed by law. At December 31, 2020, the Plan's membership consisted of the following:

	December 31 2020
Eligible	455
Active and entitled to benefits	378
Total	833

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Authority's Board of Directors (the Board) governs the Authority, under which benefit and contribution terms are established or amended.

Management of the Plan is entrusted to the Authority's Board and advised by the Capital Metropolitan Transportation Authority Retirement and Savings Plan Committee (the Committee), whose members are appointed by the Board of the Authority. The Committee has overall responsibility for the operation and administration of the Plan. The Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance, with the assistance of Cornerstone Advisors Asset Management. The assets of the Plan are held in a trust. Lincoln Financial Group Trustee serves as trustee on behalf of the Plan and carries out an investment policy established by the Committee, consistent with the purposes of the Plan and the requirements of applicable laws and regulations.

Contributions: Each year participants may contribute up to the lesser of 100% of their annual compensation, as defined by the Plan, or the maximum permitted under the Internal Revenue Code (IRC), which is $19,500 for 2020. If participants are age 50 and above they can contribute an additional catch up contribution of $6,500 in 2020. Participants may also rollover to the Plan amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan includes an auto-enrollment provision, whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect not to participate in the Plan. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation and their contributions invested in a designated balanced fund until changed by the participant.

The Authority, at its sole and absolute discretion, may elect to make a discretionary contribution to selected participants. For the years ended December 31, 2020, the Authority made approximately $25,000 in discretionary contributions.

Note 1. Description of Plan (Continued)

Participant accounts: Participants direct the investment of their contributions into various investment options offered by the Plan.

Each participant's account is credited with the participant's contribution and allocations of the Authority's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. Participants are entitled to the benefit that can be provided from the participant's vested account.

Vesting: Participants are vested immediately in their voluntary and employer discretionary contributions plus actual earnings thereon.

Loans from participants: Participants may borrow from their fund accounts. The minimum loan is $1,000. The maximum for a loan is equal to the lesser of $50,000 or 50% of the participant's vested account balance. Loans are secured by the balance in the participant's account and bear interest, as determined by the Plan administrator. Interest rates on loans ranged from 4.25% to 6.5% during the year ended December 31, 2020. Principal and interest are paid ratably through payroll deductions. The loan terms are up to five years or, if for the purchase of a primary residence, up to 10 years.

Payment of benefits: On termination of service due to retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or payments over a period in monthly, quarterly, semiannual or annual installments. The payment period is not to exceed the participant's and/or the participant and designated beneficiary's life expectancy. Death or disability payments shall be distributed: (1) in equal installments over the life expectancy of the designated beneficiary commencing no later than one year after death or (2) if the designated beneficiary is a spouse, no later than the date on which the participant would have attained age 70½. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Participants are also allowed to withdraw benefits in the event of financial hardship. Hardship withdrawals are limited to the participant's elective contributions and earnings thereon.

Administrative expenses: The Plan sponsor or the Plan may pay administrative expenses, as provided by the Plan document. The participant pays the loan administration fees.

Forfeitures: According to the Plan document, forfeitures from participant's nonvested accounts will be used to reimburse the Authority for Plan expenses in the year following the year in which they were forfeited. The Authority had $1,398 in forfeitures in 2020. There were no unallocated forfeitures as of December 31, 2020.

Roll out of plan: Participants may elect to rollover, if eligible, account balance into an IRA or other eligible retirement plan. Participants can elect to have the distribution transferred directly into the IRA (including a Roth IRA) or other eligible plan. All or any portion of the distributions of the participant account balance are eligible for rollover except: (1) any distribution that is required under the IRC; and (2) any distribution that is one of a series of installment payments made over a specified period of 10 or more years.

Note 2. Summary of Significant Accounting Policies

Loans receivable from participants: Participants' loans receivable are measured at their unpaid principal balance plus accrued, but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded under the terms of the Plan document.

No allowance for credit losses has been recorded as of December 31, 2020.

Basis of accounting: The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

Investment valuation and income recognition: Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based upon quoted market prices, or when quoted market prices are not readily determinable, estimates using observable inputs, including quoted prices for similar securities, interest rates and a fixed income pricing model that uses available market rates. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted price per share of the fund.

The Lincoln Stable Value Fund is a group fixed annuity contract and is valued at the guaranteed minimum rate of $1. The Lincoln Stable Value Fund is an investment in a nonparticipating contract with redemption terms that do not consider market rates and is valued at amortized cost.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Payment of benefits and administrative expenses: Benefits are recognized as expense when due and payable in accordance with the terms of the Plan. The Plan administrator pays substantially all administrative expenses, which are excluded from the financial statements. Fees related to the administration of loans receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment-related expenses are included in net appreciation in fair value of investments.

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risk and uncertainties: The Plan invests in various types of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of plan net position.

Note 3. Investments

The Plan uses various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are as follows.

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3: Inputs are unobservable for the asset or liability, to the extent relevant observable inputs are not available, representing the Plan's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to the Level 3 inputs.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Except for the Lincoln Stable Value Fund, which is a group fixed annuity contract valued at amortized cost, the investments of the Plan are valued at fair value.

Mutual funds: Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted price per share of the fund.

Note 3. Investments (Continued)

Investments consist of the following:

Investment Type	Level 1	Level 2	Level 3	Fair Value
	Fair Value Hierarchy—December 31, 2020			
Domestic equity mutual fund securities:				
Vanguard 500 Index Admiral	$ 4,294,444	$ -	$ -	$ 4,294,444
Fidelity Contrafund	1,885,529	-	-	1,885,529
Diamond Hill Large Cap Y	2,218,976	-	-	2,218,976
Harbor Capital Appreciation Instl	538,506	-	-	538,506
Emerald Growth Institutional	623,150	-	-	623,150
Victory Sycamore Small Company Opp I	610,722	-	-	610,722
Cohen & Steers Realty Shares	713,688	-	-	713,688
Conestoga Small Cap Investors	405,718	-	-	405,718
AMG Managers Silvercrest Small Cap I	335,033	-	-	335,033
Vanguard Small Cap Index Adm	163,024	-	-	163,024
Vanguard Mid Cap Index Adm	206,931	-	-	206,931
T. Rowe Price Growth Stock	113,852	-	-	113,852
MFS Value R6	33,008	-	-	33,008
Total domestic equity mutual fund securities	12,142,581	-	-	12,142,581
International equity mutual fund securities:				
Hartford Schroders International Multi Cap Value	1,445,218	-	-	1,445,218
Harding Loevner International Eq Instl	1,506,539	-	-	1,506,539
American Funds Europacific Growth R6	1,537,179	-	-	1,537,179
Total international equity mutual fund securities	4,488,936	-	-	4,488,936
Fixed income mutual fund securities:				
Vanguard Total Bond Market Index Adm	2,677,179	-	-	2,677,179
Vanguard Inflation Protected Securities Admiral	424,361	-	-	424,361
Baird Core Plus Bond Inst	3,528,698	-	-	3,528,698
Nuveen Preferred Securities I	688,815	-	-	688,815
Eaton Vance Global Macr Absolute Return I	753,202	-	-	753,202
Parametric Commodity Strategy Instl	62,449			
BlackRock Strategic Income Opps Instl	253,621	-	-	253,621
Total fixed income mutual fund securities	8,388,325	-	-	8,388,325
Total investments measured at fair value				25,019,842
Investment at amortized cost:				
Lincoln Stable Value				2,636,507
				$ 27,656,349

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan has no investment policy regarding concentration of credit risk and has all of the Plan's investments in mutual funds. Investments in mutual funds and other pooled investments are not subject to this risk, as the Plan does not own the underlying assets.

Custodial credit risk: Custodial credit risk for investments is the risk that the Plan will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party in the event of a failure of a counterparty to a transaction. The Plan has no investment policy regarding custodial credit risk. However, all the Plan's investments are held in open ended mutual funds, which are not subject to custodial credit risk.

Note 3. Investments (Continued)

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan has no formal investment policy regarding credit quality rating guidelines. The associated risks will vary according to each participant's investment elections. Equity mutual funds are not subjected to credit risk. The Plan's other investments are held in bond mutual funds and in the Lincoln Stable Value Fund, which are not rated.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy does not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Each participant is responsible for determining the maturity and commensurate returns of their portfolio. The following is a listing of the Plan's fixed income investments and related maturity schedule (in years) as of December 31, 2020. The maturity schedule is based on the average maturity of the fund as noted by the fund manager.

	December 31, 2020			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
Baird Core Plus Bond Inst	$ 3,528,698	$ -	$ -	$ 3,528,698
BlackRock Strategic Income Opps Instl	253,621	-	-	253,621
Eaton Vance Glbl Macr Absolute Return I	753,202	753,202	-	-
Vnguard Total Bond Market ETF	2,677,179	-	-	2,677,179
Vanguard Inflation Protected Securities Admiral	424,361	-	-	424,361
Nuveen Preferred Securities	688,815	688,815	-	-
Parametric Commodity Strategy Instl	62,449	62,449	-	-
	$ 8,388,325	$ 1,504,466	$ -	$ 6,883,859

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's investment policy does not specifically address foreign currency risk. The Plan's diversified selection of mutual funds encourages the investment advisors to employ diversification, asset allocation and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The Plan's investment in international mutual funds does not require disclosure of the individual investment within the fund and such fund balances are denominated in U.S. dollars.

Note 4. Related-Party Transactions

Certain Plan investments are shares of mutual funds managed by the trustee, as defined by the Plan. The trustee pays the Plan through a revenue sharing agreement certain basis points based on annual average investment balance. At December 31, 2020, the Plan did not have income from revenue sharing.

Note 5. Plan Termination

Although it has not expressed any intent to do so, the Plan sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. The event of complete discontinuance of contributions to the Plan by the employer does not constitute a formal termination of the Plan and does not preclude later contributions. However, the accounts of all participants will, as of the date of the discontinuance, become 100% vested and nonforfeitable.

Note 6. Tax Status

The Internal Revenue Service has determined and informed the Authority that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Board and the Plan's tax counsel believe the Plan is designed and currently is being operated in compliance with the applicable requirements of the IRC and, therefore, believe the Plan is qualified and the related trust is tax-exempt.

U.S. GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more-likely-than-not would not be sustained upon examination. The Plan is subjected to routine audits and taxing jurisdictions; however, there are currently no audits for any periods in progress.

The Plan is not subject to the provisions of ERISA.

Note 7. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. As a result, the Plan's various investment securities could incur volatility in fair value in the future. The impact of COVID-19 continues to evolve rapidly and the Authority is not able at this time to estimate its full impact on the Plan's financial statements. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of net assets available for benefits. The current economic environment has increased the degree of uncertainty.

Effective May 1, 2020, the Plan moved from a self-written plan to a Lincoln Volume Submitter Plan. The changes to the plan provisions include the clarification to the vesting at death and disability to allow for 100% vesting; allows installment or distribution payments upon termination over a specified period not to exceed the life or life expectancy of the participant (and a designated beneficiary); and also allows accrual of employer contributions for an individual who dies or becomes disabled in qualified military service will be treated as re-employed for purposes of determining entitlement to benefits under the Plan.

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees

Financial Report
December 31, 2020

Contents

Independent Auditor's Report

The Pension Plan Committee of
Capital Metropolitan Transportation Authority
Capital Metropolitan Transportation Authority
Retirement Plan for Administrative Employees

Report on the Financial Statements
We have audited the accompanying financial statement of Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees (the Plan), which comprise the statement of fiduciary net position as of December 31, 2020, the related statement of changes in fiduciary net position for the year 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 fiduciary net position of the Plan as of December 31, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As discussed in Note 1, the financial statements present only the financial position of the Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees and do not purport to, and do not, present the financial position of Capital Metropolitan Transportation Authority as of December 31, 2020, and the changes in financial position for the year then ended. Our opinion is not modified with respect to this matter.

Other Matters—Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of investment returns, as listed in the table of contents, be presented to supplement the basic 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 basic 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 basic financial statements and other knowledge we obtained during our audit of the basic 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.

RSM US LLP

Austin, Texas
September 30, 2021

Management's Discussion and Analysis

This section of the financial statements of Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees (the Plan) offers a narrative overview and analysis of the financial activities for the year ended December 31, 2020. The reader of this statement should take time to read and evaluate all sections of this report, including the notes and other supplementary information that is provided in addition to this management's discussion and analysis (MD&A).

Financial Highlights and Analysis

- Net position restricted for pension is available for payment of monthly retirement benefits and other qualified distributions to the Plan's participants. Net position restricted for pensions increased by approximately $7,721,000 or 20.4% in 2020. All changes primarily correlate with excess contributions over benefits paid and gain from investments.

  Employer contributions increased by approximately $215,000 or 7.1% in 2020. Employer contribution was based on actuary recommendations.

- The amount of benefits paid to participants increased by approximately $275,000 or 24.5% during 2020 during 2020. This is a primary result of an increase in the number of retirees.

- The Plan's rate of return on investments for the year ended December 31, 2020, was 15.3% compared to a return of 20.2% in 2019. Since the Plan uses a smoothing method, this return was not entirely reflected in the actuarial value of the Plan assets. The actuarial assumed rate of return is 6.75%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The financial statements are comprised of: (1) financial statements, (2) notes to the financial statements and (3) required supplementary information.

The statement of fiduciary net position reports the Plan's assets and liabilities, with the difference between the two reported as net position. This is a measure of financial position, which can indicate financial condition improvement or deterioration from year to year.

The statement of changes in fiduciary net position presents information showing how the Plan's net position changed during the fiscal year. It reflects contributions by the employer and investment income, along with deductions for benefits paid to participants and administrative expenses.

The notes to the financial statements provide additional information necessary to fully understand the data provided in the financial statements.

The required supplementary information includes the MD&A, schedule of changes in net pension liability and related ratios, schedule of contributions and schedule of investment returns and is supplementary information required by the Governmental Accounting Standards Board.

Condensed Financial Information

	2020	2019	Percentage Change
Assets:			
Cash held by trustee	$ 134,378	$ 62,815	113.93%
Receivables	-	95,720	(100.00%)
Investments	45,446,738	37,754,182	20.38%
Total assets	45,581,116	37,912,717	20.23%
Liabilities:			
Accrued expenses	44,225	96,542	(54.19%)
Net position restricted for pension	$ 45,536,891	$ 37,816,175	20.42%
Additions:			
Employer contributions	$ 3,261,230	$ 3,046,377	7.05%
Net investment income (loss)	5,926,916	6,188,626	(4.23%)
Total additions	9,188,146	9,235,003	(0.51%)
Deductions:			
Benefits paid to participants	1,391,785	1,117,525	24.54%
Administrative expenses	75,645	72,269	4.67%
Total deductions	1,467,430	1,189,794	23.33%
Net increase (decrease) in net position	$ 7,720,716	$ 8,045,209	(4.03%)

Analysis of Changes in Condensed Financial Information

Investments increased by $7,693,000 or 20.4% in 2020 due primarily to net investment income earned in the year.

Net investment income was $5,929,000 in 2020 compared to $6,189,000 in 2019 due to continued growth in the equity and fixed income markets. The Plan earned a 15.3% return in 2020 compared to 20.2% in 2019.

Employer contributions increased by $215,000 or 7.1% from 2019 to 2020. The Plan's actuary prepares an annual valuation. As part of this valuation, the Plan actuary calculates the Annual Required Contribution and the Plan sponsor contributes in accordance with this calculation.

Current Environment

The Plan has 722 participants as of December 31, 2020, compared with 696 participants as of December 31, 2019.

Future Outlook and Currently Known Facts

The Plan's actuary has developed a recommended contribution for fiscal year 2021 of $3,605,170. There are no other currently known facts, decisions or conditions known to management.

Request for Information

This financial report is designed to provide the Plan's patrons and other interested parties with a general overview of the finances to demonstrate the Plan's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Capital Metropolitan Transportation Authority, Finance Department, 2910 East 5th Street, Austin, Texas 78702.

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees

Statement of Fiduciary Net Position
December 31, 2020

Assets:	
Cash held by trustee	$ 134,378
Investments:	
Domestic equity mutual funds	23,243,915
Fixed income mutual funds	11,849,890
International equity mutual funds	6,901,657
Group fixed annuity	3,451,276
Total investments	45,446,738
Total assets	45,581,116
Liabilities:	
Payables:	
Due to broker for investments purchased	16,535
Plan fees payable	27,690
Total liabilities	44,225
Net position restricted for pension	$ 45,536,891

See notes to financial statements.

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

Additions:	
Employer contributions	$ 3,261,230
Investment income (loss):	
Net appreciation in fair value of investments	4,597,017
Interest and dividends	1,373,270
Less investment expense	(43,371)
Total investment income, net	5,926,916
Total additions	9,188,146
Deductions:	
Benefits paid to participants	1,391,785
Administrative expenses	75,645
Total deductions	1,467,430
Net increase	7,720,716
Net position restricted for pension at beginning of year	37,816,175
Net position restricted for pension at end of year	$ 45,536,891

See notes to financial statements.

Note 1. Description of Plan

The following brief description of Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

Reporting entity: The Plan is sponsored by Capital Metropolitan Transportation Authority (the Authority). The Plan does not purport and does not present the financial position or changes in financial position of the Authority as of any time or for any period.

General: Effective January 1, 2005, the Authority established a pension plan (Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees). The Plan is a noncontributory single-employer defined benefit plan. Subject to eligibility requirements, all full-time administrative employees are eligible for participation in the Plan, except for employees covered by a collective bargaining agreement and leased employees, as defined by the Plan. An employee is eligible to become a participant following the first day of the month coincident with or following his or her date of hire. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Authority's Board of Directors (the Board) governs the Authority, under which benefit and contribution terms are established or amended.

Management of the Plan is vested in the Authority's Board and advised by the Pension Plan Committee (the Committee), whose members are appointed by the Authority's Board. The 2009 Texas Legislature changed the composition of the Authority's Board to eight members with three-year staggered terms. Once the population of the City of Austin is less than 65% of the total service area population, Capital Area Metropolitan Planning Organization (CAMPO) is allowed to appoint two additional members. The eight members include:

- Three members appointed by CAMPO, of whom:
  - One must be an elected official,
  - One must have at least 10 years of experience as a financial or accounting professional,
  - One must have at least 10 years of experience in an executive-level position, and
  - Requires two of the three CAMPO representatives to be qualified voters residing in Austin.
- Two members appointed by the City of Austin, of whom one must be an elected official.
- One member appointed by Travis County and one member appointed by Williamson County. The two county representatives are not required to work in the service area, but within the county that appointed them or be qualified voters within the county that appointed them.
- One member, who must be an elected official, appointed by all small city mayors (excludes the City of Austin)

The Committee has overall responsibility for the operation and administration of the Plan. The Committee determines the appropriateness of the Plan's investment offerings and monitors investment performance. The assets of the Plan are held in a trust. Benefit Trust serves as trustee on behalf of the Plan and carries out an investment policy established by the Committee, consistent with the purposes of the Plan and the requirements of applicable laws and regulations.

Note 1. Description of Plan (Continued)

The following table summarizes membership of the Plan at December 31, 2020:

Inactive Plan members or beneficiaries currently receiving benefits	136
Inactive Plan members entitled to, but not yet receiving benefits	272
Active Plan members	314
	722

Vesting: Participants become 20% vested upon completion of each year, until five years of service, when participants are 100% vested. Vesting service includes periods prior to the effective date of the Plan computed as if the Plan had been in effect. The Plan also allows for participants to recognize prior service (limited to five years) with a governmental entity or other entity related to the provision of public transportation services. For vesting purposes, service shall be credited based on elapsed time.

Pension benefits: Plan participants are eligible for their Plan benefits after terminating employment with vested rights. The participants are eligible for normal retirement on the first day of the month following age 65. The Plan permits early retirement from ages 55 to 64, provided an employee has completed five years of vesting service. The amount of pension payable is computed in the same manner as for normal retirement, except that it is reduced by a reduction factor, which is graduated to reflect the number of years by which early retirement precedes age 65. Participants should refer to the Plan document for a more complete description of the Plan's reduction factors. Normal retirement benefits are paid to unmarried participants in the form of a single life annuity and to married participants in the form of a joint and 50% survivor annuity. Married participants may elect other payment options with notarized spousal consent. Lump-sum benefits are only available if the actuarial value of the benefit is less than $5,000. Participants may elect to receive reduced benefits in the form of a joint annuity option. Retirement benefits are payable in equal monthly installments. The Plan does not have any automatic postemployment benefit change provisions.

Participants are entitled to annual pension benefits at normal retirement (age 65) equal to: (i) 1.5% of average earnings, as defined, plus (ii) 0.5% of earnings in excess of covered compensation, as defined, multiplied by (iii) the number of years of credited service, as defined.

Death benefits: If an active employee dies before reaching age 65, the surviving spouse or a designated beneficiary shall receive for his or her lifetime a deferred monthly benefit equal to the amount that the participant would have received based on service to the participant's date of death had the participant elected a 50% joint and survivor annuity option and died the next day.

A participant may elect not to be covered by the deferred joint and survivor annuity option or may no longer be married when pension payments are to begin. In such instances, a single life annuity will be received by the participant.

Disability benefits: Disability benefits may be elected at age 55 up to normal retirement age, at which time disabled participants will receive the normal retirement benefit computed as though they had been employed to age 55 or up to normal retirement age with their annual compensation, as defined, remaining the same as at the time they became disabled.

Note 1. Description of Plan (Continued)

Contributions: Per the Plan document, contribution requirements of active Plan members are established and may be amended by the Authority's Board. Currently, Plan members are not required to contribute. The Authority is required to contribute an amount at its sole discretion from time to time, based on advice of its actuary and consistent with the funding policy for the Plan. The Plan has an actuarial valuation performed annually for funding and financial reporting purposes in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*. The most recent actuarial valuation was performed as of December 31, 2020.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for local governmental units as prescribed by GASB. The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Benefits are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when incurred.

Cash and cash equivalents: Cash and cash equivalents include demand deposit accounts and money market accounts.

Investment valuation and income recognition: Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based upon quoted market prices, or when quoted market prices are not readily determinable, estimated using observable inputs, including quoted prices for similar securities, interest rates and a fixed income pricing model that uses available market rates. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted price per share of the fund.

The Lincoln Stable Value Fund is a group fixed annuity contract and is valued at the guaranteed minimum rate of $1. The Lincoln Stable Value Fund is an investment in a nonparticipating contract with redemption terms that do not consider market rates and is reflected at amortized cost.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Use of estimates: The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results could differ from those estimates. The Plan uses an actuary to determine the total pension liability. A change in the actuarial assumptions used could significantly change the amount of the total pension liability reported in the accompanying footnotes to the financial statements.

Risk and uncertainties: The Plan may invest in various types of investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the account balances of the Plan and the amounts reported in the statement of fiduciary net position.

Note 2. Summary of Significant Accounting Policies (Continued)

Plan contributions are made and the total pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the net pension liability.

Payment of benefits: Benefit payments are recognized as expenses when due and payable in accordance with the terms of the Plan.

Administrative expenses: All administrative expenses, unless paid by the Authority at its discretion, are paid by the Plan. Certain expenses incurred in connection with the general administration of the Plan that are paid by the Plan are recorded as deductions in the accompanying statement of changes in fiduciary net position. In addition, certain investment-related expenses are included in net depreciation in fair value of investments presented in the accompanying statement of changes in fiduciary net position.

Related-party transactions: The Plan Administrator pays the Plan through the revenue-sharing agreement. For the year ended December 31, 2020, income from revenue sharing was approximately $6,600. This was used to pay Plan expenses.

Note 3. Investments

The Plan uses various methods to measure the fair value of investment on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are as follows.

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Plan has the ability to access.

Level 2: Inputs, other than quoted prices included in Level 1, are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3: Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, represent the Plan's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Note 3. Investments (Continued)

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Except for the Lincoln Stable Value Fund, a group fixed annuity contract valued at amortized cost, the investments of the Plan are valued at fair value based on quoted market prices.

Investment as of December 31, 2020, are as follows:

	Fair Value Hierarchy at December 31, 2020			
Investment Type	Level 1	Level 2	Level 3	Fair Value
Fixed income mutual fund securities:				
Baird Funds Core Plus Bond Instl.	$ 3,976,597	$ -	$ -	$ 3,976,597
Lord Abbett Invt Tr Shrt Duratn	3,046,408	-	-	3,046,408
Nuveen Funds Preferred Securities Instl	1,595,473	-	-	1,595,473
Vangard Group Bond Index Admiral Class	1,706,716	-	-	1,706,716
Vangard Group Inflation Protected Security	1,524,696	-	-	1,524,696
Total fixed income mutual fund securities	11,849,890	-	-	11,849,890
Domestic equity mutual fund securities:				
Invesco Equally-Wtd. S&P 500 R6	1,693,107	-	-	1,693,107
AMG Managers Silvercrest SM CAP	2,693,218	-	-	2,693,218
Conestoga Funds Small Cap	2,699,688	-	-	2,699,688
Diamond Hill Large Cap Fund Y	4,450,814	-	-	4,450,814
Harbor Funds Capital Appreciation	4,600,737	-	-	4,600,737
Vanguard Group Index 500 Admiral Class	4,994,119	-	-	4,994,119
Western Asset Macro Opportunities I	2,112,232	-	-	2,112,232
Total domestic equity mutual fund securities	23,243,915	-	-	23,243,915
International equity mutual fund securities:				
American Funds Europacific Growth R-6	2,386,549			2,386,549
Harding Loevner International Eq. Instl.	2,266,633	-	-	2,266,633
Hartford Schroders Intl Multi-CP VAL SDR	2,248,475	-	-	2,248,475
Total international equity mutual fund securities	6,901,657	-	-	6,901,657
Lincoln Stable Value Account				3,451,276
Total investments at amortized cost				3,451,276
Total investments				$ 45,446,738

Investment policy: The Committee determines the Plan's valuation policies, utilizing information provided by its investment advisers. The general investment objective is consistent with the Plan's primary purpose of long-term investing for retirement, with a focus on minimizing the risk of large losses and maximizing risk-adjusted returns. The investment policy states the equity holdings in any one company should not exceed 10% of the market value of the Plan's equity portfolio for domestic and international equities. In addition, mutual funds should not have any one investment in excess of 10% of the total fund. Performance and risk statistics are provided quarterly and evaluated over three- and five-year rolling periods of time, allowing the Committee to evaluate long-term performance.

Note 3. Investments (Continued)

Asset allocation: The Plan's asset allocation policy as of December 31, 2020, adopted by the Committee, is as follows. There were no significant modifications to the investment policy during 2019.

Domestic equities	45%
International equities	15%
Domestic fixed income	25%
Alternative	10%
Cash equivalents	5%
	100%

Rate of return: For the year ended December 31, 2020, the annual money-weighted rate of return for the Plan's investments, net of pension plan investment expense, was 15.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial credit risk: The Plan's investment policy does not specifically address custodial credit risk. Custodial credit risk is the risk that in the event of bank or investment failure, the Plan's deposits or investments may not be returned. However, all of the Plan's investments and deposits are held in open-ended mutual funds and the Lincoln Stable Value Account, which are not subject to custodial credit risk.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan does not have a formal policy regarding interest rate risk. The Plan monitors credit exposure using segmented time distribution. The following is a listing of the Plan's fixed income investments and related maturity schedule (in years) as of December 31, 2020. The maturity schedule is based on the average maturity of the fund, as noted by the fund manager:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	11-15 Years
Baird Funds Core Plus Bond Instl	$ 3,976,597	$ -	$ -	$ 3,976,597	$ -
Lord Abbett Invt TR Shrt Duration R6	3,046,408	-	3,046,408	-	-
Nuveen Preferred Securities	1,595,473	1,595,473	-	-	-
Vanguard Group Inflation Protected Security	1,524,696	-	-	1,524,696	-
Vangard Total Bond Index Admiral Class	1,706,716	-	-	1,706,716	-
	$ 11,849,890	$ 1,595,473	$ 3,046,408	$ 7,208,009	$ -

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's investment policy does not specifically address the quality rating of the investments. The Committee is responsible for determining the risks and commensurate returns of its portfolio. The Plan's investments are held in mutual funds and in the Lincoln Stable Value, which are not rated.

Concentration risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investments in a single issuer. The Plan's investment policy does not specifically address concentration risk. Investments in mutual funds and other pooled investments are excluded from this requirement.

Note 3. Investments (Continued)

Foreign currency risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan's investment policy does not specifically address foreign currency risk. The Plan's diversified selection of mutual funds encourages the investment advisors to employ diversification, asset allocation and quality strategies to minimize risks. Each participant is responsible for determining the risks and commensurate returns of their portfolio. The Plan's investment in international mutual funds does not require disclosure of the individual investment within the fund and such fund balances are denominated in U.S. dollars.

Note 4. Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the Plan's fiduciary net position as of December 31, 2020. In actuarial terms, this will be the accrued liability less the market value of assets. The components of the Plan's net pension liability as of December 31, 2020, are as follows:

Total pension liability	$ 64,917,298
Plan fiduciary net position	45,554,310
Net pension liability	$ 19,362,988
Plan fiduciary net position as a percentage of the total pension liability	70.17%

The schedule of net pension liability presents multi-year trend information, beginning with 2015, to illustrate changes in the plan fiduciary net position over time. In addition to the above, this information is presented in the required supplementary information.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Methods and assumptions used to determine contribution rates are as follows:

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation rate	-
Salary increases	3.50%
Investment rate of return	6.75%
Retirement age	Age 60-61 is 5.00%, Age 62-64 is 10.00%, Age 65 is 50.00%, Age 66-69 is 15.00% and Age 70 is 100.00%
Mortality	Pri-2012 White Collar Dataset Amount-Weighted Mortality Projected with Scale MP-2020 with separate rates for employees, retirees and contingent survivors

Note 4. Net Pension Liability (Continued)

Discount rate: The discount rate used to measure the total pension liability at December 31, 2020 was 5.39%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until 2064. Therefore, the long-term expected rate of return of 6.75% was applied to all periods of projected benefits payment to determine the total pension liability until 2064. Subsequent to 2064, the 20-year municipal bond rate of 1.73% was utilized.

The long-term expected rate of return on Plan investments was determined using best estimate ranges of expected future real rate of return 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 information. The long-term expected geometric real rates of return for 2020 are as follows:

Asset Class	Asset Allocation	Long-Term Expected Geometric Rate of Return
Domestic equities:	51.1%	
U.S. broad equity		7.15%
Large cap		7.00%
Small/mid cap		7.25%
Domestic fixed income	26.1%	2.75%
International equities:	15.2%	
Global ex-U.S. equity		7.25%
International equity		6.99%
Emerging markets equity		7.25%
Alternative:		
High yield		4.65%
Real estate		6.25%
Volatility hedge		5.00%
Private equity		8.50%
Inflation		2.25%
Cash equivalents	7.6%	2.25%
	100.0%	

Note 4. Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Plan, calculated using the discount rate of 5.39%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.39%) or 1-percentage point higher (6.39%) than the current rate:

	1.00% Decrease to 4.39%	Current Single Rate Assumption of 5.39%	1.00% Increase to 6.39%
2020	$ 29,423,556	$ 19,362,988	$ 11,073,994

Note 5. Plan Termination

Although it has not expressed any intention to do so, the Authority has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in Articles X and XI of the Plan. In the event the Plan terminates, the net position of the Plan will be allocated in the following order:

(a) To provide the portion of the retirement benefits which have accrued to the account of each retired participant, beneficiary or contingent annuitant of a retired participant.

(b) To provide that additional portion of the retirement benefits that have accrued to the account of each participant and which are not provided above.

(c) To return to the employer any balance that shall remain after all liabilities under the Plan with respect to the participants have been fully satisfied, as provided above.

(d) All nonvested benefits under the Plan.

In the event the assets are not sufficient to carry out any of the foregoing purposes in full, the allocations to the accounts of individuals thereunder shall be made in the proportion that the assets available bear to the assets required to carry out the purpose in full.

In the event the assets are not sufficient to provide all the benefits under one of the paragraphs above, Plan assets shall be allocated among participants and beneficiaries under such paragraph in proportion that the assets available bear to assets required for full allocation.

Note 6. Tax Status

On July 21, 2006, the Internal Revenue Service (IRS) issued a determination letter stating that the Plan, as then designed, was in compliance with section 401(a) of the Internal Revenue Code of 1986, as amended (the Code) and was, therefore, exempt from federal income taxes under section 501(a). The Plan Administrator received an updated determination letter utilizing the amended and restated plan effective January 1, 2010, which was accepted by the IRS on March 7, 2013, and expiring January 31, 2014. The Plan filed a determination letter, extending the expiration date of the current determination letter to January 31, 2016. This application was acknowledged by the IRS on March 28, 2016, and it was approved. The Plan Administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

Note 7. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. As a result, the Plan's various investment securities could incur volatility in fair value in the future. The impact of COVID-19 continues to evolve rapidly and the Authority is not able at this time to estimate its full impact on the Plan's financial statements. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the statements of net assets available for benefits. The current economic environment has increased the degree of uncertainty.

The Plan has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.

Required Supplementary Information

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios
Years Ended December 31, 2020, 2019, 2018, 2017, 2016 and 2015

	2020	2019	2018	2017	2016	2015
Total pension liability:						
Service cost	**$ 3,545,963**	$ 2,938,855	$ 2,793,032	$ 2,964,773	$ 2,087,251	$ 2,225,673
Interest	**3,061,945**	2,694,810	2,445,407	2,235,084	1,863,897	1,573,679
Changes of benefit terms	**-**	-	-	-	2,054,914	-
Differences between expected and actual experience	**2,513,864**	1,231,398	720,052	(288,769)	(86,781)	1,984,816
Changes of assumptions	**(3,616,413)**	5,792,670	(920,415)	3,035,050	209,630	(1,415,858)
Benefit payments, included refunds of member contributions	**(1,391,896)**	(1,117,525)	(932,072)	(916,317)	(892,937)	(833,716)
Net change in total pension liability	**4,113,463**	11,540,208	4,106,004	7,029,821	5,235,974	3,534,594
Total pension liability at beginning of year	**60,803,835**	49,263,627	45,157,623	38,127,802	32,891,828	29,357,234
Total pension liability at end of year (a)	**$ 64,917,298**	$ 60,803,835	$ 49,263,627	$ 45,157,623	$ 38,127,802	$ 32,891,828
Plan fiduciary net position:						
Contributions—employer	**$ 3,261,231**	$ 3,046,377	$ 2,692,422	$ 3,106,829	$ 1,974,973	$ 1,882,377
Contributions—employee	-	-	-	-	-	-
Net investment income (loss)	**5,928,766**	6,195,576	(1,941,101)	4,081,936	1,795,013	(11,187)
Benefit payments, including refunds of member contributions	**(1,391,896)**	(1,117,525)	(932,072)	(916,317)	(892,937)	(833,716)
Administrative expense	**(62,527)**	(76,658)	(58,478)	(74,118)	(58,222)	(63,645)
Other	**-**	-	-	-	-	-
Net change in plan fiduciary net position	**7,735,574**	8,047,770	(239,229)	6,198,330	2,818,827	973,829
Plan fiduciary net position at beginning of year	**37,818,736**	29,770,966	30,010,195	23,811,865	20,993,038	20,219,209
Plan fiduciary net position at end of year (b)	**$ 45,554,310**	$ 37,818,736	$ 29,770,966	$ 30,010,195	$ 23,811,865	$ 21,193,038
Net pension liability at end of year (a) - (b)	**$ 19,362,988**	$ 22,985,099	$ 19,492,661	$ 15,147,428	$ 14,315,937	$ 11,698,790
Plan fiduciary net position as a percentage of the total pension liability	**70.17%**	62.20%	60.43%	66.46%	62.45%	64.43%
Covered payroll	**$ 28,185,358**	$ 26,490,906	$ 22,758,461	$ 23,551,457	$ 23,116,717	$ 18,663,437
Net pension liability as a percentage of covered payroll	**68.70%**	86.77%	85.65%	64.32%	61.93%	62.68%

Notes to Schedule

1. No significant factors to disclose.
2. The mortality rates were updated to reflect the most recent table which is reflected above.
3. Schedule will be built out to 10 years.

See independent auditor's report.

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees
Required Supplementary Information

Schedule of Contributions
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	**$ 3,261,230**	$ 3,046,676	$ 2,692,422	$ 3,106,831	$ 1,974,970	$ 1,894,044	$ 1,588,278	$ 1,393,056	$ 1,659,488	$ 1,453,308
Contributions in relation to the actuarially determined contribution	**3,261,231**	3,046,377	2,692,422	3,106,829	1,974,973	1,882,377	1,600,159	1,393,490	1,704,070	1,448,542
Contribution deficiency (excess)	**$ (1)**	$ 299	$ -	$ 2	$ (3)	$ 11,667	$ (11,881)	$ (434)	$ (44,582)	$ 4,766
Covered payroll	**$ 28,185,358**	$ 26,490,906	$ 22,758,461	$ 23,551,457	$ 23,116,717	$ 18,663,437	$ 16,183,596	$ 15,021,918	$ 18,347,486	$ 16,565,032
Contributions as a percentage of covered payroll	**11.57%**	11.50%	11.83%	13.19%	8.54%	10.09%	9.89%	9.28%	9.29%	8.74%

<u>**Notes to Schedule**</u>

Actuarially determined contribution rates are calculated annually for the year of contribution.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	20 years
Asset valuation method	Deferred recognition with phase-in over 5 years
Inflation rate	-
Salary increases	3.50%
Investment rate of return	6.75%
Retirement age	Age 60-61 is 5.00%, Age 62-64 is 10%.00, Age 65 is 50.00%, Age 66-69 is 15.00% and Age 70 is 100.00%
Mortality	Pri-2012 White Collar Dataset Amount-Weighted Mortality Projected with Scale MP-2020 with separate rates for employees, retirees and contingent survivors

Capital Metropolitan Transportation Authority Retirement Plan for Administrative Employees
Required Supplementary Information

Schedule of Investment Returns
Years Ended December 31, 2020, 2019, 2018, 2017, and 2016

	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	**15.30%**	20.20%	(6.32%)	16.68%	8.36%

Notes to Schedule

1. No significant factors to disclose.
2. No significant methods or assumptions to disclose.
3. Schedule will be built out to 10 years.

Capital Metropolitan Transportation Authority

Retirement Plan for Administrative Employees 2021 Valuation Summary

Paul Gibbons, FCA

December 8, 2021

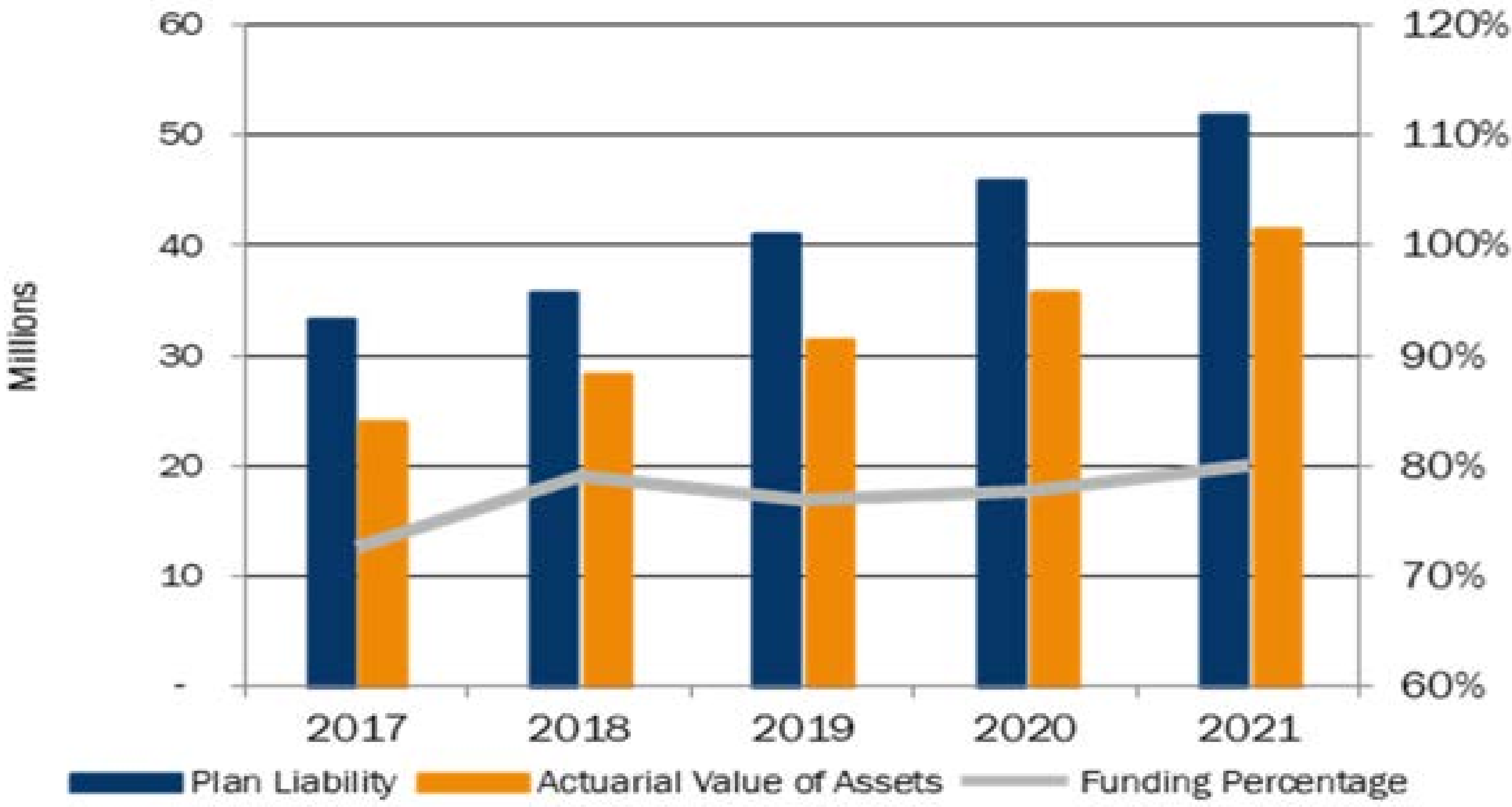
Demographic Summary

	January 1, 2020	January 1, 2021
Participant Counts		
Active	305	314
Former Employees Entitled to a Future Benefit	266	272
Retirees and Beneficiaries	125	136
Total Valuation Participants	696	722
Valuation Compensation	$ 24,700,473	$ 28,185,358

Contribution Determination

	January 1, 2020	January 1, 2021
Actuarial Accrued Liability	$ 46,154,579	$ 51,918,126
Actuarial Value of Assets	(35,895,259)	(41,549,498)
Unfunded Actuarial Liability	$ 10,259,320	$ 10,368,628
Contribution Determination		
Normal Cost	$ 2,022,697	$ 2,288,651
Amortization	1,032,319	1,088,557
Interest	206,214	227,962
Annual Contribution	$ 3,261,230	$ 3,605,170
Percent of Valuation Compensation	13.2%	12.8%

Historical Plan Liability, Assets, and Funding Percentage



Accounting Summary

	December 31, 2019	December 31, 2020	December 31, 2021 Est
Discount Rate	5.10%	5.39%	
Total Pension Liability	$ 60,803,835	$ 64,917,298	
Net Fiduciary Position	(37,818,736)	(45,554,310)	
Net Pension Liability	$ 22,985,099	$ 19,362,988	
Pension Expense			
Service Cost	$ 2,938,855	$ 3,545,963	$ 3,700,000
Interest Cost	2,694,810	3,061,945	3,800,000
Expected Asset Return and Expenses	(2,141,674)	(2,542,376)	(3,100,000)
Net Deferred (Inflows)/Outflows	2,084,767	468,631	500,000
Pension Expense	$ 5,576,758	$ 4,534,163	$ 4,900,000

Historic GASB Funded Levels

Year Ending December 31	Total Pension Liability	Plan Net Position	Net Pension Liability	Position as a % of Total Pension Liability	Covered Payroll	Liability as a % of Covered Payroll	Weighted Rate of Return
2014	$ 29,357,324	$ 20,019,209	$ 9,338,025	68.2%	$ 16,183,596	57.7%	5.49%
2015	32,891,828	20,993,038	11,898,790	63.8%	18,663,437	63.8%	(0.05%)
2016	38,127,802	23,811,865	14,315,937	62.5%	23,116,717	61.9%	8.36%
2017	45,157,623	30,010,195	15,147,428	66.5%	20,966,199	72.2%	16.7%
2018	49,263,627	29,770,966	19,492,661	60.4%	22,758,461	85.7%	(6.3%)
2019	60,803,835	37,818,736	22,985,099	62.2%	24,700,473	93.0%	20.2%
2020	64,917,298	45,554,310	19,362,988	70.2%	28,185,358	68.7%	15.3%

All information in this presentation is from the actuarial valuation report dated August 19, 2021 which includes all calculations and assumptions.

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY RETIREMENT PLAN FOR BARGAINING UNIT EMPLOYEES OF STARTRAN, INC.

REPORT TO THE MEMBERS OF THE FINANCE AUDIT AND ADMINISTRATION COMMITTEE OF THE BOARD OF DIRECTORS

Retirement Plans: Audit for the Year Ended December 31, 2020

December 8, 2021

HARPER & PEARSON COMPANY, P.C. CERTIFIED PUBLIC ACCOUNTANTS

To: The Members of the Finance Audit and Administration Committee of the Board of Directors Capital Metropolitan Transportation Authority

Dear Committee Members:

We are pleased to present this report related to our audit of the financial statements of the Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. as of and for the year ended December 31, 2020.

AUDIT OVERVIEW AND SCOPE

- We conducted our audit in accordance with auditing standards generally accepted in the United States.
- The Plan's Trustees are responsible for the preparation and fair presentation of financial statements to conform with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board **(GASB)** and for 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.
- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Significant Estimates

Significant Estimates	Basis for Estimates
Net Pension Liability	The Plan has an actuarial valuation performed annually for funding and financial reporting purposes in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25*
Fair Value of Investments	Money market funds, common stocks and mutual funds are valued at the net asset value of the shares held by the Plan at year end and/or quoted market prices. Government securities and corporate bonds are valued using quotes from independent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. There were no significant transfers in and/or out of the fair value categories during 2020.

RESULTS OF THE INDEPENDENT AUDIT

The Plans' financial statement audit results:

- Opinion on the financial statements: **Unmodified**
- The financial statements present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2020, and the changes in fiduciary net position for the year in conformity with accounting principles generally accepted in the United States.
- **No reportable deficiencies** on internal control were noted

QUESTIONS AND ANSWERS

Thank you for your time and attention.

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY RETIREMENT PLAN FOR BARGAINING UNIT EMPLOYEES OF STARTRAN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CONTENTS

HARPER & PEARSON COMPANY, P.C. CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Retirement Plan Committee
Capital Metropolitan Transportation Authority
Retirement Plan for Bargaining Unit Employees
of StarTran, Inc.
Austin, Texas

Opinion

We have audited the accompanying financial statement of the fiduciary net position of the Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. (the Plan) as of December 31, 2020 and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2020, and the changes in fiduciary net position for the year then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for out audit opinion.

Emphasis of Matter

As discussed in Note A, the Capital Metropolitan Transportation Authority Board of Directors voted to outsource the operations of the bus services to a private company. The effect of the outsourcing, which was completed in August 2012, was to freeze the Plan to new participants and to fully vest all participants in employer contributions. In addition, Capital Metropolitan Transportation Authority agreed to continue funding the amounts necessary to properly fund the Plan on an actuarially sound basis.

Responsibilities of Trustees for the Financial Statements

The Plan's Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; and for 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.

In preparing the financial statements, the Trustees are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may cause doubt shortly thereafter.

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harperpearson.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and the schedules of changes in the Plan's net pension liability, employer's contribution and investment returns be presented to supplement the financial statements. Such information is the responsibility of management, although not a part of the 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, 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.

Harper & Pearson Company, P.C.

HARPER & PEARSON COMPANY, P.C.

Houston, Texas
August 30, 2021

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY RETIREMENT PLAN FOR BARGAINING UNIT EMPLOYEES of STARTRAN, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

This section presents management's discussion and analysis of the fiduciary net position and performance for the year ended December 31, 2020 for the Plan and is offered as an introduction and analytical overview. This narrative is intended as a supplement and should be read in conjunction with the financial statements and other information presented in the report.

Overview of the Financial Statements

The financial statements for the Plan include the following information for the year ended December 31, 2020.

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements
- Required Supplementary Information

The Statement of Fiduciary Net Position presents the Plan's assets and liabilities and the resulting net position restricted for pension benefits. This statement reflects a year-end snapshot of the Plan's investments, at fair value, along with receivables and liabilities.

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan's net position restricted for pension benefits changed during the year. This statement includes additions for contributions by Capital Metropolitan Transportation Authority and investment earnings and deductions for benefit payments to participants and administrative expenses.

Notes to the financial statements are an integral part of the basic financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in the basic financial statements.

Required Supplementary Information presents schedules pertaining to the employer's net pension liability, changes in the Plan's net pension liability, employer's contributions, and the money-weighted rate of return on investments. These schedules are intended to provide additional information useful in evaluating the condition of the Plan.

Financial Highlights

The fiduciary net position of the Plan as of the fiscal year ended December 31, 2020, was $39,382,730. The fiduciary net position, which is held in trust for pension benefits, is available to meet the Fund's ongoing obligations to plan participants and their beneficiaries.

The $39,382,730 value of fiduciary net position represents an increase of $4,098,098. The increase was largely a result of an increase in the investment returns available in the financial markets, which when combined with pension contributions, were adequate to support the level of benefit payments during the fiscal year.

The Plan's ongoing funding objective is to meet long-term benefit obligations through contributions and investment income.

The Plan's rate of return on investments was 15.12% on a money-weighted basis over the fiscal year ended December 31, 2020, and was primarily attributable to the stronger performance in the domestic financial markets. The magnitude of the stronger performance in domestic equity markets over the one-year period ended December 31, 2020, is evidenced from the 15.76% return for the S&P 500. The return of 15.12% for the Plan was well above the Plan's target return of 6.50%. The Plan's rate of return on a money-weighted basis was 9.01% over the last three years, 9.61% over the last five years, and 8.53% over the past ten years.

Revenues (additions to the fiduciary net position) other than investment income for 2020 were $3,999,996, which comprises employer contributions. This compares to contributions in the amount of $3,999,996 in the prior fiscal year. The employer pension contributions during the fiscal year ended December 31, 2020, were based on the actuarial study.

Net investment income (part of additions to fiduciary net position) for 2020 fiscal year was $5,303,600 compared to net investment income of $6,505,801 that was recorded in the prior fiscal year. This was a decrease of $1,202,201, which was a result of the slightly weaker performance in the financial markets in the fiscal year.

Expenses (deductions in fiduciary net position) not related to investment activities for the 2020 fiscal year increased from $5,115,702 to $5,205,498. The increase is largely attributable to an increase in benefits paid to participants.

Condensed Financial Information

	Fiduciary Net Position		
	December 31,		Increase /
	2020	2019	(Decrease)
Assets			
Cash and receivables	$ 83,494	$ 114,049	$ (30,555)
Investments, at fair value	39,303,148	35,180,983	4,122,165
Total Assets	39,386,642	35,295,032	4,091,610
Liabilities			
Accounts payable	3,912	10,400	(6,488)
Total Liabilities	3,912	10,400	(6,488)
Total Fiduciary Net Position Restricted for Pensions	$ 39,382,730	$ 35,284,632	$ 4,098,098

	Changes in Fiduciary Net Position		
	Year Ended June 30,		Increase /
	2020	2019	(Decrease)
Additions			
Employer contributions	$ 3,999,996	$ 3,999,996	$ -
Net investment income	5,303,600	6,505,801	(1,202,201)
Total Additions	9,303,596	10,505,797	(1,202,201)
Deductions			
Benefit payments	4,985,498	4,910,211	75,287
Administrative & other expenses	220,000	205,491	14,509
Total Deductions	5,205,498	5,115,702	89,796
Increase in Fiduciary Net Position	4,098,098	5,390,095	(1,291,997)
Beginning Fiduciary Net Position	35,284,632	29,894,537	5,390,095
Ending Fiduciary Net Position Restricted for Pensions	$ 39,382,730	$ 35,284,632	$ 4,098,098

Analysis of the Plan's Financial Position and Results of Operations

The Plan provides retirement benefits for employees of Startran, Inc. The pension benefits, which are provided by the Plan, are funded by employer and employee contributions and by earnings on investments. The Plan's fiduciary net position held in trust for benefits at December 31, 2020 was $39,382,730, an increase of $4,098,098 from $35,284,632 at December 31, 2019. The smaller increase in 2020 was largely a result of the decreased investment returns available in the financial markets.

For the 2020 and 2019 fiscal year, employer contributions were $3,999,996. The pension contributions during fiscal year 2020 were based on the actuarial study. The Plan recognized a net investment income of $5,303,600 for the 2020 fiscal year, compared with a net investment income of $6,505,801 for the 2019 fiscal year. The investment income in 2020 reflected the slightly weaker performance in the domestic financial markets following the stronger performance in market values that were experienced in 2019. The magnitude of the comparison in domestic equity markets for the 2020 and 2019 fiscal years is evidenced from the returns from the S&P 500 of 15.76% and 28.9%, respectively.

Deductions from the Plan's fiduciary net position held in trust for benefits included primarily benefit payments and administrative expenses. For the 2020 fiscal year, benefit payments were $4,985,498 versus $4,910,211 in the prior fiscal year. Administrative expenses during the 2020 fiscal year were $220,000 versus $205,491 in the prior fiscal year.

The Plan investments, at fair value, were $39,303,148, which was $4,122,165 more than the $35,180,983 in total Plan investments at December 31, 2019. This increase was primarily a result of the strong investment returns available in the financial markets, which when combined with employer contributions, were found to be sufficient to adequately support the level of benefit payments required during the fiscal year.

At December 31, 2020, the Plan held $3,732,368 in common stocks, a decrease of $1,520,849 from the $5,253,217 held at December 31, 2019; $5,546,919 in corporate bonds, an increase of $961,058 from the $4,585,861 held at December 31, 2019; $3,779,929 in government securities, a decrease of $447,304 from the $4,247,233 held at December 31, 2019; $25,851,033 in mutual funds, which represent an increase of $5,095,026 from $20,756,007 held at December 31, 2019; and $392,899 in money market funds, which represents an increase of $54,234 from the $338,665 held at December 31, 2019.

Actuarial Valuations and Funding Progress

An actuarial valuation of the Plan is performed annually. An overall objective in the funding of the Plan is to accumulate sufficient funds to meet long-term benefit obligations. The sources of revenue to fund benefits include investment income and employer contributions. The investment performance for purposes of developing the actuarially determined contribution rate is recognized using a five-year smoothing period. Under this method, each year the Plan recognizes 20 percent of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return. This asset valuation method mitigates the short-term impact of market volatility and allows changes in market condition to be recognized (smoothed) over a longer period of time. In contrast, for purposes of providing accounting information under GASB 67, the fiduciary net position is determined on a market value basis.

For the actuarial valuation prepared for funding purposes, the ratio of actuarial assets to actuarial liabilities provides an indication as to whether sufficient assets are accumulated to pay benefits when due; the greater the level of funding, the larger the ratio of assets to liabilities. Since the percentage of fiduciary net position to the total pension liability for accounting purposes uses the market value of assets rather than the actuarial value of assets, there can be significant short-term volatility in the proportion. The funding progress of a plan should be reviewed over a several year period such as five to ten years, to identify the trend in the Plan's funding status. The actuarial funded ratio of the Plan is 60.11%. Percentages for GASB 67 reporting purposes can be found in the schedule of employer's net pension liability on page 18.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed as follows:

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY RETIREMENT PLAN
FOR BARGAINING UNIT EMPLOYEES of STARTRAN, INC.
C/O ZENITH AMERICAN SOLUTIONS
P.O. BOX 722041
HOUSTON, TEXAS 77272-2041
713-219-1200

STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2020

ASSETS	
INVESTMENTS, AT FAIR VALUE	
Money market funds	$ 392,899
Government securities	3,779,929
Corporate bonds	5,546,919
Common stocks	3,732,368
Mutual funds	25,851,033
TOTAL INVESTMENTS	39,303,148
RECEIVABLES	
Accrued interest and dividend income	55,774
CASH	27,720
TOTAL ASSETS	39,386,642
LIABILITIES	
Accounts payable	3,912
TOTAL LIABILITIES	3,912
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 39,382,730

See accompanying notes.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

INVESTMENT INCOME	
Interest and dividend income	$ 648,484
Net increase in fair value of investments	4,781,727
TOTAL INVESTMENT INCOME	5,430,211
INVESTMENT EXPENSES	(126,611)
NET INVESTMENT INCOME	5,303,600
CONTRIBUTIONS	
Employer contributions	3,999,996
TOTAL ADDITIONS	9,303,596
DEDUCTIONS	
Benefits paid to participants	4,985,498
Administrative fees	76,725
Legal, consulting and auditing fees	134,728
Other expenses	8,547
TOTAL DEDUCTIONS	5,205,498
NET INCREASE	4,098,098
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	35,284,632
End of year	$ 39,382,730

See accompanying notes.

NOTE A PLAN SUMMARY AND SIGNIFICANT ACCOUNTING POLICIES

Plan Summary – The Capital Metropolitan Transportation Authority ("Authority") maintains the Capital Metropolitan Transportation Authority Retirement Plan for Bargaining Unit Employees of StarTran, Inc. ("Plan"), a defined benefit pension plan, to provide retirement benefits for employees of StarTran, Inc. whose terms and conditions of employment are governed by a collective bargaining agreement with the Amalgamated Transit Union, Local 1091 (the Local). The Plan was adopted to provide these employees with retirement benefits and to provide certain benefits in the event of death, disability, or other termination of employment. The Plan is administered by the Retirement Plan Committee which has responsibility over the general supervision and administration of the Plan and are fiduciaries for the Plan. The committee is comprised of six members, three are appointed by the sponsor and three are appointed by the Local.

The Plan became effective March 1, 1958 and was amended effective January 1, 1992 when the Plan's name was changed from Management Labor Services Retirement Plan to StarTran, Inc. Retirement Plan. Effective January 1, 2002 the Authority assumed sponsorship of the Plan. The Plan was amended and restated to reflect the change in sponsorship and other related Plan changes. The Plan is maintained as a governmental plan as defined in Section 3(32) of ERISA.

To conform with the requirements of Senate Bill 650 enacted by the 82nd Texas Legislature, the Authority was required to either provide all transportation services with employees of the Authority or to competitively bid and purchase transportation services by September 1, 2012. The Authority transitioned services previously provided by employees of StarTran, Inc. to McDonald Transit Associates, Inc. and MV Transportation, Inc. effective August 19, 2012 (the Transition). The Plan was amended effective as of August 19, 2012 to grant Credited Service for certain limited purposes to Members affected by the Transition, to place certain restrictions on the distribution of lump sum payments, and to clarify certain other terms in connection with the Transition.

The Plan was closed, and the benefits were frozen for all participants as of August 19, 2012. Prior to the Plan being frozen, an amendment was adopted to restrict lump sum distributions for certain employees and to lower the requirement for an Unreduced Early Retirement Age (URA). Participants were eligible for immediate distributions as of August 18, 2012 since they were no longer working for the Authority. The service requirements for URA were changed from 25 years to 22.5 years as of August 18, 2012. Participants receive "credit" toward URA while working for the new contractor. The maximum immediate lump sum payable was capped at $10,000 unless a participant was eligible for URA. A participant who elected to take an immediate $10,000 lump sum forfeited the right to grow into URA.

NOTE A PLAN SUMMARY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

There were no employee contributions after August 18, 2012, except for certain "catch-up" contributions due from employees at the date the Plan was frozen. The Authority is required to make the annual recommended contribution (ARC) as determined by the actuary of the Plan. The ARC is the amount necessary to properly fund the Plan on an actuarial basis. Funding is provided by the Authority over a closed 30-year period, of which 18 years remain, which should lead to a fully funded plan by 2040.

Monthly benefits payable at retirement age are equal to:

- $12.75 multiplied by the Participant's years of credited service for Participants whose date of termination is prior to March 1, 1989.
- $37.50 multiplied by the Participant's years of credited service for Participants whose date of termination is on or after March 1, 1989 but prior to March 1, 1992.
- $38.00 multiplied by the Participant's years of credited service credited as of March 1, 1992 plus $48.00 multiplied by the Participant's years of credited service credited after March 1, 1992 for Participants whose date of termination is on or after March 1, 1992 but prior to January 1, 2001.
- $60.00 multiplied by the Participant's years of credited service for Participants whose date of termination is on or after January 1, 2001.

Participants are eligible for retirement benefits upon reaching normal retirement age of 65. Participants are also eligible for unreduced early retirement upon completion of 22.5 years of credited benefit accrual service. Benefits are fully vested after five years of service. Retirement benefit payments are determined by application of a benefit formula based on the Participant's years of pension credited service. The Plan also contains provisions for late retirement, disability, death, and survivor benefits.

Further information regarding the methods used to determine Participants' accounts, nature of benefits, and vesting provisions is contained in the Plan document which is available to all Plan Participants.

The Plan's financial statements have been prepared to conform with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

As defined by GAAP established by the GASB, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officers of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or fiscal dependence on the primary government. Based upon the required criteria, the Plan has no component units.

Accounting Records – The accounting records maintained by the Plan are on the accrual basis for financial reporting purposes.

NOTE A PLAN SUMMARY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates – The preparation of financial statements in conformity with GAAP requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Valuation of Investments – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the policy of stating investments at fair value, net investment gain or loss is included in the carrying value of related investments in the statement of fiduciary net position and the changes in net investment gain or loss are reflected in the statement of changes in fiduciary net position.

Investment Policy – The investment policy is established, maintained, and amended by the Retirement Plan Committee. The Plan assets are managed solely in the interest of the participants and beneficiaries. Investments are managed with the objective of defraying the reasonable expenses of administrating the Plan and preserving the value of Plan assets. The asset allocation policy for 2020 was domestic equities 50%, international equities 20% and fixed income 30%.

Risk & Uncertainties – The Plan investments subject the Plan to various levels of risk associated with economic, operating, and political events beyond management's control. Consequently, management's judgment as to the level of losses that may develop in the future involves the consideration of current and anticipated conditions and their potential effects on the Plan investments. In determining fair value of these investments, management obtains information, which is considered reliable, from third parties in order to value its investments. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially impact the amounts reflected in the accompanying financial statements.

Impact of COVID-19 Pandemic – As a result of the COVID-19 pandemic occurring during the year ended December 31, 2020, economic uncertainties have arisen which are likely to negatively affect the Plan's operations. However, the related financial impact and duration cannot be reasonably estimated at this time.

Subsequent Events – The Plan has evaluated subsequent events through August 30, 2021, the date the financial statements were available to be issued. No subsequent events occurred, which require adjustment or disclosure to the financial statements at December 31, 2020.

NOTE B NET PENSION LIABILITY

Information included in the following schedules is based on the certification by the Plan's actuarial consultants, AON. The information is presented to enable the reader to assess the progress made by the Plan in accumulating sufficient assets to pay pension benefits as they become due. It also presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE B NET PENSION LIABILITY (CONTINUED)

The components of the net pension liability of the Plan at December 31, 2020 were as follows:

Total pension liability	$ 65,512,725
Plan fiduciary net position	39,382,730
Plan's net pension liability	$ 26,129,995
Plan fiduciary net position as a percentage of the total pension liability	60.11%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	N/A
Investment rate of return	6.50%, net of pension plan investment expense

Mortality rates for non-disabled lives were based on the PUB-2010 Amounts-Weighted Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020. For disabled lives, PUB-2010 Amounts-Weighted Disabled Retirement Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020.

Plan Membership – As previously discussed the Plan was frozen on August 19, 2012 and closed to new entrants.

At December 31, 2020, Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	548
Inactive employees entitled to but not yet receiving benefits	292
*Active employees	137
Total	977

** After August 18, 2012, active participants are considered to be any terminated vested participants who continue to work for the new contractor and accrue eligibility service toward unreduced early retirement benefits. This group includes any members actively working on August 18, 2012 who elected not to receive lump sums.*

NOTE B NET PENSION LIABILITY (CONTINUED)

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 returns, net of pension plan investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Estimated Geometric Return	Target Allocation
US Large Cap Equity	6.40%	35.00%
US Small Cap Equity	6.90%	15.00%
International Equity	7.50%	15.00%
Emerging Markets	7.80%	5.00%
US Fixed Income	1.80%	30.00%
Total	5.83%	100.00%

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at $4,000,000 annually until full funding is achieved and then will decline to $200,00 annually to cover administrative expenses. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Since this Plan is frozen, service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.50%) or one-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
Plan's net pension liability	$ 32,376,510	$ 26,129,995	$ 20,806,523

NOTE C INVESTMENTS

The following tables detail the investments of the Plan at December 31 2020:

	Cost	Fair Value
Money market funds	$ 392,899	$ 392,899
Government securities	3,724,633	3,779,929
Corporate bonds	5,222,859	5,546,919
Common stocks	2,211,219	3,732,368
Mutual funds:		
Equity funds	16,740,906	25,851,033
Total	$ 28,292,516	$ 39,303,148

The Plan had the following investments at December 31, 2020 which represented more than five percent of the Plan's net position:

Investment	Number of Shares/Units	Cost	Fair Value
iShares S&P 500 Index Fund	25,200.000	$ 5,351,625	$ 9,459,828
iShares Russell 2000	24,795.000	$ 1,989,013	$ 4,861,307
Euorpacific Growth Fund	56,731.321	$ 3,155,918	$ 3,931,481
iShares Core International Stock Fund	36,416.000	$ 2,263,011	$ 2,446,791
John Hancock International Growth Fund	106,674.998	$ 2,910,147	$ 3,920,306

The Plan manages credit risk by investing in quality obligations with high credit ratings. The Plan's investments with exposure to credit risk as of December 31, 2020 are as follows:

	Fair Value	Rating	Rating Agency
Money market funds	$ 392,899	N/A	N/A
U.S. Treasury notes	2,388,432	AAA	Standard & Poor's
U.S. Government Agency (Mortgage backed)	1,391,497	AA+	Standard & Poor's
Corporate bonds	175,851	AA+	Standard & Poor's
Corporate bonds	432,991	A+	Standard & Poor's
Corporate bonds	1,832,514	A-	Standard & Poor's
Corporate bonds	39,276	AAA	Standard & Poor's
Corporate bonds	199,909	AA	Standard & Poor's
Corporate bonds	222,508	AA-	Standard & Poor's
Corporate bonds	1,083,707	A	Standard & Poor's
Corporate bonds	1,449,848	BBB+	Standard & Poor's
Corporate bonds	110,315	BBB	Standard & Poor's
Total	$ 9,719,747		

NOTE C INVESTMENTS (CONTINUED)

The Plan manages interest rate risk through duration management. Duration is expressed as a number of years. The following table reflects the fair value weighted-average effective duration as of December 31, 2020.

Fixed Income Securities		Fair Value December 31, 2020	Effective Duration
U.S. Treasury notes	$	2,388,432	7.75
U.S. Government Agency (Mortgage backed)		1,391,497	2.15
Corporate bonds		5,546,919	6.8
Total	$	9,326,848	

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The money-weighted rate of return for the year ended December 31, 2020 was 15.12%.

NOTE D FAIR VALUE DISCLOSURES

GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. These inputs are summarized in the three levels listed below:

Level 1 – Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Other significant observable inputs (including quoted prices in active or inactive markets for similar financial instruments), or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial instruments.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

NOTE D FAIR VALUE DISCLOSURES (CONTINUED)

Following is a description of the valuation techniques used for investments measured at fair value. There have been no changes in the techniques used during 2020.

Money market funds, common stocks and mutual funds are valued at the net asset value of the shares held by the Plan at year end and/or quoted market prices. These investments are considered Level 1 investments.

Government securities and corporate bonds are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are considered Level 2 investments.

There were no significant transfers in and/or out of the fair value categories during 2020.

The fair value of investments are categorized as follows at December 31, 2020.

	Level 1	Level 2	Level 3	Total
2019				
Money market accounts	$ 392,899	$ -	$ -	$ 392,899
Mutual funds:				
Equity funds	25,851,033	-	-	25,851,033
Government securities	-	3,779,929	-	3,779,929
Common stocks	3,732,368	-	-	3,732,368
Corporate bonds	-	5,546,919	-	5,546,919
Total	$ 29,976,300	$ 9,326,848	$ -	$ 39,303,148

Schedule of Changes in Plan's Net Pension Liability for the last seven fiscal years: [(1)] *

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	$ -	$ -	$ -	$ -	$ 303,363	$ 486,248	$ 391,902
Interest	4,214,154	4,322,203	4,346,270	4,287,202	4,206,646	4,226,699	4,221,102
Change of benefit term	-	-	-	-	-	-	-
Differences between expected and actual experience	164,257	32,703	(213,616)	(1,769,787)	1,878,042	(730,963)	302,377
Change in Assumption	1,235,860	1,279,922	2,453,041	3,305,720	934,709	-	-
Benefit payments, including refunds of employee contributions	(4,985,498)	(4,910,211)	(4,668,156)	(4,540,291)	(4,221,793)	(4,959,966)	(4,721,559)
Net change in total pension liability	628,773	724,617	1,917,541	1,282,844	3,100,967	(977,982)	193,822
Total pension liability - beginning	64,883,952	64,159,335	62,241,794	60,958,950	57,857,983	58,835,965	58,642,143
Total pension liability - ending	$ 65,512,725	$ 64,883,952	$ 64,159,335	$ 62,241,794	$ 60,958,950	$ 57,857,983	$ 58,835,965
Plan fiduciary net position							
Contributions - employer	$ 3,999,996	$ 3,999,996	$ 4,000,556	$ 4,004,599	$ 4,005,413	$ 4,010,205	$ 3,915,395
Contribution - employee	-	-	654	4,578	5,417	5,760	6,322
Net investment income (loss)	5,303,600	6,505,801	(2,411,068)	4,420,548	1,621,196	(98,010)	1,813,047
Benefit payments, including refunds of employee contributions	(4,985,498)	(4,910,211)	(4,668,157)	(4,540,291)	(4,221,793)	(4,959,966)	(4,721,559)
Administrative expense	(220,000)	(205,491)	(227,027)	(225,051)	(216,313)	(225,290)	(259,705)
Net changes in plan fiduciary net position	4,098,098	5,390,095	(3,305,042)	3,664,383	1,193,920	(1,267,301)	753,500
Plan fiduciary net position - beginning	35,284,632	29,894,537	33,199,579	29,535,196	28,341,276	29,608,577	28,855,077
Plan fiduciary net position - ending	39,382,730	35,284,632	29,894,537	33,199,579	29,535,196	28,341,276	29,608,577
Net pension liability - ending	$ 26,129,995	$ 29,599,320	$ 34,264,798	$ 29,042,215	$ 31,423,754	$ 29,516,707	$ 29,227,388

	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	60.11%	54.38%	46.59%	53.34%	48.45%	48.98%	50.32%
Covered employee payroll	$ 6,851,646	$ 7,612,940	$ 8,732,490	$ 9,672,912	$ 9,807,345	$ 10,882,123	$ 12,270,378
Association's net pension liability as percentage of covered employee payroll	381.37%	388.80%	392.38%	300.24%	320.41%	271.24%	238.19%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** (Historical information prior to implementation of GASB 67/68 is not required.)*

See accompanying note to required supplementary information and independent auditor's report.

Schedule of Employer's Contribution for the last seven fiscal years: [(1)] *

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	$ 2,527,510	$ 2,633,692	$ 2,481,007	$ 2,399,389	$ 2,476,752	$ 2,680,205	$ 2,701,768
Contributions in relation to the actuarially determined contributions	$ 3,999,996	$ 3,999,996	$ 4,000,556	$ 4,004,599	$ 4,005,413	$ 4,010,205	$ 3,915,395
Contribution deficiency (excess)	$(1,472,486)	$(1,366,304)	$(1,519,549)	$(1,605,210)	$(1,528,661)	$ (1,330,000)	$ (1,213,627)
Covered employee payroll	$ 6,851,646	$ 7,612,940	$ 8,732,490	$ 9,672,912	$ 9,807,123	$ 10,882,123	$ 12,270,378
Contributions as a percentage of covered employee payroll	58.38%	52.54%	45.81%	41.40%	40.84%	36.85%	31.91%

Schedule of Investment Returns for years ending December 31, 2014 through 2020: [(1)]

2014 – 6.43% Annual Money Weighted Rate of Return, Net of Investment Expense.

2015 – 0.04% Annual Money Weighted Rate of Return, Net of Investment Expense.

2016 – 5.99% Annual Money Weighted Rate of Return, Net of Investment Expense.

2017 – 15.04% Annual Money Weighted Rate of Return, Net of Investment Expense.

2018 – (7.22)% Annual Money Weighted Rate of Return, Net of Investment Expense.

2019 – 22.05% Annual Money Weighted Rate of Return, Net of Investment Expense.

2020 – 15.12% Annual Money Weighted Rate of Return, Net of Investment Expense.

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

** (Historical information prior to implementation of GASB 67/68 is not required.)*

See accompanying note to required supplementary information and independent auditor's report.

Actuarial Information and Assumptions:

Actuarial Assumptions - Accounting:	
Expected return on assets	6.50%
Administrative Expenses	$200,000 per annum, non-investment expenses as of beginning of year
Asset Valuation Method	Fair Market Value
Actuarial Cost Method	Unit Credit Cost Method
Actuarial Assumptions - Funding:	
Funding discount rate	6.50%
Salary increases	N/A
Benefit and compensation limits	The IRC section 415 benefit limit, the IRC section 401(a)(17) compensation limit, and Social Security TWB have been projected at 2.50% per year.
Mortality Rates:	
Healthy	PUB-2010 Amounts-Weighted Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020
Disabled	PUB-2010 Amounts-Weighted Disabled Retirement Mortality Table for General Employees with Generational Improvements from 2010 using Scale MP-2020
Surviving Spouse Benefit	It is assumed that 80% of males and 80% of females have an eligible spouse, and that males are 3 years older than their spouse.
Actuarial Value of Assets	The actuarial value of assets is determined by adjusting the market value of plan assets as of December 31, 2020 to reflect investment gains and losses during each of the last 4 years at 25% per year. The actuarial value of assets is then future adjusted, if necessary, to be within 20% of the market value.

Amortization Basis for Funding	Greater of 1) $4 million minus assumed non-investment administrative expenses and 2) a closed 30-year amortization of the Unfunded Actuarial Accrued Liability with 3% annual increases. As of January 1, 2021, there are 18 years remaining on the schedule for 2) above.
Discount Rate Method	Equal to the Expected Return on Assets

Changes in Funding Methods/Assumptions Since the Prior Year

Method Changes

There have been no method changes in the funding valuation since the prior year

Assumption Changes

The funding valuation reflects the following assumption changes:

- The funding discount rate decreased from 6.75% to 6.50% to be consistent with changes in the expected return on assets.
- The expected return on assets decreased from 6.75% to 6.50% to reflect target asset allocation as reflected in the Investment Policy Statement and capital markets long term return expectations
- The mortality assumption for healthy lives changed from PUB-2010 amounts weighted mortality table for general employees with generational improvements from 2010 using scale MP-2019 to the PUB-2010 amounts weighted mortality table for general employees with generational improvements from 2010 using scale MP-2020
- The mortality assumption for disabled lives changed from PUB-2010 amounts weighted disabled retirement mortality table for general employees with generational improvements from 2010 using scale MP-2019 to PUB-2010 amounts weighted disabled retirement mortality table for general employees with generational improvements from 2010 using scale MP-2020

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee **Item #:** AI-2021-216
Agenda Date: 12/8/2021

Internal Audit FY2022 Audit Plan Status

FY22 INTERNAL AUDIT PLAN

Department Scorecard

	Projects	Status & % Complete	Additional Details
	FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1	Finance, Audit & Administration (FAA) Committee Meetings: 10/13; 11/10; 12/8; 1/12; 2/14;	In-Process	
2	Semi-annual Implementation Status Report - November 2021	In-Process	January
3	Semi-annual Implementation Status Report - May 2022		
4	FY2022 Risk Assessment & development of FY23 Audit Plan		
	FY22 Audit Assurance & Advisory Projects		
1	GRC (ITS2403) & Contract Performance Management System Advisory (ITS2205)	In-Process	
2	Transit Store with Ticket Focus (Hardcopy and e-tickets)	Completed	December
3	Saltillo Development with Focus on Lease Revenues	In-Process	
4	Business Continuity (COOP Plan, Advisory)	Completed	UT Interns-Fall 2021
5	NIST Cybersecurity Framework (Facilitated Self Assessment) - will resume when BCG Review is completed		
6	FTA Triennial Review - 11/29 Notice	In-Process	
7	QAR (Quality Assurance Review) of Internal Audit practices - Started Self-Assessment. The external assessments have been postponed by GAO/ALGA due to COVID-19.		
8	Annual Cybersecurity Review (Vulnerability Assessment & Penetration Test)		
9	ERP (Oracle) Implementation Advisory	In-Process	
10	P-Cards & IT Procurement		
11	Public Transportation Agency Safety Plan (PTASP)		
12	Benchmarking Policies & Procedures (Structure, Content, Governance & Training)		
	CONTINGENT AUDIT PROJECTS - FY22		
1	Infor System - post go live review		
2	Salary Adjustment & Merit Process		
3	Facilities Maintenance - Contract Monitoring & Compliance		
4	Paratransit & Demand Response Operations		
5	United Healthcare & Other Self-Insured Benefits (TPA Payments)		
6	Bytemark - Account-Based System		
7	Microsoft Sharepoint & Active Directory		
8	Safety Management System (SMS) - Management of Change		
9	Board Policies/Goals - Monitoring & Reporting (e.g., OTP; Fare Recovery; DBE; Title 6 Equity Analysis; etc.)		

	NEW PROJECTS ADDED TO FY22 AUDIT PLAN by Terry Follmer		
1	Downtown Station - Closeout (Benchmarking & Analysis)	In-Process	
2	MV Contract Changes - Audit Support (e.g. Payroll controls, etc.)		
3			
4			
5			

2910 East 5th Street
Austin, TX 78702

Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee **Item #:** AI-2021-280
Agenda Date: 12/8/2021

Transit Store and Ticket Controls Audit

Transit Store and Ticket Controls Audit (21-09)

Terry Follmer, VP of Internal Audit

Distribution List:

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Rick Medina, Manager, Cash Operations
Terry Thomas, Senior Director of People & Culture

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EXECUTIVE SUMMARY

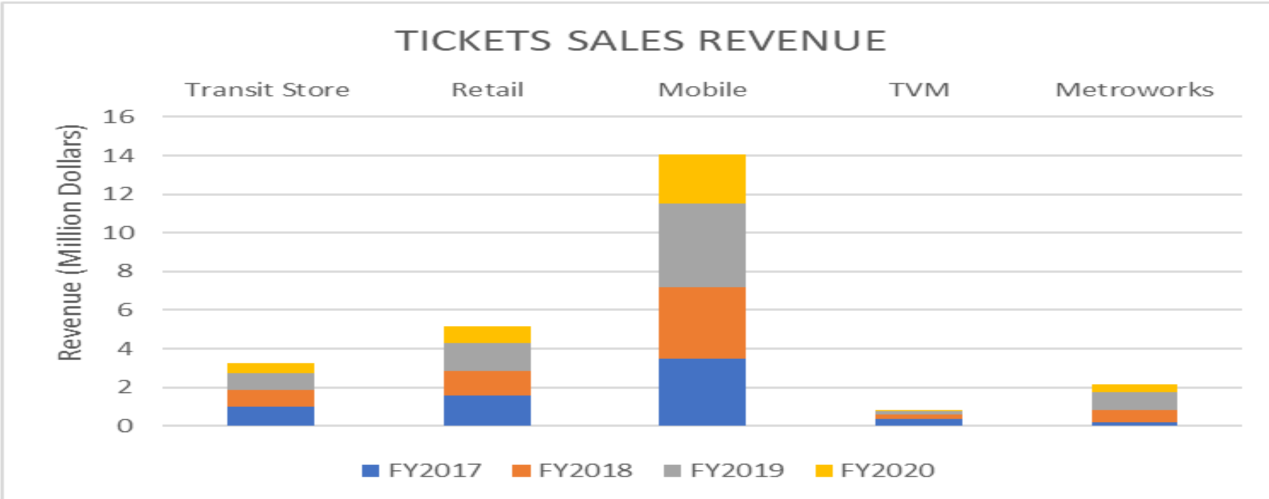
As part of the Fiscal Year 2022 Internal Audit Plan approved by the Capital Metro Board, we performed an audit of the Transit Store and ticket controls. The objective of the audit is to determine whether there are sufficient internal controls to ensure the completeness and accuracy of the Transit Stores revenue cycle with a focus on ticket records, both physical and e-tickets. The audit results, including the objective, scope, and conclusion, are as follows.

Background

The Transit Store is located in downtown Austin at 209 W 9th Street and serves as CapMetro's retail outlet for ticket distribution and sales. The Manager of Cash Operations is responsible for ensuring internal controls are adequate for all the tickets ordered, delivered, and sold by CapMetro. This position reports directly to the Controller and has the following eight workforce personnel reporting to him (see Appendix D for Org Chart): a Transit Store Supervisor, three Customer Service Representatives, a System Specialist, a Treasury Supervisor, and two Clerks. The Transit Store uses the Square, a point-of-sale system to record all paper ticket sales and inventory. CapMetro customers can also purchase e-tickets online, which is described later in the executive summary.

CapMetro purchases all tickets (e.g., magstripe, smart cards, etc.) from Electronic Data Magnetics (EDM), and these printed tickets are live/hot with a cash value when printed by EDM in North Carolina. Currently, the Treasury Supervisor is responsible for ordering and managing all tickets. As of October 2021, a total of $13 million tickets are on hand between the Transit Store and the Treasury Department located at 2910 E 5th Street.

The tickets are available for sale in the following five distribution channels: the CapMetro Transit Store, Retail Outlets (HEB or Randall's), Ticket Vending Machines (TVM's), and e-tickets through the CapMetro Web Portal and App. An Order Delivery Receipt (ODR) form (see Appendix B) is used to track and bill all ticket order transactions not processed through the Transit Store's Square (point of sale system), the Bytemark (Mobil App and Web Portal) system, or Ticket Vending Machines. The ODR is a pre-numbered carbon-copy triplicate document, and the Transit Store manually handwrites the vendor's name, date, ticket type, price, serial number, and payment. Then, the ODR data is manually entered into several Excel worksheets by either the Transit Store staff or the Accounting staff. The Accounting staff is responsible for invoicing and accounting for all ODRs. The Accountant manually enters the ODR information into an Excel workbook, and then the Account Receivable Specialist will invoice certain ODR's in AX. (See Appendix B and C). The chart below shows the ticket sales revenue by year (FY17 – FY20).



The CapMetro Portal and the CapMetro app allow the opportunity to purchase CapMetro e-tickets instantly. The system that enables this option is Bytemark, and it was implemented in 2014. The Finance Department is the system owner and is responsible for ensuring proper controls are in place. In addition, monthly, the Accountant obtains the revenue report from Bytemark to determine total sales by ticket type and complete reconciliations.

CapMetro partners with Retailers (31 HEB Retail Outlets and nine Randall's stores) to offer another opportunity to buy tickets. HEB and Randall's place their orders through the Transit Store who complete the ODR form (see Appendix B) described below. The ODR form is then sent to the Treasury Department who delivers all tickets to retailers, and the signed ODR forms are then sent to the Accounting staff for tracking, invoicing, and reconciliation.

CapMetro customers can buy tickets at 29 Ticket Vending Machines (TVM) found in various locations, including Republic Square, East Side Bus Plaza, and at each Metro Rail Station. The TVMs offer fewer options on the type of tickets purchased, and these tickets have no cash value until the TVM prints a QR code on the ticket. The TVM machines use a system made by Flowbird Urban Intelligence which tracks and records all the tickets sales from the TVMs. The Treasury Department is responsible for managing the TVMs and ensuring cash collected is deposited. In addition, the Accounting staff is responsible for completing a reconciliation of the revenue received by running reports in the Flowbird system.

CapMetro offers other programs that allow ticket purchases for transit services, either physical or e-tickets, and the Transit Store is responsible for fulfilling the orders. For example, MetroWorks is a bulk purchasing plan that provides employees and students discounted transit passes. Another program is the Discounted Pass Program that allows qualified entities to obtain a discount on fare purchases. If the purchaser requests paper tickets, then the ODR process is followed. The Accounting staff is responsible for tracking and recording all ODR forms received as part of their overall role reconciling tickets and revenue received.

Audit Objective & Scope

The objective of the audit is to determine whether there are sufficient internal controls to ensure the completeness and accuracy of the Transit Stores revenue cycle with a focus on ticket records, both physical and e-tickets. The scope includes a review of internal controls, Capital Metro policies, procedures, contracts, job descriptions, reports, and inventory records for FY18 to the present.

Opinion

In our opinion, internal controls are generally in place and properly functioning over tickets and related revenues. We identified some areas where internal controls could be further documented, enhanced, and automated as follows:

1. Define physical inventory policies, procedures, and responsibilities.
2. Risk management of tickets and ticket vendors.
3. Improve the ODR process, tracking, and invoicing.
4. Improve HEB consigned contract and inventory controls.
5. Define e-ticket policies, procedures, and responsibilities.
6. Develop SOP for each type of ticket and distribution method.

More details regarding the issues/risks and recommendations can be found below in the detailed audit report. This audit was conducted in accordance with the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors International Professional Practices Framework (IPPF). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

- Jeannette Lepe, Senior Auditor (Project Lead)
- Terry Follmer, VP of Internal Audit

Recommendations to strengthen internal controls and improve accountability were provided to management in the audit report. Management agrees with the internal audit recommendations and has provided target completion dates, which are included below. A follow-up audit is performed semi-annually (i.e., May and November) to ensure management action plans for all issued audit reports are completed timely. We appreciate the cooperation and assistance provided to us throughout this audit.

Issues & Risk	*Recommendation*	*Management Action Plan*
1. DEFINE PHYSICAL INVENTORY POLICIES, PROCEDURES, AND RESPONSIBILITIES CapMetro offers for sale both physical tickets and e-tickets. The ticket sold in the TVMs has no value until they are sold, and a QR code is created by the TVM, while all other physical tickets are live and have a cash value when printed at the vendor's ticket factory. As of October 2021, CapMetro has approximately $13 million of live tickets on hand between the Transit Store and the Treasury Department. We reviewed the internal controls related to the physical inventory and reconciliation of paper and smart cards (See Appendix A) and noted the following weaknesses: • No policy is in place governing who is responsible for the tickets and how often they should be physically inventory and reconciled. • No written procedures were found establishing how to conduct and document a physical inventory and reconciliation. • Job descriptions for the positions handling and ordering the tickets are silent regarding ticket responsibilities. • The AX ERP inventory module was never implemented, and there is no system tracking the sequentially pre-numbered tickets. During the audit, management began defining policies and procedures related to the physical inventory and reconciliation of tickets.	The Controller, Manager of Accounting and Revenue, and Manager of Cash Operations should consider implementing the following improvements: a) Develop a Physical Inventory Policy defining the responsibilities and the cadence of physical inventory review. b) Develop written procedures for the Physical Inventory to ensure how to conduct and document the review, including the responsibilities of the systems. c) Define procedures in the system to ensure tracking of the sequentially pre-numbered tickets. d) Update the job descriptions to support the procedures outlined in recommendations a, b, and c above.	Management agrees with the recommendations and has implemented short-term actions. • Transferred $2mil in pass inventory from Transit Store to secured treasury vault to minimize risk. • Re-implemented monthly cashier Inventories and complete quarterly inventories. • Updating Cash Operations and Accounting team Job descriptions to reflect responsibilities. Long Term: Implementing the Oracle ERP system and Core BT POS system to integrate Finance Department systems with Inventory management. **<u>Target Completion Date</u>**: 02/24/23

<table>
<tr><th>Issues & Risk</th><th>Recommendation</th><th>Management Action Plan</th></tr>
<tr><td>
2. RISK MANAGEMENT OF TICKETS & TICKET VENDOR
Electronic Data Magnetics (EDM) is CapMetro’s current vendor that makes all the tickets (e.g., magstripe, smart cards, etc.). Except for the TVM ticket rolls, when EDM prints the tickets, they have cash value and are fully activated to be used on CapMetro public transit. We noted that CapMetro has approximately $13 million of tickets in inventory; therefore, we reviewed the ticket contract and related controls and identified the following weaknesses:

The contract with EDM will expire in February 2022; however, it filed for Chapter 11 Bankruptcy on July 6, 2021. There is no periodic financial health check performed on vendors, and the bankruptcy was a surprise.
There is no requirement for the vendor to perform criminal background and credit checks of their employees.
There is no requirement for a surety bond to protect CapMetro in the event of fraud or default related to the tickets. However, the contract does require a minimum general liability insurance coverage (e.g., personal injury, automobile, worker’s compensation, etc.) of at least $1 million.
There is no requirement for a unique print plate or other physical controls to prevent unauthorized printing of CapMetro tickets.
The serial numbers on the ticket are not always unique, and sometimes the sequence of numbers is reused.
CapMetro has not been performed an inspection of the EDM print factory to ensure proper controls.

</td><td>
The Chief Risk Officer, the Senior Director/Chief Contracting & Compliance Officer, and the Controller should consider the following improvements:
a) Establish SOP so that all critical and material vendors receive a periodic credit and health check using D&B or other credit rating reports. Identify which department (e.g. Procurement or Finance) should perform this check.
b) Update the Procurement Manual to ensure that contracts that impact safety or handle financial instruments (e.g. tickets) with a monetary value require the vendor to do annual criminal background and credit checks on their employees.
c) Evaluate adding insurance and surety bonds to the contract to further safeguard CapMetro’s s interest in the live ticket’s which needs to be managed like a cash asset.
d) Adding to the contract a requirement that serial numbers are not reused or adding unique features (. e.g., color) so that every ticket can be specifically identified and tracked if necessary.
e) Perform an inspection of the ticket factory to ensure CapMetro tickets and printing controls are adequate.
</td><td>
Management agrees with the recommendations and has taken the following actions.

Enhanced the language on contracts to include third-party Employee Dishonesty/Crime Insurance.
Vendors are required to pay for delivery insurance for the monetary value.
CFO in the process of building Enterprise Risk Team and periodic vendor health review.

Target Completion Date:
02/24/23
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<tr><th>Issues & Risk</th><th>Recommendation</th><th>Management Action Plan</th></tr>
<tr><td>3. IMPROVE THE ODR PROCESS, TRACKING AND INVOICING

The ODR is a pre-numbered carbon-copy triplicate form. The Transit Store is responsible for completing and fulfilling all the ODRs manually. After, the Treasury Department staff is responsible for delivering the tickets and obtaining the vendor's signature on the ODR form. Then the Treasury Department will provide the signed ODR form to the Finance Department. Next, the Accountant manually enters an Excel spreadsheet, and the Account Receivable Specialist manually enters the information into the AX system for invoicing and billing. (See Appendix B and C). If the ODR's are not reviewed for accuracy and completeness, it affects the invoicing of payments and inventory records. We reviewed the internal controls and identified the following weaknesses:

• The ODR process is entirely manual and subject to potential errors and irregularities.
• The ODR written procedures are not current, and employees were unaware of their responsibilities for tracking and reconciliation.
• The Accountant completes a periodic ODR reconciliation to ensure ODRs turn into invoices or adjustments, but we noted as of 11/1/21, ODR's were last reconciled in July 2021.
• We noted the job descriptions for the position that process ODRs (Accountant, Account Receivable Specialist, Transit Store Supervisor, Financial Analyst) are silent to their ODR responsibilities.</td><td>The Controller, Manager of Cash Operations, and the Manager of Accounting and Revenue should consider implementing the following controls:
a) Update the ODR procedures to ensure they align with ordering, delivering, billing, tracking, and reconciliation of the ODR records.
b) Ensure the ODR and AX reconciliations are performed timely.
c) Update the job descriptions to ensure roles and responsibilities on the ODR process are defined.
d) Evaluate the opportunity to eliminate the manual ODR form and automate the process to manage the inventory/sale of paper tickets.</td><td>Management agrees with the recommendations and is implementing the following actions:
• Updating Cash Operations and Accounting team Job descriptions to reflect responsibilities.
• ODR Control Log established to verify accounting for all ODR forms.
• Developed and established ODR SOPs.

Long Term:
Implementation of Oracle ERP system to eliminate the manual ODR form to automate/integrate the financial accounting and inventory systems.

<u>Target Completion Date:</u>

02/24/23</td></tr>
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<tr><th>Issues & Risk</th><th>Recommendation</th><th>Management Action Plan</th></tr>
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<td>4. IMPROVE HEB CONSIGNED CONTRACT AND INVENTORY CONTROLS

CapMetro agreed to a consignment contract in June 2018 with HEB grocery, and this contract expired on 06/19/21 and is currently on a month-to-month basis. HEB is entitled to retain 6% of the Sales Price for all sales, and the annual consigned inventory sales for the last two years in 2019 is $1,137,448 and in 2020 is $713,081. All tickets consigned to HEB are live with cash value, so we reviewed the agreement identified the following as the rights and responsibilities of CapMetro:
• CapMetro delivers all CapMetro tickets to 31 stores assigned to this contract.
• CapMetro has all risk of any loss of the tickets, including losses from theft.
• CapMetro shall provide HEB with insurance coverage certificates issued by the Texas Municipal League Intergovernmental Risk Pool, but we do not require HEB to provide insurance.
• CapMetro does not have the Right to Audit in this contract.
• CapMetro must complete Annual background checks for employees who deliver tickets to HEB; however, no requirement for HEB to do likewise.

A review of the procedures and reconciliation identified the following weaknesses:
• No written consigned inventory procedures were found covering the delivery of tickets to HEB, performing physical inventory, and ticket reconciliations.
• The Project Manager role has not been assigned to any job description.
• No one is performing physical inventory audits of the 31 HEB stores with a consigned inventory.
• Unknown inventory on hand at HEB stores as they are not self-reporting on hand (unsold) tickets to CapMetro. HEB does not self-report to CapMetro on-hand inventory.
• Tickets delivered and sold are not being tracked down to the store level; therefore, CapMetro does not know how many tickets should be at each store.

During the audit, management started performing physical inventories of some of the stores and is developing procedures to reconcile ticket inventory records.</td>
<td>The Controller, the Accounting Manager, and Cash Operations manager should consider the following improvements:
a) Improve the Consignment Contract language to ensure each party holds equal responsibility for the following areas:
1. Risk of any loss of tickets, including loss of theft.
2. The right to Audit should be included in the contract.
3. Insurance coverage should be requested for CapMetro.
4. Periodic background checks should be required of HEB staff who handle tickets.
5. HEB should provide periodic Inventory records.
b) Ensure the Project Manager role is assigned and defined in at least one job description.
c) Develop consigned inventory procedures that can be tracked down to the store level from delivery to reconciliation, including periodic inventory audits.
d) Ensure management oversight is defined in the procedures to ensure the accuracy and completeness of the records.</td>
<td>Management agrees with the recommendations and has implemented the following actions:
• Annually inventory 31 retail consignment sales locations beginning FY2022.
• Monthly random selection Inventories of 3 locations beginning FY2022.
• Began negotiations for the renewal of HEB contract.
• Updating Cash Operations and Accounting team Job descriptions to reflect responsibilities.

Long Term:
Implementation of Oracle ERP system to automate/integrate the financial accounting system.

Target Completion Date:

04/01/23</td>
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<tr><th>Issues & Risk</th><th>Recommendation</th><th>Management Action Plan</th></tr>
<tr><td>

5. DEFINE E-TICKET POLICIES, PROCEDURES, AND RESPONSIBILITIES

All CapMetro's e-tickets are processed by Bytemark, an online cloud-based fare collection and mobility system that was implemented in 2014. A total of $14 million of ticket sales was processed in the Bytemark system from FY2017 to September 30, 2021. We reviewed the internal controls related to the e-tickets policies, procedures, and responsibilities and noted the following weaknesses:

- No policy exists governing the roles and responsibilities related to e-tickets in the Bytemark system.
- No written procedures of how e-tickets will be controlled, reported, and monitored.
- Job descriptions don't mention e-tickets and the Bytemark system.
- We noted that adjustments, credits, and spoil e-tickets performed in the Bytemark system are not being reviewed.
- We noted 20 employees between the Finance (9), IT (9), and Customer Service (2) Departments that have administrative access to the Bytemark system, which allows unlimited access to change, update, and delete Bytemark records.

During the audit, management began improving the internal controls over the Bytemark system and related e-tickets.

</td><td>

The Controller and Cash Operations Manager should consider the following improvements:

a) Develop an E-ticket policy defining the roles and responsibilities related to e-tickets in the Bytemark system.
b) Develop SOPs defining the roles and responsibilities of the employees with administrative access to the Bytemark system to ensure only required employees have that level of access.
c) Update the job descriptions to support the procedures outlined in sections a and b.

</td><td>

Management agrees with the recommendations and has implemented the following actions.

- Updating Cash Operations team job descriptions to reflect responsibilities.
- Monthly review of Bytemark credit passes and user reports by Cash Operations Manager and Controller.

Long Term:
Implementation of Oracle ERP system to automate/integrate the financial accounting system and Bytemark customer payment system.

Target Completion Date:

02/24/23

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<table>
<tr><th>Issues & Risk</th><th>Recommendation</th><th>Management Action Plan</th></tr>
<tr><td>
6. DEVELOP SOP FOR EACH TYPE OF TICKET AND DISTRIBUTION METHOD
We evaluated the sufficiency of current policies, procedures, and job descriptions and determined they need to be further defined and assigned to specific individuals. There is a higher risk for errors and irregularities because the process is not formalized in writing for some ticket types (see appendix A). We identified the following weaknesses:

Job descriptions were missing roles and responsibilities for Flowbird system (TVM) and Square system (point of sale).
Due to the lack of written procedures, management oversight was not defined.
Returned tickets processes were not defined to ensure the proper handling/destruction of tickets.

During the audit, management started writing procedures for the ticket types.
</td><td>
The Controller, Manager of Cash Operations, and the Manager of Accounting & Revenue should consider implementing the following improvements:
a) Develop Standard Operating Procedures for the following tickets types:
1) General Fare Tickets
2) Consigned Inventory
3) Returned Tickets
4) Cash on Delivery
5) Stored Value Cards
6) Free Passes
7) Discount Pass Program
8) MetroWorks
9) Ticket Vending Machines
10) Mobile App
11) Family Passes
12) Web Portal
b) Develop and define responsibilities for the Square system (point-of-sale) and Flowbird system (TVM’s).
c) Update employee job descriptions to ensure key ticket and system controls have been assigned and defined.
</td><td>
Management agrees with the recommendations and has implemented the following actions.

Updating Cash Operations and Accounting team Job descriptions to reflect responsibilities.

Long Term:
Implement the Oracle ERP system and the CORE point of sale system to automate/integrate the financial accounting system.
<u>Target Completion Date</u>:
2/24/23
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Appendix A: Tickets – Risk & Control Matrix

Ticket Types and Distribution Method	Unsold Tickets are Live (Cash Value)	Physical Inventory - Policy and Procedure	Policy on Ticket Type (Y/N)	Written Procedures on Ticket Type	Type of Tickets	System Used (Bytemark, Genfare, Square, Flowbird, AX)	Job Descriptions Define System Responsibilities	Job Descriptions defines Ticket Responsibilities	Contract	Ticket Order Forms/Application Process	Management Oversight - Policy and Procedure	Revenue Reports(Power BI - Ticket Sales)
General Fare Tickets	Yes	No	No	No	paper tickets smart cards	Square/Bytemark/AX	No	Yes	Yes - EDM	Yes - ODR	No	N/A
HEB - Consigned Inventory (Scan Based Supply Agreement)	Yes	No	No	No	paper tickets smart cards	Square/AX	No	No	Yes - Scan-Based Supply Agreement (Month to Month)	Yes - ODR	No	Yes - Power BI Ticket Sales
Returned Tickets Process	Yes	No	No	No	paper tickets smart cards	Square/Bytemark/AX	No	Yes	N/A	Yes - ODR	No	No
COD (Cash on Delivery) - (Randall's, Workforce Solution, etc.)	Yes	No	No	No	paper tickets smart cards	Square/AX	No	No	N/A	Yes - ODR	No	Yes - Power BI Ticket Sales
Stored Value Cards ($20/$40)	Yes	No	No	No	smart cards e-tickets	Square/Bytemark	No	Yes	N/A	Yes - ODR	No	Yes - Power BI Ticket Sales
Free Passes (Marketing, Customer Service and Community Goodwill)	Yes	No	Yes - (FIN-113 Pass Distribution Policy)	No	paper tickets e-tickets	Square	No	Yes	N/A	Yes - (FIN-17)/ODR	No	No
Discount Pass Program (paper tickets, 50%off)	Yes	No	No	Yes -2017 Guidelines on Discounted Pass Programs	paper tickets smart cards	Square/AX	No	Yes	Yes - DPP Application	Yes - ODR	No	Yes - Power BI Ticket Sales
MetroWorks (B2B, Higher Education, Government Entities) Paper Tickets and E-tickets Passes)	Yes	No	No	No	paper tickets e-tickets smart cards	Bytemark/AX	No	No	Yes - Terms and Conditions	N/A	No	Yes - Power BI Ticket Sales
Ticket Vending Machine - (QR Code)	No	No	No	No	paper ticket roll	Flowbird/AX	No	No	Yes - Flowbird	N/A	No	Yes - Power BI Ticket Sales
E-tickets (Mobil App Sale No paper passes)	No	No	No	No	e-tickets	Bytemark/AX	No	No	Yes -Bytemark Contract	N/A	No	Yes - Power BI Ticket Sales
E-tickets (Employee/Family Passes)	No	No	Yes - (HRC-405 Employee ID Cards and Transit Passes)	No	e-tickets employee ID cards	Bytemark/AX	No	No	Yes - Bytemark Contract	N/A	No	N/A
E-tickets (Online Sales - Web Portal)	No	No	No	No	e-tickets paper tickets smart cards	Bytemark/AX	No	No	Yes - Bytemark Contract	N/A	No	Yes - Power BI Ticket Sales

Note: Chart defines what controls are in place for the different types of tickets, both physical and e-tickets.

Appendix B: Order Delivery Receipt (ODR) Form

2910 E. 5th Street
Austin, Texas 78702
512-389-7561

CAPITAL METRO 6/2021 MetroAccess Delivery
RECORD OF TICKET AND PASSES

3792

TRANSACTION TYPE: □ BIKE SHELTER □ PROMO □ METRO WORKS (B2B) □ TEF (BTNF)
□ COMPLIMENTARY □ BULK SALES □ ON-LINE SALES ☑ RETAIL OUTLET □ DISCOUNT PROGRAM □ EXCHANGE □ RETURN

~74509

CUSTOMER/AGENCY: Randall's # 475 DATE 5/10/21

	METROBUS PASSES (LOCAL)					COMMUTER PASSES (Rail & Express Bus), and all other services				
	31-DAY LOCAL BUS FULL FARE	31-DAY LOCAL BUS Reduced Fare	7-DAY LOCAL BUS FULL FARE	DAY PASS LOCAL BUS FULL FARE	DAY PASS LOCAL BUS Reduced Fare	31-DAY COMMUTER FULL FARE	31-DAY COMMUTER Reduced Fare	7-DAY COMMUTER FULL FARE	DAY PASS COMMUTER FULL FARE	DAY PASS COMMUTER Reduced Fare
	$41.25	$20.60	$11.25	$2.50	$1.25	$96.25	$48.10	$27.50	$7.00	$3.50
Beginning Serial #										
Ending Serial #										
QUANTITY										
TOTALS										

	STORED VALUE		METROACCESS							
	STORED VALUE	STORED VALUE	JUNE METRO ACCESS MONTHLY	METRO ACCESS 10-RIDE	BIKE SHELTER					
	$20.00	$40.00	$46.50	$17.50	$30.00					
Beginning Serial #			43597							
Ending Serial #			43626							
QUANTITY			30							
TOTALS			1,395.00							

COMMENTS
5311 Balcones Dr.
512-302-2500

METROACCESS RETURNS
RETURN SERIAL NUMBERS
Total Returns
Total Credit $
To Be Billed $

TYPE OF PAYMENT	
Purchase Order#	
Money Order	
CHECK #	
CASH	$
DISCOUNT	$
TOTAL DUE	$ 1,395.00
Customer	[signature]
Treasury/Courier	[signature]

6/1/21

Note: The Order Delivery Receipt (ODR) is completed manually. As noted on pages 11 and 12, the four steps for tracking and reconciliation are as follows: Step 1) ODR form is completed manually by the Transit Store personnel, Step 2) The Treasury Department delivers the tickets and obtains a signature from the vendor. (See Appendix C below for the last two steps)

Appendix C: ODR Tracking and Reconciliation

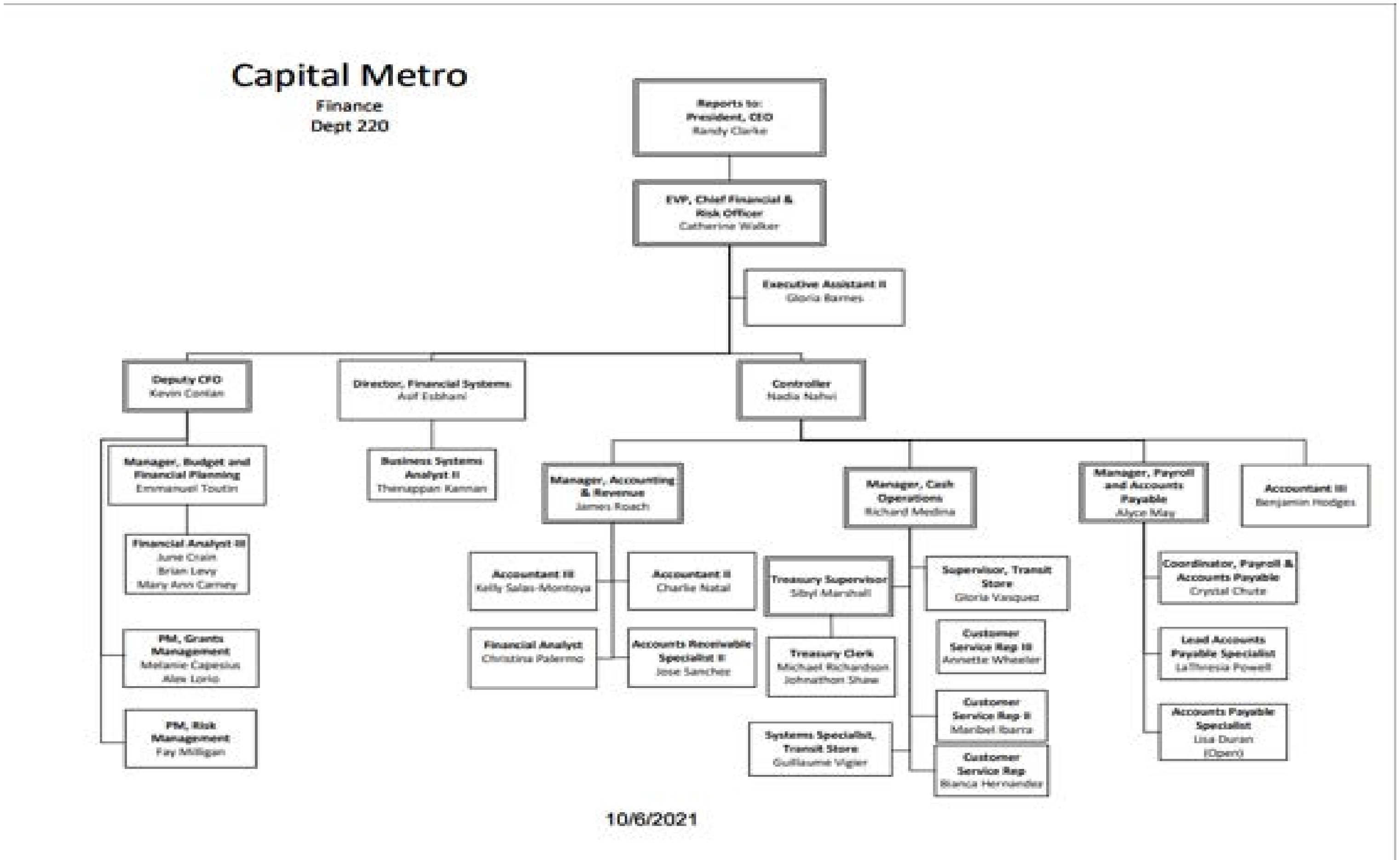
ODR Summary of Sales-FY21

ODR:	Received	ODR Date	Month	Year:	Customer	Type:	Amount	Invoice #
3791	6/7/21	5/10/21	May	2021	RANDALLS 471	RETAIL	$ 232.50	74509
3792	6/7/21	5/10/21	May	2021	RANDALLS 475	RETAIL	$ 1,395.00	74509
3793	6/7/21	5/10/21	May	2021	RANDALLS 477	RETAIL	$ 232.50	74509
3794	6/7/21	5/10/21	May	2021	RANDALLS 480	RETAIL	$ 1,627.50	74509
3795	6/7/21	5/10/21	May	2021	RANDALLS 481	RETAIL	$ 1,162.50	74509
3796	6/7/21	5/10/21	May	2021	RANDALLS 482	RETAIL	$ 1,395.00	74509
3797	6/7/21	5/10/21	May	2021	RANDALLS 485	RETAIL	$ 4,650.00	74509
3798	6/7/21	5/10/21	May	2021	RANDALLS 490	RETAIL	$ 3,487.50	74509
3799	6/7/21	5/10/21	May	2021	RANDALLS	RETAIL	$ 232.50	74509

Month	Customer Name	Invoice:	ODR:	nvoice Amount:
May	HEB GROCERY COMPANY	74535	(blank)	$ 60,992.25
	RANDALLS - SAFEWAY	74485	3788	$ 1,212.50
		74488	3790	$ 8,185.00
		74489	3791	$ 232.50
		74508	3830	$ 1,487.50
		74509	3790-3799	$ 22,600.00
		FTIC000719	3808-3816	$ (9,393.00)
		FTIC000720	(blank)	$ (8,185.00)
	TEXAS DEPT. OF CRIMINAL JUSTICE	74549	3801	$ 1,250.00
	TWC DBS AUSTIN	74486	3786	$ 41.25
		74487	3787	$ 46.50
		74530	3773	$ 46.50
	TWC-VOCATIONAL REHABILITATION	74510	3831	$ 750.00
June	HEB GROCERY COMPANY	74601	(blank)	$ 56,525.15
	RANDALLS - SAFEWAY	74570	3847-3855	$ 14,880.00
		FTIC000721	3856-3864	$ (8,091.00)
	SETON DELLS CHILDREN HOSPITAL	74559	3842	$ 2,500.00
	TRAVIS COUNTY CRIMINAL JUSTICE	74607	3882	$ 500.00
	Travis County Healthcare District DBA Cent	74537	3833	$ 212.50
	TRAVIS COUNTY PURCHASING OFFICE	74550	3836	$ 500.00
	TWC DBS AUSTIN	74557	3839	$ 93.00
		74558	3838	$ 93.00
		74577	3875	$ 41.25
July	AUSTIN OAKS HOSPITAL	74619	3886	$ 250.00
	HEB GROCERY COMPANY	74678	(blank)	$ 65,902.30
	RANDALLS - SAFEWAY	74618	3891	$ 1,555.50
		74636	3909-3917	$ 14,880.00
		74643	3928	$ 1,880.50
		74644	3930	$ 337.50
	Transit Empowerment Fund	FTIC000723	3936-39413943-39	$ (125,094.57)
			3936-3956	$ 18,996.25
	TWC DBS AUSTIN	74645	3929	$ 46.50
		74646	3931	$ 46.50
	WORKFORCE SOLUTIONS	74609	3887	$ 41.25
Grand Total				$ 125,361.63

Note: Step 3) The Treasury Department gives the ODR form to the Finance Department for the Accountant to manually enter the information into the Excel template (ODR Summary of Sales), and the Accountant Receivable Specialist will manually enter the information in AX for billing and invoicing. Step 4) The Accountant reconciles monthly the ODR Summary of Sales to AX Invoices to ensure all ODR are correctly invoiced and issued timely.

Appendix D: Finance Organizational Chart



Note: Tickets and related controls are managed by the Controller, the Manager of Accounting and Revenue, and the Manager of Cash Operations and their subordinates.

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee **Item #:** AI-2021-290

Agenda Date: 12/8/2021

Triennial Review Update

FTA Triennial Review - Overview

FAA Committee

December 2021

Overview of FTA Triennial Review

Purpose: Triennial reviews are required for all transit agencies receiving federal funds. The purpose of the review is to evaluate compliance with federal laws and regulations as it pertains to the FTA funded projects and programs.

Timing: Fieldwork should be completed by late April 2022, and a Final Report will be issued around May/June 2022. Results will be reviewed with the Board at the June/July meeting.

Scope of 2022 FTA Triennial Review

The FTA will review 23 areas for compliance which includes:

- Financial Management
- Procurement & Awards Management
- Disadvantaged Business Enterprise
- Title VI Compliance
- Americans with Disabilities Act (ADA)
- Public Transportation Agency Safety Plan (PTASP)

Prior Triennial Findings

2018 Triennial focused on compliance in 20 areas.

Report Issued 6/20/2018 – *17 areas clean having no deficiencies*. And three areas with minor deficiencies as follows:

- *Award Management Reporting* – include Change Orders > $100K in FTA Milestone Progress Reports; *Procurement* – rotational Task Order cannot be used on Architectural & Engineering services; *Procurement Reporting* – one instance of FTA funded transit vehicles (Paratransit Vans) purchases not reported to FTA within 30 days of award.

METRO

THANK YOU!