



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 22, 2022

To: The Officials of the Central Indiana Regional Transportation Authority
Central Indiana Regional Transportation Authority
320 N Meridian St, Suite 920
Indianapolis, IN 46204

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Central Indiana Regional Transportation Authority. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the Authority as of December 31, 2021, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the finding included in the report on page 21. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 25.

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

In addition to the report presented herein, a Supplemental Report for the Central Indiana Regional Transportation Authority was prepared in accordance with the guidelines established by the State Board of Accounts.

The 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

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
Marion County, Indiana

FINANCIAL STATEMENT
December 31, 2021

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
Marion County, Indiana

FINANCIAL STATEMENT
December 31, 2021

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	5
NOTES TO FINANCIAL STATEMENT.....	6
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS (Unaudited)	9
SCHEDULE OF PAYABLES AND RECEIVABLES (Unaudited)	10
SCHEDULE OF LEASES AND DEBT (Unaudited)	11
SCHEDULE OF CAPITAL ASSETS (Unaudited)	12
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	13
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20
OTHER REPORT	22
EXIT CONFERENCE	23

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2021

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	John Seber	01-01-21 to 12-31-21
Treasurer	Larry Hesson	01-01-21 to 12-31-21
President of the Authority Board	Bill Ehret	01-01-21 to 12-31-21

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Central Indiana Regional Transportation Authority
Marion County, Indiana

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

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of the Central Indiana Regional Transportation Authority (the Authority) as of and for the year ended December 31, 2021, and the related notes (the financial statement).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash and investment balances of the Authority as of December 31, 2021, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to below does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2021, or changes in net position or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in 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 the Authority, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the Authority prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

(Continued)

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year from the date the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials, Supplementary Information Schedules, and Schedule of Expenditures of Federal 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 are presented for purposes of additional analysis and are not a required part of the financial statement. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statement. That information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statement as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
June 17, 2022

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2021

<u>Fund</u>	Cash and Investments <u>01-01-21</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-21</u>
Operating	\$ 61,416	\$ 1,081,219	\$ 876,573	\$ 266,062
Commuter Connect	166,083	938,278	1,104,361	-
FTA Section 5307	(228,787)	455,764	226,977	-
Plainfield Bus Shelters	(5,269)	5,269	-	-
Public Mass Transit Funds	118,012	85,478	187,875	15,615
FTA Section 5307 CARES ACT	-	169,336	169,336	-
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 111,455</u>	<u>\$ 2,735,344</u>	<u>\$ 2,565,122</u>	<u>\$ 281,677</u>

See Independent Auditor's Report and notes to the financial statement.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENT
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Central Indiana Regional Transportation Authority (the Authority) was established under the laws of the State of Indiana. The Authority operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Authority.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: local income tax, federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Other disbursements. Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, lease agreements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

State statutes authorize the Authority to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

The Authority held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

NOTE 3 - RISK MANAGEMENT

The Authority may be 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, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Authority to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Authority has purchased insurance to address the risks described above.

NOTE 4 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Authority authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Authority ability to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

(Continued)

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENT
December 31, 2021

NOTE 4 - PENSION PLAN (Continued)

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

(Continued)

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2021

	<u>Operating</u>	<u>Commuter Connect</u>	<u>FTA Section 5307</u>	<u>Plainfield Bus Shelters</u>	<u>Public Mass Transit Funds</u>	<u>FTA Section 5307 CARES ACT</u>	<u>Totals</u>
Cash and investments - beginning	\$ 61,416	\$ 166,083	\$ (228,787)	\$ (5,269)	\$ 118,012	\$ -	\$ 111,455
Receipts:							
Intergovernmental receipts	1,043,310	938,278	123,889	5,269	85,478	169,336	2,365,560
Other receipts	<u>37,909</u>	<u>-</u>	<u>331,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,784</u>
Total receipts	<u>1,081,219</u>	<u>938,278</u>	<u>455,764</u>	<u>5,269</u>	<u>85,478</u>	<u>169,336</u>	<u>2,735,344</u>
Disbursements:							
Other disbursements	<u>876,573</u>	<u>1,104,361</u>	<u>226,977</u>	<u>-</u>	<u>187,875</u>	<u>169,336</u>	<u>2,565,122</u>
Total disbursements	<u>876,573</u>	<u>1,104,361</u>	<u>226,977</u>	<u>-</u>	<u>187,875</u>	<u>169,336</u>	<u>2,565,122</u>
Excess (deficiency) of receipts over disbursements	<u>204,646</u>	<u>(166,083)</u>	<u>228,787</u>	<u>5,269</u>	<u>(102,397)</u>	<u>-</u>	<u>170,222</u>
Cash and investments - ending	<u>\$ 266,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,615</u>	<u>\$ -</u>	<u>\$ 281,677</u>

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF PAYABLES AND RECEIVABLES (UNAUDITED)
December 31, 2021

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ <u>143,877</u>	\$ <u>51,794</u>

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF LEASES AND DEBT (UNAUDITED)
December 31, 2021

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Chamber of Commerce Building Corp.	Office space lease	\$ 21,996	9/1/2021	8/31/2024
Wells Fargo Financial Leasing	Copier lease	<u>5,577</u>	8/13/2019	10/13/2025
	Total governmental activities	<u>27,573</u>		
	Total of annual lease payments	<u>\$ 27,573</u>		

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF CAPITAL ASSETS (UNAUDITED)
December 31, 2021

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 estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	\$ <u>639</u>
Total capital assets	\$ <u>639</u>

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Total Passed Through to Subrecipient
<u>Department of Transportation</u>					
Federal Transit Formula Grants:					
IN2020020 Mobility Management/Planning & Public involvement	Direct Award	20.507	IN-2020-020-00	\$ 49,357	\$ -
IN2020021 Commuter Connect	Direct Award	20.507	IN-2020-021-00	924,524	-
IN2020030 Mobility Management/Planning & Public Involvement	Direct Award	20.507	IN-2020-030-00	72,528	-
IN2020038 – COVID-19 Cares Act Operating	Direct Award	20.507	IN-2020-038-00	169,336	-
IN2020030 Whitestown Connector	Direct Award	20.507	IN-2021-027-00	30,083	-
IN202103400 Mobility Management	Direct Award	20.507	IN-2021-034-00	<u>60,385</u>	<u>-</u>
Total – Federal Transit Cluster				<u>1,306,393</u>	<u>-</u>
Total – Department of Transportation				<u>1,306,393</u>	<u>-</u>
Total federal awards expended				<u>\$ 1,306,393</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditure of federal awards.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Central Indiana Regional Transportation Authority (the "Authority") under programs of the federal government for the year ended December 31, 2021. 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the Authority.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Those Charged with Governance
Central Indiana Regional Transportation Authority
Marion County, 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 statement of Central Indiana Regional Transportation Authority ("Authority"), which comprise the statement of receipts, disbursements, and cash and investment balances of the Authority as of and for the year ended December 31, 2021 and the related notes to the financial statement, which collectively comprise the Authority's financial statement, and have issued our report thereon dated June 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Authority's 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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statement is 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 statement. 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*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's 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
Crowe LLP

Indianapolis, Indiana
June 17, 2022

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

Those Charged with Governance
Central Indiana Regional Transportation Authority
Marion County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Central Indiana Regional Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. The Authority's 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, the Authority complied, in all material respects, with the 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, 2021.

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 the Authority 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 the Authority's 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 the Authority's 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 the Authority's 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 the Authority's 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 the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Authority's 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 the Authority's 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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
June 17, 2022

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2021

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS:

Financial Statements

Type of auditors report issued Adverse as to GAAP, Unmodified as to regulatory basis

Internal control over financial reporting

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None Reported

Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No
---	---------------	-----	--------------	----

Federal Awards

Internal control over major programs

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	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 2CFR 200.516(a)?	<u> </u>	Yes	<u> X </u>	No
---	---------------	-----	--------------	----

Identification of major programs

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
---	-------------------

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
--	---------------	-----	--------------	----

(Continued)

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2021

SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2021-001 – PREPARATION OF THE ANNUAL FINANCIAL REPORT (AFR) (Material Weakness)

- Criteria:** Indiana Code 5-11-1-4(a) states, "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."
- Condition:** During testing of the financial statements, we noted the Authority overstated the amount of receipts and disbursements reported on the AFR.
- Context:** The amount of receipts and disbursements on the AFR were overstated by \$85,437 and \$104,023, respectively. The net impact on the ending cash balance was an increase to cash of \$18,586.
- Effect:** The failure to establish and implement an effective review of the AFR enabled a material misstatement to go undetected as described in the Condition and Context.
- Cause:** The above condition was due to an ineffective preparation and review of the AFR. Management reviewed the AFR but did not properly review the AFR in detail to catch the errors described above. The amounts reported in the AFR did not agree to the underlying financial records.
- Recommendation:** We recommend the Authority preform a more detailed review of the AFR to ensure all amounts are reported properly.
- Views of Responsible Officials:** Management concurs with this finding.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
OTHER REPORT
December 31, 2021

The reports presented herein were prepared in addition to another official report prepared for the Authority as listed below:

Indiana State Board of Accounts Compliance Examination of the Central Indiana Regional Transportation Authority.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

CENTRAL INDIANA REGIONAL TRANSPORTATION AUTHORITY
EXIT CONFERENCE
January 1, 2021 to December 31, 2021

The contents of this report were discussed on June 15, 2022 with Jennifer Gebhard, Acting Executive Director, Julie Crossley, Outside Advisor, and Bill Ehret, President of the Authority Board.

Summary Schedule of Prior Audit Findings:

Finding 2020-001 – Allowable Cost Testing (Significant Deficiency)
ALN 20.507 Federal Transit Cluster

Fiscal year in which the finding initially occurred: 2020
Contact Person Responsible for Corrective Action: Jennifer Gebhard
Contact Phone Number: 317-327-7433

Status of Auditing Finding- Resolved:

To resolve the finding, CIRTA implemented Bill.com where all documentation for expenditures have been sent and stored for reference. Also, an approval process with management and board members has taken place in Bill.com to ensure internal controls are intact and can be reported.

Approval in Bill.com has been recorded and can be supplied as a report at any time. Also, an AP voucher, listing all expenditures and related grant assignment, prior to payment, has been provided to Board Members for approval each month.



320 N. Meridian St., Suite 920
Indianapolis, IN 46204
Office (317) 327-RIDE
www.cirta.us

Signatures

CIRTA Executive Director

Date

6/15/22

Resultant Accounting MGR

Date

6/15/2022

CORRECTIVE ACTION PLAN

Finding 2021-001 –Preparation of the Annual Financial Report (AFR) (Material Weakness)



Contact Person Responsible for Corrective Action: Jennifer Gebhard
Contact Phone Number: 317-327-7433



Corrective Action Planned:

CIRTA has implemented the recording of receipts and disbursements in a timely manner to ensure enough time at the end of the year to prepare and thoroughly review the AFR prior to submission by March 1st. This will make certain all amounts are reported properly.

Authority Contact responsible for Corrective Action:
Jennifer Gebhard
Executive Director

Anticipated Completion Date:
Calendar year 2022 financial statements



320 N Meridian St., Suite 920
Indianapolis, IN 46204
Office (317) 327-RIDE
www.cirta.us

Signatures

CIRTA Executive Director *Jennifer Gebhard* Date 6/15/22
Resultant Accounting MGR *Julie Crossley* Date 6/15/2022