


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



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.

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

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

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.

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.

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, <i>Financial Reporting for Pension Plans, an Amendment of GASB Statement No. 25</i>	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.

QUESTIONS AND ANSWERS

THANK YOU FOR
YOUR TIME AND
ATTENTION

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