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August 18, 2023

Board of Directors
Greater Lafayette Public Transportation Corporation
1250 Canal Road
Lafayette, IN 47904

We have reviewed the audit report of the Greater Lafayette Public Transportation Corporation, which was opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Greater Lafayette Public Transportation Corporation as of December 31, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 29-30. Please refer to the Schedule of Findings and Questioned Costs for further detail.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**GREATER LAFAYETTE PUBLIC
TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE
CITY OF LAFAYETTE)**

FINANCIAL STATEMENTS
December 31, 2022

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
Lafayette, Indiana

FINANCIAL STATEMENTS
December 31, 2022

CONTENTS

SCHEDULE OF OFFICIALS (UNAUDITED).....	1
INDEPENDENT AUDITOR'S REPORT	2
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	5
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION.....	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CITYBUS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	19
SCHEDULE OF CITYBUS' CONTRIBUTIONS.....	20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS.....	21
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS.....	22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF OFFICIALS (UNAUDITED)
December 31, 2022

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Interim General Manager	Randy Anderson	01-01-22 to 09-28-22
General Manager	Bryan Smith	09-29-22 to 12-31-22
Interim Controller	Neil Smith	01-01-22 to 03-27-22
Chief Financial Officer	Joanne Zhang	04-26-22 to 12-31-22
Chairman of the Board	Ben Murray	01-01-22 to 12-31-22

INDEPENDENT AUDITOR'S REPORT

To the Officials of the Greater Lafayette Public
Transportation Corporation
Lafayette, Indiana

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Greater Lafayette Public Transportation Corporation ("CityBus"), a component unit of the City of Lafayette, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise CityBus' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CityBus as of December 31, 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of 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 CityBus 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 our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CityBus' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment 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 CityBus' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CityBus' 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 of America require that the schedule of CityBus' proportionate share of the net pension liability and the schedule of CityBus' contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. Our opinion on the basic financial statements is not affected by this missing information.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CityBus' basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of officials are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2023 on our consideration of CityBus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CityBus' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CityBus' internal control over financial reporting and compliance.



Crowe LLP

Indianapolis, Indiana
July 25, 2023

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
STATEMENT OF NET POSITION
December 31, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets	
Cash and cash equivalents (Note 2)	\$ 7,526,506
Accounts receivable	585,914
Intergovernmental receivables (Note 3)	823,940
Property tax receivable	3,128,409
Inventories	499,921
Prepaid assets	<u>120,961</u>
Total current assets	<u>12,685,651</u>
Non-current assets	
Board designated cash and cash equivalents (Note 2):	
Uninsured liability	400,000
Operations	74,870
Restricted cash and cash equivalents (Note 2):	
Capital projects	<u>1,111,018</u>
Total board designated and restricted cash and cash equivalents	<u>1,585,888</u>
Capital assets (Note 4):	
Non-depreciable capital assets	3,467,598
Depreciable capital assets, net of accumulated depreciation	<u>23,413,038</u>
Total capital assets	<u>26,880,636</u>
Total non-current assets	<u>28,466,524</u>
Deferred outflows of resources	
Deferred outflows from pension (Note 7)	<u>1,706,338</u>
Total assets and deferred outflows of resources	<u>\$ 42,858,513</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities	
Accounts payable	\$ 461,872
Accrued wages payable	132,655
Payroll taxes payable	112,211
Compensated absences	276,583
Other liabilities	<u>7,606</u>
Total current liabilities	<u>990,927</u>
Non-current liabilities	
Net pension liability (Note 7)	<u>3,906,652</u>
Total non-current liabilities	<u>3,906,652</u>
Deferred inflows of resources	
Deferred inflows from property taxes (Note 1)	3,128,409
Deferred inflows from pension (Note 7)	<u>282,260</u>
Total deferred inflows of resources	<u>3,410,669</u>
NET POSITION	
Net investment in capital assets	26,880,636
Restricted for capital projects	1,111,018
Unrestricted	<u>6,558,611</u>
Total net position	<u>34,550,265</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 42,858,513</u>

See notes to financial statements.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2022

Operating revenues	
Passenger fares	\$ 1,156,234
Special transit fares	2,187,345
Advertising	230,697
Other	<u>517,891</u>
Total operating revenues	<u>4,092,167</u>
Operating expenses	
Operators' salaries and wages	4,923,915
Other salaries and wages	2,067,215
Fringe benefits	4,086,360
Services	1,107,624
Maintenance materials and supplies	1,264,507
Other materials and supplies	212,134
Utilities	208,125
Casualty and liability insurance	459,658
Miscellaneous expenses	263,089
Depreciation	<u>3,508,838</u>
Total operating expenses	<u>18,101,466</u>
Operating loss	<u>(14,009,298)</u>
Nonoperating revenues (expenses)	
Local taxes	3,837,288
State of Indiana operating assistance	4,308,802
Federal operating assistance	5,291,543
Loss on sale/disposal of capital assets	(19,240)
Interest revenue	60,585
Interest expense	<u>(28,567)</u>
Total nonoperating revenues (expenses)	<u>13,450,411</u>
Change in net position before capital contributions	(558,887)
Capital contributions	<u>498,136</u>
Change in net position	(60,751)
Net position, beginning of year	<u>34,611,016</u>
Net position, end of year	<u>\$ 34,550,265</u>

See notes to financial statements.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

Cash flows from operating activities	
Receipts from customers and users	\$ 3,123,672
Payments to suppliers and contractors	(3,374,974)
Payments to employees	(11,343,745)
Other receipts	<u>517,891</u>
Net cash from operating activities	<u>(11,077,156)</u>
Cash flows from noncapital financing activities	
Local taxes	3,837,288
State operating assistance	4,308,802
Federal operating assistance	<u>5,563,121</u>
Net cash from noncapital financing activities	<u>13,709,211</u>
Cash flows from capital and related financing activities	
Capital contributions	1,115,902
Acquisition and construction of capital assets	(1,188,584)
Principal paid on debt	(51,985)
Interest paid on debt	<u>(28,567)</u>
Net cash from capital and related financing activities	<u>(153,234)</u>
Cash flows from investing activities	
Interest received	<u>60,585</u>
Net cash from investing activities	<u>60,585</u>
Net increase in cash and cash equivalents	2,539,406
Cash and cash equivalents at beginning of year	<u>6,572,998</u>
Cash and cash equivalents at end of year (Note 2)	<u>\$ 9,112,394</u>
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (14,009,298)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization expense	3,508,838
Change in assets and liabilities:	
Accounts receivable	(450,604)
Inventories	(5,724)
Prepaid items	40,354
Deferred outflows of resources	(410,521)
Accounts payable	130,187
Accrued wages payable	12,081
Payroll taxes payable	(91,309)
Compensated absences	66,163
Other liabilities	(24,654)
Net pension liability	2,382,374
Deferred inflows of resources	<u>(2,225,043)</u>
Net cash from operating activities	<u>\$ (11,077,156)</u>

See notes to financial statements.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Greater Lafayette Public Transportation Corporation (d/b/a “CityBus”) was established pursuant to a joint ordinance adopted by the cities of Lafayette and West Lafayette. CityBus is governed by a board of directors whose members are appointed by the mayors and city councils of the cities and provides public transportation services to the residents of the cities of Lafayette and West Lafayette. The accompanying financial statements present the activities of CityBus. There are no significant component units which require inclusion; however, the City of Lafayette (“City”) has determined that CityBus is a discretely presented component unit of the City in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 14 and amended by Statement No. 61.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The accounting policies of CityBus conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units as prescribed by the GASB. All of the activities are accounted for as an enterprise fund for financial reporting purposes. Enterprise funds are used to account for activities (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CityBus accounts for its activities, which are maintained using the economic resources measurement focus on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period incurred.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

Business-type activity financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Business type activities rely to a significant extent on fees and charges for support.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents: CityBus’ cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes CityBus to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units. Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Accounts Receivable: Accounts receivable represents amounts due from various organizations for contracted services provided by CityBus. Management reviewed the accounts and determined that no allowance for doubtful accounts was necessary.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
 (A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intergovernmental Receivables: Intergovernmental receivables are funds that are obligated to one governmental unit by another governmental unit that have not been received at year end.

Property Tax Receivable: Property taxes for the 2022 tax levy were attached as an enforceable lien on properties as of March 1, 2022; these taxes were levied in January 2022, by passage of a tax ordinance. Tax bills were prepared by Tippecanoe County and were issued in April 2022 and October 2022 and payable in May 2022 and December 2022.

Property taxes levied are collected by the Tippecanoe County Treasurer and are scheduled to be distributed to CityBus in January subsequent to year end; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date and assessed valuations are adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). As of December 31, 2022, CityBus had an outstanding property tax receivable balance of \$3,128,409.

Inventories: All inventories are valued at cost using the weighted-average method.

Prepaid Assets: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Board Designated and Restricted Cash and Cash Equivalents:

- Cash and cash equivalents classified as restricted for capital projects are funded through a tax levy and placed in CityBus' Cumulative Capital Fund.
- Certain proceeds of the enterprise fund are classified as board designated assets on the statement of net position because they are reserved for deductibles on insurance policies and directors' and officers' potential liabilities. There are also funds designated by the board of directors for operations.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at acquisition cost at the time received.

CityBus has a capitalization threshold of \$2,500 and all capital assets are depreciated using the straight-line method. The estimated useful lives of capital assets are as follows:

	<u>Estimated Useful Life</u>
Revenue equipment	2 to 12 years
Support vehicles	5 to 7 years
Building and structures	10 to 39 years
Equipment shop and garage	2 to 10 years
Revenue collection fareboxes	5 to 15 years
Communication equipment	5 years
Office equipment and furnishings	5 to 10 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are substantially completed.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Vacation and sick leave is accrued when incurred and reported as a liability.

Sick Leave - CityBus union employees earn sick leave at the rate of 2 hours per pay period. Unused sick leave may be accumulated to a maximum of 60 days. Union employees eligible for retirement benefits through INPRS shall be paid 50 percent of the value of their accrued sick leave upon separation. Nonunion employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 88 days. Accumulated sick leave is not paid to nonunion employees upon separation.

- Vacation Leave - CityBus union employees earn vacation leave at rates from 5 to 30 days per year based upon the number of years of service. For union employees, all unused and earned vacation time will be paid upon retirement. Nonunion employees earn vacation leave at rates from 10 to 30 days per year based on the number of years of service. For nonunion employees, a maximum of 5 days of vacation may be rolled from one year to another. Accumulated vacation leave is paid to employees through cash payments upon separation.

Net Position: CityBus' net position is classified into the following categories:

- Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Net position that has external constraints placed on it by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through contribution provision of enabling legislation. The statement of net position reports \$1,111,018 of restricted net position, all of which is restricted by enabling legislation for capital projects.
- Unrestricted - Consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." Unlike the restricted net position, the board has discretion in determining the use and establishing minimum/maximum balance requirements. The board may at any time change or eliminate amounts established for these purposes.

When both restricted and unrestricted resources are available for use, CityBus' policy is to use restricted resources first, then unrestricted resources as they are needed.

Operating and Nonoperating Grant Revenues and Expenses: CityBus distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with CityBus' principal ongoing operations. The principal operating revenues are passenger fares charged for transportation services, which are recognized at the time services are performed and revenues pass through fare systems. Operating expenses include the cost of transportation services, maintenance of capital assets and facilities, administrative expenses, and depreciation reported on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Grants and Subsidies: Grant and subsidy revenues are recorded when earned. CityBus receives grant and subsidy funds from local, State, and Federal entities. Funds received from such entities are subject to certain required terms and conditions of the underlying grant agreements and are subject to audit by the grantor agencies. Amounts received under such grants and contractual agreements are subject to change based upon the results of such audits.

Operating assistance grants are included as non-operating revenues in the year in which a related reimbursable expense is incurred. CityBus' policy is to report revenue from capital grants separately after non-operating revenues as the related expenses are not budgeted for as a part of the annual operating budget. CityBus does not receive any advance capital grant funding. Assets acquired with capital grant funds are included in capital assets.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Funds Exchange: During 2021, CityBus exchanged \$1,000,000 of local funds for \$2,000,000 of Federal Transit Administration (FTA) Section 5307 funds from the Michiana Area Council of Governments (MACOG). As of December 31, 2022, CityBus had not yet utilized any of the FTA Section 5307 funds, and accordingly, did not recognize any of these grant funds as revenue.

Net Pension Liability: CityBus has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liability and the fiduciary net position of the Indiana Public Retirement System ("INPRS") PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. CityBus' activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods.

Recent Accounting Pronouncements Adopted: GASB Statement No. 87, *Leases* ("GASB 87") increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this Standard did not have a material effect on CityBus' net position or changes in net position

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. CityBus' deposit policy for custodial credit risk is that all funds will be deposited with a State of Indiana approved depository. At December 31, 2022, CityBus had deposit balances with a carrying value of \$9,112,394 and a bank balance of \$9,211,529. Of this amount, none was exposed to custodial credit risk. Cash and cash equivalents were comprised as follows at December 31, 2022:

Unrestricted, current	\$ 7,526,506
Board designated, noncurrent	474,870
Restricted, noncurrent	<u>1,111,018</u>
	<u>\$ 9,112,394</u>

All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental Receivables: At December 31, 2022, CityBus had a receivable balance due from the United States Department of Transportation totaling \$461,313 and a receivable due from the Internal Revenue Service totaling \$362,627, related to a fuel tax credit. Amounts due are recorded when earned based on operating grant and capital grant revenue recognition. Management believes that no provision for an allowance is necessary at December 31, 2022.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2022, is as follows:

	January 1, 2022 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	December 31, 2022 <u>Balance</u>
Non-depreciable capital assets:				
Land	\$ 926,471	\$ -	\$ -	\$ 926,471
Construction in progress	<u>4,405,277</u>	<u>1,077,860</u>	<u>(2,942,010)</u>	<u>2,541,127</u>
Total non-depreciable capital assets	<u>5,331,748</u>	<u>1,077,860</u>	<u>(2,942,010)</u>	<u>3,467,598</u>
Depreciable capital assets:				
Revenue equipment	34,613,909	2,857,159	(10,787,614)	26,683,454
Support vehicles	476,602	-	(4,827)	471,775
Building and structures	20,783,004	184,674	(3,754,384)	17,213,294
Equipment shop and garage	972,182	947	(484,059)	489,070
Revenue collection fareboxes	1,743,999	-	(14,536)	1,729,463
Communication equipment	3,479,880	36,607	(3,208,863)	307,624
Office equipment and furnishings	<u>900,415</u>	<u>61,718</u>	<u>(665,613)</u>	<u>296,520</u>
Total depreciable capital assets	<u>62,969,991</u>	<u>3,141,105</u>	<u>(18,919,896)</u>	<u>47,191,200</u>
Less accumulated depreciation:				
Revenue equipment	(21,280,697)	(2,445,828)	10,805,367	(12,921,158)
Support vehicles	(400,544)	(32,973)	2,927	(430,590)
Building and structures	(11,259,823)	(687,552)	3,702,796	(8,244,579)
Equipment shop and garage	(764,150)	(136,594)	484,245	(416,499)
Revenue collection fareboxes	(1,501,833)	(61,233)	14,536	(1,548,530)
Communication equipment	(3,175,349)	(91,113)	3,208,863	(57,599)
Office equipment and furnishings	<u>(699,213)</u>	<u>(88,477)</u>	<u>628,483</u>	<u>(159,207)</u>
Total accumulated depreciation	<u>(39,081,609)</u>	<u>(3,543,770)</u>	<u>18,847,217</u>	<u>(23,778,162)</u>
Total depreciable capital assets, net	<u>23,888,382</u>	<u>(402,665)</u>	<u>(72,679)</u>	<u>23,413,038</u>
Total capital assets, net	<u>\$ 29,220,130</u>	<u>\$ 675,195</u>	<u>\$(3,014,689)</u>	<u>\$ 26,880,636</u>

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LONG-TERM DEBT

The following disclosure provides detail on CityBus debt obligations. As of December 31, 2022, CityBus had fully repaid the note payable to Bank of America related to the construction of the CNG Station issued in 2014. Quarterly payments of \$80,207 began in June 2015. The interest rate on the note was 3.56%. The debt was secured by a first priority security interest in the capital project. There were no financial debt covenants. Interest expense for the year totaled \$345. Changes in long-term debt were as follows:

	Balance January 1, <u>2022</u>	<u>Changes During Year</u>		Balance December 31, <u>2022</u>
		<u>Additions</u>	<u>Reductions</u>	
Note payable	\$ <u>51,985</u>	\$ <u>-</u>	\$ <u>(51,985)</u>	\$ <u>-</u>

NOTE 6 - RISK MANAGEMENT

CityBus is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees and dependents; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CityBus carries fully insured employees' health insurance policy, which insures CityBus from excess losses incurred at both the employee and CityBus level.

NOTE 7 - BENEFIT PLANS

Indiana Public Retirement System – Defined Benefit Plan

Plan Description: The Public Employees' Retirement Fund Defined Benefit (PERF DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to fulltime employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, and 35 IAC 1.2. and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - BENEFIT PLANS (Continued)

PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account (see Defined Contribution Plans section), the defined contribution component. New employees hired by the State or a participating political subdivision have a one-time election to join either the PERF Hybrid or the PERF My Choice: Retirement Savings Plan for Public Employees (PERF MC DC) which is covered in the Defined Contribution Plans section. A new hire that is an existing member of PERF Hybrid and was not given the option for PERF MC DC is given the option to elect PERF MC DC or remain in PERF Hybrid.

Members who have at least one year of service in both PERF DB and the Teachers Retirement Fund (TRF Pre-'96 DB or TRF '96 DB) have the option of choosing from which of these funds they would like to retire.

Retirement benefits provided: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board. Historically, eligible members receive a one-time check (13th check) with the dollar amount tied to years of service.

Disability and Survivor Benefits Provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month). If death occurs while in active service, a spouse or dependent beneficiary of a member with a minimum of 15 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If death occurs while receiving a benefit, a spouse or dependent receives the benefit associated with the member's selected form of payment: Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joint with Two-Thirds Survivor Benefits, or Joint with One-Half Survivor Benefits.

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2022, all participating employers were required to contribute 11.2% of covered payroll for Hybrid members.

PERF covered employees are required to contribute 3% of their compensation to the Fund and CityBus is required to contribute amounts, which are actuarially determined, sufficient to fund the retirement benefits. In addition, some employees elect to make additional voluntary contributions to the ASA. The contribution requirement, which was made by CityBus, was \$797,305 for 2022. These total contributions represent 11.2% of covered payroll for 2022.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - BENEFIT PLANS (Continued)

The following represents CityBus' annual required contributions for the current year.

<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2022	\$ 797,305	100%

Significant Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date	June 30, 2022
Liability valuation date	June 30 – Member census data as of June 30, 2021 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2021 and June 30, 2022. The valuation results from June 30, 2021 were rolled-forward to June 30, 2022 to reflect benefit accruals during the year less benefits paid.
Experience study date	Period of 5 years ended June 30, 2021
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	6.25%
COLA	Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2024 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Future salary increases	2.65% - 8.65% based on service
Inflation	2.00%
Mortality	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019. <i>Healthy Employees</i> – General Employee table with a 3 year set forward for males and a 1 year set forward for females. <i>Retirees</i> – General Retiree table with a 3 year set forward for males and a 1 year set forward for females. <i>Beneficiaries</i> – Contingent Survivor table with no set forward for males and a 2 year set forward for females. <i>Disabled</i> – General Disabled table with a 140% load.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - BENEFIT PLANS (Continued)

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation %</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return</u>
Public equity	20%	3.6%
Private equity	15	7.7
Fixed income – ex inflation - linked	20	1.4
Fixed income – inflation - linked	15	(0.3)
Commodities	10	0.9
Real estate	10	3.7
Absolute return	5	2.1
Risk parity	20	3.8
Leverage Offset	(15)	(1.7)
Total	<u>100%</u>	

Discount Rate: Total pension liability for each defined benefit pension plan tier was calculated using the discount rate of 6.25 percent. There was no change in the discount rate used from the prior year. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent). Based on those assumptions, each defined benefit pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for each plan.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

Changes in Assumptions and Benefit Terms: There were no significant changes in assumptions or benefit terms in 2022.

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - BENEFIT PLANS (Continued)

Sensitivity: Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.25 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Rate (6.25%)	1% Increase (7.25%)
Proportionate share of the Collective Net Pension Liability	\$ 6,599,765	\$ 3,906,652	\$ 1,660,399

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (888) 526-1687, by emailing questions@inprs.in.gov, or by visiting www.in.gov/inprs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2022, CityBus reported a liability of \$3,906,652 for its proportionate share of the net pension liability. CityBus' proportionate share of the net pension liability was based on CityBus' wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2022 measurement date was 0.0012387. The proportionate share at June 30, 2022 has increased 0.0000803 since the prior measurement date.

For the year ended December 31, 2022, CityBus recognized pension expense of \$547,123, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$47,605. At December 31, 2022, CityBus reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,242	\$ 14,858
Net difference between projected and actual earnings on pension plan investments	482,122	-
Changes in assumptions	529,136	167,140
Changes in proportion and differences between employer contributions and proportionate share of contributions	185,471	100,262
Total that will be recognized in pension expense based on table below	1,280,971	282,260
Pension contributions subsequent to measurement date	425,367	-
Total	\$ 1,706,338	\$ 282,260

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 7 - BENEFIT PLANS (Continued)

Deferred outflows of resources resulting from \$425,367 of employer contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2022. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date and is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 193,179
2024	327,995
2025	(32,453)
2026	<u>509,990</u>
Total	<u>\$ 998,771</u>

457(b) Employee Deferred Compensation Plan

Equitable provides an option for employees of CityBus to participate in a salary reduction Section 457 Employee Deferred Compensation ("EDC") plan, up to the IRS-defined maximum annual limit for each participating employee. For salaried administrative employees, CityBus will contribute up to 3 percent of their gross pay to the employee's 457 EDC plan account. Under this arrangement, the employee is required to match 50 percent of the employer's contribution, up to 1.5 percent of the employee's gross pay. CityBus provided \$36,502 to employee accounts in 2022.

Health Savings Accounts

CityBus contributes to health savings accounts on a biweekly basis for its employees who participate in CityBus' medical insurance plan.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Construction Commitments: There were no material construction commitments as of December 31, 2022.

Purchase Commitments: There were no material purchase commitments as of December 31, 2022.

Legal Matters: In the ordinary course of business, CityBus is subject to certain lawsuits and other potential legal actions. In the opinion of management, any such matters will not have a material effect on the financial statements of CityBus.

REQUIRED SUPPLEMENTARY INFORMATION

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF CITYBUS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CityBus' proportion of the net pension liability	0.0012387	0.0011584	0.0012175	0.0011969	0.0011738	0.0012113	0.0011212	0.0011047
CityBus' proportionate share of the net pension liability	\$ 3,906,652	\$ 1,524,278	\$ 3,677,330	\$ 3,955,831	\$ 3,987,452	\$ 5,404,268	\$ 5,088,504	\$ 4,499,335
CityBus' covered payroll	\$ 7,128,853	\$ 6,386,989	\$ 6,572,671	\$ 6,235,889	\$ 5,988,895	\$ 5,812,738	\$ 5,389,320	\$ 5,291,241
CityBus' proportionate share of the net pension liability as a percentage of its covered payroll	54.80%	23.87%	55.95%	63.44%	66.58%	92.97%	94.42%	85.03%
Plan fiduciary net position as a percentage of the total pension liability	82.50%	92.51%	81.45%	80.10%	78.90%	76.60%	75.30%	77.30%

Measurement date: Actuarial valuation reports from the prior fiscal year.

Benefit changes: There were no plan changes that impacted pension benefits during the fiscal year.

Plan amendments: In 2022 and 2021, there were no plan changes that impacted pension benefits during the year. In 2014, HB 1075 impacted the PERF by reducing the Annuity Savings Account (ASA) interest crediting rate on annuities from 7.5% to 5.75% effective October 1, 2014. Effective October 1, 2015, the rate becomes the greater of 4.5%, or market rate. On January 1, 2017, the ASA annuities are allowed to be outsourced to a third-party provider.

Changes of assumptions: An assumption study was performed in April 2015 resulting in an update to the following assumptions:

- Inflation remained the same at 2.00%
- The future salary increase rate remained the same from a table ranging from 2.65% to 8.65%
- Mortality changed from the 2013 IRS Static Mortality projected five (5) years with Scale AA to the RP-2014 (with MP-2014 improvement removed) Total Data Set mortality table projected on a fully generational basis using the future mortality improvement scale inherent in the mortality projection included in the Social Security Administration's 2014 Trustee Report
- Retirement, Termination and Disability rates were adjusted to reflect recent experience
- The ASA Annuitization was updated from 50% of members assumed to annuitize the ASA balance to 60% of members prior to January 1, 2019

Members in pay were granted a 1.00% COLA on January 1, 2022 and no COLA on January 1, 2023. The COLA assumption thereafter would be 0.4% beginning on January 1, 2024, 0.5% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

For the June 30, 2022 fiscal year, the experience study was updated which resulted in changes in the assumptions, including changes in future salary increases and mortality, retirement, terminations, disability, and marital assumptions.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, CityBus is presenting information for those years for which information is available.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF CITYBUS' CONTRIBUTIONS
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 797,305	\$ 749,005	\$ 747,019	\$ 715,670	\$ 686,937	\$ 649,790	\$ 600,539	\$ 591,691
Contributions in relation to the statutorily required contribution	(797,305)	(749,005)	(747,019)	(715,670)	(686,937)	(649,790)	(600,539)	(591,691)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CityBus' contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%	100%
Contributions as a percentage CityBus' covered payroll	\$7,121,061	\$6,384,513	\$6,570,752	\$6,226,907	\$5,989,632	\$6,009,655	\$5,373,541	\$5,282,955
Contributions as a percentage of covered payroll	11.20%	11.73%	11.37%	11.49%	11.47%	10.81%	11.18%	11.29%

Valuation date: June 30, 2022
Actuarial cost method: Entry age normal (Level Percent of Payroll)
Amortization method: Level dollar
Remaining amortization period: 20 years, closed
Asset valuation method: 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.
Inflation: 2.00%
Salary increases: 2.65% - 8.65%
Investment rate of return: 6.25%
Mortality: Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Healthy Employees – General Employee table with a 3 year set forward for males and a 1 year set forward for females.
Retirees – General Retiree table with a 3 year set forward for males and a 1 year set forward for females.
Beneficiaries – Contingent Survivor table with no set forward for males and a 2 year set forward for females.
Disables – General Disabled table with a 140% load.

Other information:

The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/15 was 10.55%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/16 was 9.80%; however, the INPRS Board approved a State employer contribution rate of 11.20%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/17 was 10.11%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/18 was 9.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/19 was 8.07%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/20 was 6.89%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/21 was 7.52%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actuarially determined contribution rate for the State for the fiscal year ended 6/30/22 was 7.08%; however, the INPRS Board approved a State employer contribution rate of 11.2%. The actual dollar amount of the State's contributions depends on the actual payroll for the fiscal year.

Member census data as of the prior year-end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were used to project the liabilities computed as of prior year-end to the current year measurement date.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, CityBus is presenting information for those years for which information is available.

SUPPLEMENTARY INFORMATION

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended December 31, 2022

<u>Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
Federal Transit-Formula Grants	20.507	IN 90-0740-00	33,656
		IN 90-0742-00	89,700
		IN 90-0743-00	17,653
		IN 90-0763-00	5,424
		IN-90-0796-00	351,703
COVID-19 CARES Act Formula Grant	20.507	IN-90-0750-00	<u>4,722,217</u>
Subtotal of ALN 20.507			<u>5,220,353</u>
Total for Federal Transit Cluster			<u>5,220,353</u>
Direct Grant			
Transit Services Program Cluster			
New Freedom Program	20.521	IN-16-0055-00	332,259
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	IN-16-0044-00	<u>37,181</u>
Total for Transit Services Program Cluster			<u>369,440</u>
Total expenditures of federal awards			<u>\$ 5,589,793</u>
<u>State Grants</u>		<u>Grant Number</u>	<u>State Expenditures</u>
<u>INDIANA DEPARTMENT OF TRANSPORTATION</u>			
Public Mass Transit Grant		A249-22-G210057	\$ 4,308,802

See notes to schedule of expenditures of federal and state awards.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
December 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of CityBus, for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. CityBus has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - FEDERAL TRANSIT CLUSTER

These programs were established to assist public transportation corporations with planning, capital, and operating assistance. The programs are reimbursable grants based on an approved application and expenses incurred.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of the
Greater Lafayette Public
Transportation Corporation
Lafayette, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Greater Lafayette Public Transportation Corporation (CityBus) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise CityBus' basic financial statements, and have issued our report thereon dated July 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CityBus' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CityBus' internal control. Accordingly, we do not express an opinion on the effectiveness of CityBus' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies (Findings 2022-001 and 2022-002).

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CityBus' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CityBus' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on CityBus' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. CityBus' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Indianapolis, Indiana
July 25, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Officials of the
Greater Lafayette Public
Transportation Corporation
Lafayette, Indiana

Report on Compliance for Major Federal Program***Opinion on Major Federal Program***

We have audited the Greater Lafayette Public Transportation Corporation (CityBus) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on CityBus' major federal program for the year ended December 31, 2022. CityBus' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CityBus complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CityBus and to meet our other ethical responsibilities, in accordance with 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 our opinion on compliance for the major federal program. Our audit does not provide a legal determination of CityBus' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CityBus' federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CityBus' compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CityBus' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 CityBus' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of CityBus' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CityBus' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid, with the "C" and "L" being particularly large and stylized.

Crowe LLP

Indianapolis, Indiana
July 25, 2023

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? X Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal Control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs:

Name of Federal Program or Cluster

Federal Transit Cluster – Assistance listing number 20.507 and 20.507 – COVID-19

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Controls Over the Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)

Criteria: 2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . ."

2 CFR 200.510(b) states: "*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the Assistance Listing Number (ALN) or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.

Condition: CityBus did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context: Grant expenditures incurred, but not yet reimbursed as of December 31, 2022, totaling approximately \$358,000 were not originally reported on the SEFA, but should have been. This adjustment was made to properly report the 2022 Federal expenditures on the SEFA.

Effect: Without a proper system of internal control in place that operate effectively, material or significant misstatements of the SEFA could go undetected. The SEFA contained the errors identified in the Context section above.

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Recommendation: We recommend that CityBus establish a formal review over the SEFA to ensure amounts reported are accurate. CityBus should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting Federal revenues and expenses.

Views of Responsible Officials and Planned Corrective Actions: Management accepts the finding. The SEFA file was prepared based on grant expense records and drawdowns. There were two reasons contributed to the deficiency. First, the procedure of preparing SEFA was not complete and did not include sufficient internal control steps. Second, the grant drawdowns were not regular in 2021, which left a large amount of AR in the beginning of 2022. Management recognizes the above root causes and will update the procedure and internal controls and will ensure consistent quarterly grant drawdowns in the future. These changes will be in place by the end of 2023.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

Finding 2022-002 – Controls Over Year-End Reconciliations and Accruals (Significant Deficiency)

Criteria: Management is responsible to have internal controls in place to provide appropriate and reliable financial reports and to select and apply appropriate accounting principles. Management is not required to prepare their financial reports, but management needs to demonstrate the level of qualifications and controls to prepare their financial reports without significant deficiencies in these controls. Specifically, management should have internal controls in place over year-end close processes, which include reconciliation of accounts and accruals of revenues and expenses.

Condition: During the audit there were a number of audit adjustments posted that resulted from incorrect account reconciliations or improper accruals.

Context: During our testing of cash reconciliations, we noted that a payroll accrual entry had been incorrectly recorded as a reduction of cash, rather than an accrued liability. An audit adjustment was posted that increased cash and increased accrued wages and payroll taxes payable by approximately \$166,000. In addition, another audit adjustment was posted to correct an erroneous payroll entry, which resulted in a decrease in cash and an increase in salaries and wages expense of approximately \$66,000.

During our testing of accrued liabilities, we noted that accrued health insurance had been over-accrued. As a result, an audit adjustment was posted that decreased accrued liabilities and fringe benefits expense by approximately \$220,000.

Effect: Without a proper system of internal control in place that operate effectively, material or significant misstatements of the financial statements could go undetected. The financial statements contained the errors identified in the Context section above.

Cause: Management did not implement internal controls at the level of precision necessary to ensure that the transactions were properly recorded.

Recommendation: We recommend that management carefully review transactions, year-end balances, and account reconciliations to ensure that all are being performed correctly and that any variances are identified and corrected in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Management accepts the finding. Starting in July 2022, the payroll platform was switched to PayCom. While the change has brought many long-term benefits, such as more automation, capability, better reporting, and transparency, the transition was extremely demanding. It included the whole system setup, creating new processes, dramatic process changes for payroll related accounting. Due to staff shortages and lack of experiences in both CityBus and PayCom sides, we encountered serious delays and many errors during the transition. While we successfully achieved on time and accurate payroll by the year end, some tasks were not completed or some of earlier accounts errors were not fully corrected till early 2023. The team is working to document and refine the new payroll procedures in 2023, which not only covers the new payroll process, but also includes internal control measures. These changes will be in place by the end of 2023.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.
