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August 6, 2020

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, 2019 to December 31, 2019. 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, 2019, 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

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

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

**FINANCIAL STATEMENTS**  
December 31, 2019

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

FINANCIAL STATEMENTS  
December 31, 2019

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GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
SCHEDULE OF OFFICIALS (UNAUDITED)  
December 31, 2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Martin B. Sennett	01-01-19 to 12-31-19
Controller	Amy Burnett	01-01-19 to 12-31-19
Chairman of the Board	Michael Gibson	01-01-19 to 12-31-19

## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise CityBus' basic financial statements as listed in the table of contents.

***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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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(Continued)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CityBus, as of December 31, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *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 on page 20 and the schedule of CityBus' contributions on page 21 be presented to supplement the basic financial statements. Such 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. 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.

### *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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Indiana State Board of Accounts on page 22 and the Schedule of Officials on page 1 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The Schedule of Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CityBus' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Indianapolis, Indiana  
June 30, 2020

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
STATEMENT OF NET POSITION  
December 31, 2019

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

<b>Current assets</b>	
Cash and cash equivalents (Note 2)	\$ 3,733,292
Accounts receivable	251,919
Intergovernmental receivables (Note 3)	2,386,343
Inventories	457,776
Prepaid assets	<u>144,780</u>
Total current assets	<u>6,974,110</u>
<b>Non-current assets</b>	
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>2,050,505</u>
Total board designated and restricted cash and cash equivalents	<u>2,525,375</u>
Capital assets (Note 4):	
Non-depreciable capital assets	1,265,617
Depreciable capital assets, net of accumulated depreciation	<u>26,318,602</u>
Total capital assets	<u>27,584,219</u>
Total non-current assets	<u>30,109,594</u>
Deferred outflows of resources	
Deferred outflows from pension (Note 7)	<u>548,985</u>
Total assets and deferred outflows of resources	<u>\$ 37,632,689</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

<b>Current liabilities</b>	
Accounts and construction payable	\$ 176,149
Accrued wages payable	299,915
Payroll taxes payable	89,249
Current portion of long-term debt (Note 5)	725,977
Compensated absences	205,175
Other liabilities	<u>56,834</u>
Total current liabilities	<u>1,553,299</u>
<b>Non-current liabilities</b>	
Long-term debt (Note 5)	804,154
Net pension liability (Note 7)	<u>3,955,831</u>
Total non-current liabilities	<u>4,759,985</u>
Deferred inflows of resources (Note 7)	
Deferred inflows from pension	<u>688,298</u>
<b>NET POSITION</b>	
Net investment in capital assets	26,054,088
Restricted for capital projects	2,050,505
Unrestricted	<u>2,526,514</u>
Total net position	<u>30,631,107</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 37,632,689</u>

See accompanying 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, 2019

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<b>Operating revenues</b>	
Passenger fares	\$ 1,326,629
Special transit fares	2,178,022
Advertising	296,770
Other	<u>142,782</u>
Total operating revenues	<u>3,944,203</u>
<b>Operating expenses</b>	
Operators salaries and wages	4,231,988
Other salaries and wages	1,770,193
Fringe benefits	3,468,266
Services	1,003,696
Maintenance materials and supplies	976,148
Other materials and supplies	147,974
Utilities	157,245
Casualty and liability insurance	251,562
Miscellaneous expenses	315,525
Depreciation	<u>3,285,020</u>
Total operating expenses	<u>15,607,617</u>
<b>Operating loss</b>	<u>(11,663,414)</u>
<b>Nonoperating revenues (expenses)</b>	
Local taxes	3,543,428
State of Indiana operating assistance	4,206,508
Federal operating assistance	1,934,036
Other local contributions	7,500
Gain on capital asset sales	8,130
Interest revenue	55,923
Interest expense	<u>(59,522)</u>
Total nonoperating revenues (expenses)	<u>9,696,003</u>
<b>Loss before capital contributions</b>	(1,967,411)
Capital contributions	<u>1,428,209</u>
<b>Change in net position</b>	(539,202)
Net position, beginning of year	<u>31,170,309</u>
<b>Net position, end of year</b>	<u>\$ 30,631,107</u>

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See accompanying 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, 2019

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<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 3,597,153
Payments to suppliers and contractors	(2,984,017)
Payments to employees	(9,411,765)
Other receipts	<u>142,782</u>
Net cash from operating activities	<u>(8,655,847)</u>
<b>Cash flows from noncapital financing activities</b>	
Local taxes	3,543,424
State operating assistance	4,271,657
Federal operating assistance	<u>1,417,132</u>
Net cash from noncapital financing activities	<u>9,232,213</u>
<b>Cash flows from capital and related financing activities</b>	
Capital contributions	1,589,646
Acquisition and construction of capital assets	(1,909,666)
Proceeds on sale of capital assets	8,130
Principal paid on debt	(260,533)
Interest paid on debt	<u>(69,373)</u>
Net cash from capital and related financing activities	<u>(641,796)</u>
<b>Cash flows from investing activities</b>	
Interest received	<u>55,923</u>
Net cash from investing activities	<u>55,923</u>
<b>Net increase in cash and cash equivalents</b>	(9,507)
<b>Cash and cash equivalents at beginning of year</b>	<u>6,268,174</u>
<b>Cash and cash equivalents at end of year (Note 2)</b>	<u>\$ 6,258,667</u>
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating loss	\$ (11,663,414)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization expense	3,285,020
Change in assets and liabilities:	
Accounts receivable	(204,268)
Inventories	34,004
Prepaid items	(8,603)
Deferred outflows of resources	(92,043)
Accounts payable	(103,483)
Accrued wages payable	20,084
Payroll taxes payable	10,154
Compensated absences	16,486
Other liabilities	(53,785)
Net pension liability	31,621
Deferred inflows of resources	<u>72,380</u>
Net cash from operating activities	<u>\$ (8,655,847)</u>

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See accompanying notes to financial statements.

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**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.

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.

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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- 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 \$2,050,505 of restricted net position, all of which is restricted by enabling legislation for capital projects.
- Unrestricted - Unrestricted net position 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 for the unrestricted net position. 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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

Subsequent Events: In December 2019, a novel strain of coronavirus surfaced and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of CityBus could be materially adversely affected. Significant estimates as disclosed in Note 1, may be materially adversely impacted by national, state and local events designed to contain the coronavirus. In response to the pandemic, in March 2020, CityBus reduced or cancelled many bus routes. In April 2020, CityBus received approximately \$11.1 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding through the Federal Transit Administration to support operations. As of June 1, 2020, full-service operations have resumed with enhanced safety measures for CityBus riders and staff.

**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, 2019, CityBus had deposit balances with a carrying value of \$6,258,667 and a bank balance of \$6,296,892. Of this amount, none was exposed to custodial credit risk. Cash and cash equivalents were comprised as follows at December 31, 2019:

Unrestricted, current	\$ 3,733,292
Board designated, noncurrent	474,870
Restricted, noncurrent	<u>2,050,505</u>
	<u>\$ 6,258,667</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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental Receivables: At December 31, 2019, CityBus had a receivable balance due from various government agencies totaling \$2,386,343. 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, 2019. Intergovernmental receivables were comprised as follows at December 31, 2019:

United States Department of Transportation	\$ 981,970
Indiana Department of Transportation	<u>1,404,373</u>
	<u>\$ 2,386,343</u>

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2019 is as follows:

	January 1, 2019 <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	December 31, 2019 <u>Balance</u>
Non-depreciable capital assets:				
Land	\$ 926,471	\$ -	\$ -	\$ 926,471
Construction in progress	<u>36,188</u>	<u>513,228</u>	<u>(210,270)</u>	<u>339,146</u>
Total non-depreciable capital assets	<u>962,659</u>	<u>513,228</u>	<u>(210,270)</u>	<u>1,265,617</u>
Depreciable capital assets:				
Revenue equipment	33,196,285	1,271,198	(985,575)	33,481,908
Support vehicles	430,794	39,575	-	470,369
Building and structures	20,505,770	91,910	-	20,597,680
Equipment shop and garage	824,656	92,657	-	917,313
Revenue collection fareboxes	1,741,328	2,671	-	1,743,999
Communication equipment	3,079,236	14,955	-	3,094,191
Office equipment and furnishings	<u>631,091</u>	<u>78,904</u>	<u>-</u>	<u>709,995</u>
Total depreciable capital assets	<u>60,409,160</u>	<u>1,591,870</u>	<u>(985,575)</u>	<u>61,015,455</u>
Less accumulated depreciation:				
Revenue equipment	(18,079,394)	(2,031,013)	985,575	(19,124,832)
Support vehicles	(323,568)	(35,838)	-	(359,406)
Building and structures	(8,912,296)	(821,424)	-	(9,733,720)
Equipment shop and garage	(554,590)	(58,013)	-	(612,603)
Revenue collection fareboxes	(1,247,006)	(130,333)	-	(1,377,339)
Communication equipment	(2,781,706)	(157,472)	-	(2,939,178)
Office equipment and furnishings	<u>(498,848)</u>	<u>(50,927)</u>	<u>-</u>	<u>(549,775)</u>
Total accumulated depreciation	<u>(32,397,408)</u>	<u>(3,285,020)</u>	<u>985,575</u>	<u>(34,696,853)</u>
Total depreciable capital assets, net	<u>28,011,752</u>	<u>(1,693,150)</u>	<u>-</u>	<u>26,318,602</u>
Total capital assets, net	<u>\$ 28,974,411</u>	<u>\$ (1,179,922)</u>	<u>\$ (210,270)</u>	<u>\$ 27,584,219</u>

(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 5 - LONG-TERM DEBT**

The following disclosure provides detail on CityBus debt obligations. At December 31, 2019, CityBus debt consisted of one note payable to Bank of America for \$1,530,131 related to the construction of the CNG Station issued in 2014. Quarterly payments of \$80,207 began in June 2015. Beginning in 2020, CityBus will pay an additional principal amount of \$112,500 each quarter and will conclude with the final payment due in March 2022. The interest rate on the note is 3.56%. The debt is secured by a first priority security interest in the capital project. There are no financial debt covenants. Interest expense for the year totaled \$59,522 and accrued interest at December 31, 2019 was \$4,539. Changes in long-term debt were as follows:

	Balance January 1, 2019	<u>Changes During Year</u>		Balance December 31, 2019	<u>Non-current</u>	<u>Current</u>
		<u>Additions</u>	<u>Reductions</u>			
Note payable	<u>\$ 1,790,664</u>	<u>\$ -</u>	<u>\$ (260,533)</u>	<u>\$ 1,530,131</u>	<u>\$ 804,154</u>	<u>\$ 725,977</u>

Future principal and interest payments on the note are as follows:

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 725,977	\$ 44,852	\$ 770,829
2021	752,168	18,661	770,829
2022	<u>51,986</u>	<u>463</u>	<u>52,449</u>
	<u>\$ 1,530,131</u>	<u>\$ 63,976</u>	<u>\$ 1,594,107</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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**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).

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 (13<sup>th</sup> 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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 7 - BENEFIT PLANS** (Continued)

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2019, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members. For PERF MC DC plan members, the political subdivisions were required to contribute a supplemental cost of 7.4 percent of covered payroll as of July 1, 2019, which decreased from 7.8 percent as of July 1, 2018. No member contributions are required.

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 \$715,670 and \$686,937 for 2019 and 2018, respectively. These total contributions represent 11.49% and 11.47% of covered payroll for 2019 and 2018, respectively.

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>
2019	\$ 715,670	100%
2018	\$ 686,937	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, 2019
Liability valuation date	June 30 – Member census data as of June 30, 2018 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2018 and June 30, 2019. The valuation results from June 30, 2018 were rolled-forward to June 30, 2019 to reflect benefit accruals during the year less benefits paid.
Experience study date	Period of 4 years ended June 30, 2014
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	6.75%
COLA	A 13th check will be paid in the 2020 and 2021 fiscal years. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2022 0.5% beginning on January 1, 2034 0.6% beginning on January 1, 2039
Future salary increases	2.50% - 4.25% (including inflation)
Inflation	2.25%

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 7 - BENEFIT PLANS** (Continued)

Mortality (Healthy)	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
Mortality (Disabled)	RP-2014 (with MP-2014 improvement removed) Disability 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

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.

There were no changes in actuarial methods or assumptions for the June 30, 2019 fiscal year.

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	22.0%	4.9%
Private equity	14.0	7.0
Fixed income – ex inflation - linked	20.0	2.5
Fixed income – inflation - linked	7.0	1.3
Commodities	8.0	2.0
Real estate	7.0	6.7
Absolute return	10.0	2.9
Risk parity	<u>12.0</u>	5.3
Total	<u>100.0%</u>	

Discount Rate: Total pension liability for each defined benefit pension plan tier was calculated using the discount rate of 6.75 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.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
 (A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
 NOTES TO FINANCIAL STATEMENTS  
 Year Ended December 31, 2019

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**NOTE 7 - BENEFIT PLANS** (Continued)

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 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 in Assumptions and Benefit Terms: Since the prior measurement date there have been no changes in the assumptions or benefit terms.

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

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 6.75 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 (5.75%), or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Proportionate share of the Collective Net Pension Liability	\$ 6,353,116	\$ 3,955,831	\$ 1,956,311

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](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2019, CityBus reported a liability of \$3,955,831 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, 2019 measurement date was 0.0011969. The proportionate share at June 30, 2019 has increased 0.0000231 since the prior measurement date.

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 7 - BENEFIT PLANS** (Continued)

For the year ended December 31, 2019, CityBus recognized pension expense of \$705,063, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$78,978. At December 31, 2019, 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	\$ 104,749	\$ -
Net difference between projected and actual earnings on pension plan investments	-	186,982
Changes in assumptions	881	430,028
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>77,081</u>	<u>71,288</u>
Total that will be recognized in pension expense based on table below	182,711	688,298
Pension contributions subsequent to measurement date	<u>366,274</u>	-
Total	<u>\$ 548,985</u>	<u>\$ 688,298</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2020. 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>
2020	\$ (155,555)
2021	(295,877)
2022	(39,637)
2023	<u>(14,518)</u>
Total	<u>\$ (505,587)</u>

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2019

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**NOTE 7 - BENEFIT PLANS** (Continued)

*457(b) Employee Deferred Compensation Plan*

AXA 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, in lieu of raises, 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 did not provide any contributions to employee accounts in 2019.

*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, 2019.

Purchase Commitments: CityBus had a material bus purchase commitment with New Flyer for approximately \$2,000,000 as of December 31, 2019.

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CityBus' proportion of the net pension liability	0.0011969	0.0011738	0.0012113	0.0011212
CityBus' proportionate share of the net pension liability	\$ 3,955,831	\$ 3,987,452	\$ 5,404,268	\$ 5,088,504
CityBus' covered payroll	\$ 6,235,889	\$ 5,988,895	\$ 5,812,738	\$ 5,389,320
CityBus' proportionate share of the net pension liability as a percentage of its covered payroll	63.44%	66.58%	92.97%	94.42%
Plan fiduciary net position as a percentage of the total pension liability	80.10%	78.90%	76.60%	75.30%

*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 2019 and 2018, 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 decreased from 3.00% to 2.25%
- The future salary increase rate decreased from a table ranging from 3.25% to 4.50% to a table ranging from 2.50% to 4.25%
- 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

In lieu of a 1% COLA, beginning on January 1, 2020, it is now assumed that the COLA will be replaced by a 13<sup>th</sup> check for 2020 and 2021. The COLA assumption thereafter would be 0.4% beginning on January 1, 2034, and ultimately 0.6% beginning on January 1, 2039.

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 715,670	\$ 686,937	\$ 649,790	\$ 600,539
Contributions in relation to the statutorily required contribution	<u>(715,670)</u>	<u>(686,937)</u>	<u>(649,790)</u>	<u>(600,539)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CityBus' contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%
CityBus' covered payroll	\$ 6,226,907	\$ 5,989,632	\$ 6,009,655	\$ 5,373,541
Contributions as a percentage of covered payroll	11.49%	11.47%	10.81%	11.18%

*Valuation date:* June 30, 2019

*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:* 2.25%

*Salary increases:* 2.50% - 4.25%

*Investment rate of return:* 6.75%

*Mortality (Healthy):* RP-2014 Total Data Set mortality table, with Social Security Administration generational improvement scale from 2014

*Mortality (Disabled):* RP-2014 Disability mortality table, with Social Security Administration generational improvement scale from 2014

*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 8.51%; 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 we 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, 2019

<u>Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Pass- Through Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Direct Grant					
Federal Transit Cluster					
Federal Transit-Formula Grants	20.507	IN 90-0648-00	n/a	\$ 2	\$ -
		IN 90-0662-00	n/a	13,672	-
		IN 90-0673-00	n/a	56,681	-
		IN 90-0692-00	n/a	365,048	-
		IN 90-0740-00	n/a	67,203	-
		IN 90-2740-00	n/a	8,000	-
		IN 90-0742-00	n/a	16,064	-
		IN 90-2742-00	n/a	48,000	-
		IN-90-0743-00	n/a	844,269	-
		IN 90-4743-00	n/a	<u>1,750,000</u>	<u>-</u>
Total for Federal Transit Cluster				<u>3,168,939</u>	<u>-</u>
Direct Grant					
Transit Services Program Cluster					
Enhanced Mobility of Seniors and					
Individuals with Disabilities	20.513	IN 16-0027-00	n/a	65,266	-
		IN 16-0038-00	n/a	45,138	-
		IN-16-4038-00	n/a	<u>82,902</u>	<u>-</u>
Total for Transit Services Program Cluster				<u>193,306</u>	<u>-</u>
Total expenditures of federal awards				<u>\$ 3,362,245</u>	<u>\$ -</u>
<u>State Grants</u>		<u>Grant Identifying Number</u>		<u>State Expenditures</u>	<u>Subrecipients</u>
<u>INDIANA DEPARTMENT OF TRANSPORTATION</u>					
Public Mass Transit Grant		A249-18-ON170161		\$ 4,206,508	\$ -

See accompanying 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, 2019

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**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, 2019. 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, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or 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") (a component unit of the City of Lafayette) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise CityBus' basic financial statements, and have issued our report thereon dated June 30, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Indianapolis, Indiana  
June 30, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 Each Major Federal Program**

We have audited the Greater Lafayette Public Transportation Corporation's ("CityBus") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CityBus' major federal programs for the year ended December 31, 2019. CityBus' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of CityBus' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CityBus' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CityBus' compliance.

***Opinion on Each Major Federal Program***

In our opinion, CityBus complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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(Continued)

## Report on Internal Control Over Compliance

Management of CityBus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CityBus' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CityBus' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Crowe LLP

Indianapolis, Indiana  
June 30, 2020

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2019

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**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? \_\_\_\_\_ Yes  X  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 – CFDA number 20.507

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

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(Continued)

GREATER LAFAYETTE PUBLIC TRANSPORTATION CORPORATION  
(A COMPONENT UNIT OF THE CITY OF LAFAYETTE)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2019

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**SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN 2 CFR 200.516(a)**

None reported.