



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

July 17, 2023

Board of Directors
Fort Wayne Public Transportation Corporation
801 Leesburg Road
Fort Wayne, IN 46808

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

In our opinion, FORVIS, LLP, prepared the audit report in accordance with the guidelines established by the Indiana 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 black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**Fort Wayne Public
Transportation
Corporation
(A Component of the
Consolidated City of Fort
Wayne – Allen County)**

**Independent Auditor's Reports
and Financial Statements**

December 31, 2022



Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
December 31, 2022

Contents

| | | |
|---|-----------|-----------|
| Independent Auditor’s Report | 1 | |
| Management’s Discussion and Analysis | 4 | |
| Basic Financial Statements | | |
| Statement of Net Position | 8 | |
| Statement of Revenues, Expenses and Changes in Net Position..... | 9 | |
| Statement of Cash Flows | 10 | |
| Notes to Financial Statements | 11 | |
| Required Supplementary Information | | |
| Schedule of Changes in Citilink’s Net Pension Liability and Related Ratios | 31 | |
| Schedule of Citilink Pension Contributions | 32 | |
| Schedule of Changes in Citilink’s Total OPEB Liability and Related Ratios..... | 33 | |
| Other Information | | |
| Schedule of Revenue, Expenses and Changes in Net Position, Budget and Actual..... | 34 | |
| Supplementary Information | | |
| Schedule of Expenditures of Federal Awards | 35 | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report | | 36 |
| Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report | | 38 |
| Schedule of Findings and Questioned Costs | 41 | |
| Summary Schedule of Prior Audit Findings | 43 | |



111 E. Wayne Street, Suite 600 / Fort Wayne, IN 46802

P 260.460.4000 / F 260.426.2235

forvis.com

Independent Auditor's Report

Board of Directors
Fort Wayne Public Transportation Corporation
Fort Wayne, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Fort Wayne Public Transportation Corporation (Citilink), a component unit of the Consolidated City of Fort Wayne – Allen County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Citilink's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Citilink, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Citilink's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Citilink's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Citilink's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Citilink's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the schedule of revenues, expenses and changes in net position, budget to actual, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, on our consideration of Citilink'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 Citilink'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 Citilink's internal control over financial reporting and compliance.

FORVIS,LLP

Fort Wayne, Indiana
May 25, 2023

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Management’s Discussion and Analysis
December 31, 2022

As financial management of the Fort Wayne Public Transportation Corporation (a component unit of the Consolidated City of Fort Wayne – Allen County) (d/b/a Citilink), we offer readers of these financial statements this narrative overview and analysis of the financial activities of Citilink for the fiscal year ended December 31, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Citilink’s financial statements consist of three statements – statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of Citilink, including resources held by Citilink but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation.

The statement of net position presents information on all of Citilink’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Citilink is improving or deteriorating.

The statement of revenues, expenses and changes in net position reflects the operating activity and resulting changes in net position of Citilink for the year using the accrual basis of accounting, similar to private sector companies. The change in net position is an indicator of whether the overall fiscal condition of Citilink has improved or worsened during the year.

Citilink adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended December 31, 2022. The adoption of the standard had no impact on Citilink’s financial statements.

Measurement Focus and Basis of Accounting

Citilink is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenue is recognized in the period in which it is earned, expenses are recognized in the period in which they are incurred and depreciation of assets is recognized in the statements of revenues, expenses and changes in net position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of Citilink are included in the statement of net position.

Financial Highlights

- Citilink’s net position increased by \$3,191,726 or 1,176% over 2021. Operating revenue increased by \$501,151 or 72.09% over 2021 and operating expenses increased \$1,386,054 or 9.23% over 2021, resulting in an operating loss in 2022 of \$15,206,038 compared to an operating loss in 2021 of \$14,321,135. Other nonoperating revenues were \$675,840 higher in 2022 when compared to 2021, primarily a result of additional state and federal operating grants awarded to Citilink as a result of the continued Coronavirus pandemic, which continued to impact operating revenues. Capital contributions increased \$3,023,381 in 2022 compared to 2021 as a result of capital asset activity funding.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Management’s Discussion and Analysis
December 31, 2022

- Citilink reported operating losses in 2022 of \$15,206,038 as compared to the 2021 amount of \$14,321,135, or a 6.18% increase. Citilink receives nonoperating revenue in the form of property taxes and governmental grants to support operations. This is consistent with Citilink’s operating history as it was formed and is operated primarily to provide public transportation to the residents of Fort Wayne and New Haven and is subsidized to that end.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Current and other assets | \$ 6,879,275 | \$ 7,057,441 |
| Capital assets | <u>14,194,200</u> | <u>12,354,860</u> |
| Total assets | 21,073,475 | 19,412,301 |
| Deferred outflows of resources | <u>1,439,088</u> | <u>1,881,131</u> |
| Total assets and deferred outflows of resources | <u>\$ 22,512,563</u> | <u>\$ 21,293,432</u> |
| Current liabilities | \$ 1,851,473 | \$ 1,913,925 |
| Other long-term liabilities | 5,554,460 | 6,670,648 |
| Net pension liability | <u>4,080,661</u> | <u>7,557,893</u> |
| Total liabilities | <u>11,486,594</u> | <u>16,142,466</u> |
| Deferred inflows of resources | <u>8,105,591</u> | <u>5,422,314</u> |
| Net position | | |
| Net investment in capital assets | 14,127,749 | 12,350,047 |
| Unrestricted | <u>(11,207,371)</u> | <u>(12,621,395)</u> |
| Total net position | <u>2,920,378</u> | <u>(271,348)</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 22,512,563</u> | <u>\$ 21,293,432</u> |

Changes in Net Position

In 2022, Citilink’s net position increased by \$3,191,726 or 1,176%, compared to an increase of \$378,579 or 58.25% in 2021, as shown in Table 2. Additional items related to the change in net position in the current year include the continued effects of GASB 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as well as current year capital activity funded by federal capital grants and additional grants related to the ongoing pandemic that exceeded depreciation expense.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Management’s Discussion and Analysis
December 31, 2022

Table 2: Statements of Revenues, Expenses and Changes in Net Position

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Operating revenues | \$ 1,196,340 | \$ 695,189 |
| Operating expenses | <u>16,402,378</u> | <u>15,016,324</u> |
| Loss from operations | <u>(15,206,038)</u> | <u>(14,321,135)</u> |
| Nonoperating revenues (expenses) | | |
| Interest income | 5,006 | 3,322 |
| Local government assessments and taxes | 7,956,643 | 7,676,607 |
| Federal grants and reimbursements | 5,109,967 | 4,931,493 |
| State operating grants | 2,132,353 | 1,832,197 |
| Fare subsidy | 294,740 | 283,699 |
| Pass-through to subrecipient | (196,167) | (103,500) |
| Gain on sale of capital assets | 21,125 | - |
| Other | <u>50,716</u> | <u>74,725</u> |
| Total nonoperating revenues | <u>15,374,383</u> | <u>14,698,543</u> |
| Deficiency of revenues over expenses before capital contributions | 168,345 | 377,408 |
| Capital contributions | <u>3,023,381</u> | <u>1,171</u> |
| Increase in net position | 3,191,726 | 378,579 |
| Net position, beginning of year | <u>(271,348)</u> | <u>(649,927)</u> |
| Net position, end of year | <u>\$ 2,920,378</u> | <u>\$ (271,348)</u> |

Revenues

Operating revenues consists primarily of passenger fares, including bus pass sales, increased \$501,151 or 72.09% over 2021 primarily due to increasing passenger fares. Nonoperating revenue consists primarily of property taxes levied by Citilink, and federal and state (PMTF) grants. These increased \$675,840 or 4.60% over 2021 primarily due to an increase in local government assessments and taxes and federal and state operating grants.

Expenses

Operating expenses increased by \$1,386,054 or 6.18% in 2022 compared to a decrease of \$952,143 or 5.96% in 2021. The major categories of expense for Citilink are salaries and wages, benefits, diesel fuel, and depreciation on capital assets. The increase in operating expenses for 2022 compared to 2021 was primarily due to an increase in materials and supplies expense.

Operating Losses

Operating income or loss is generally the difference between net passenger service and other operating revenue and the expenses incurred to perform those services. Citilink has reported an operating loss in each of the past two years. This is consistent with Citilink’s operating history as the PTC was formed and is operated primarily to provide public transportation to the residents of Fort Wayne and New Haven and is subsidized to that end. Citilink levies property taxes and receives federal grants to provide sufficient resources to enable it to serve residents in the metropolitan area.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Management’s Discussion and Analysis
December 31, 2022

Table 3: Cash Flows

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Cash flows from operating activities | \$(15,235,874) | \$(13,766,061) |
| Cash flows from noncapital financing activities | 15,126,672 | 15,053,732 |
| Cash flows from capital and related financing activities | (490,017) | (600,658) |
| Cash flows from investing activities | <u>55,722</u> | <u>78,047</u> |
| Net (decrease) increase in cash and cash equivalents | (543,497) | 765,060 |
| Cash and cash equivalents, beginning of year | <u>4,940,830</u> | <u>3,808,967</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,397,333</u> | <u>\$ 4,574,027</u> |

Cash Flows

Net cash used in operating activities increased by \$1,469,813 over the prior year due primarily to timing differences in payments related to wages and benefits, services, material and supplies. Net cash provided by noncapital financing activities increased by \$72,940. This was primarily due to an increase in the amount of federal and state operating grants actually received in 2022. Net cash used in capital and related financing activities decreased by \$110,641 primarily due to a decrease in the purchase of capital assets in 2022 compared to 2021 not covered by capital contributions. Net cash provided by investing activities decreased by \$22,325 primarily related to a decrease in miscellaneous income.

Capital Assets

Citilink’s investment in capital assets amounts to \$14,194,200 as of December 31, 2022, an increase of \$1,839,340 (14.89%), consisting of capital asset additions of \$3,624,463 offset by depreciation expense of \$1,771,351. Capital assets include land, buses, shop equipment, and administrative equipment. Capital asset additions in 2022 primarily consisted of motor coaches. Further detail is available in Note 3.

Economic Factors

As a result of the continued impact of COVID-19, economic uncertainties have arisen which may continue to negatively affect the financial position, results of operations and cash flows of Citilink. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. Other than the uncertainty of general economic indicators on Citilink, its funding sources and its customers mentioned above, there are no significant facts, decisions or conditions expected that management believes will have a significant impact on the financial position or results of its operations.

Requests for Information

This financial report is designed to provide a general overview of Citilink’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Controller, Fort Wayne Public Transportation Corporation, 801 Leesburg Road, Fort Wayne, Indiana 46808.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Statement of Net Position
December 31, 2022

| | 2022 |
|---|---------------|
| Assets and Deferred Outflows of Resources | |
| Current Assets | |
| Cash and cash equivalents | \$ 3,229,011 |
| Accounts receivable, net of allowance of \$2,000 | |
| Federal grants | 1,064,048 |
| State assistance | 533,089 |
| Services | 88,894 |
| Inventories | 651,398 |
| Prepaid expenses | 142,165 |
| Total current assets | 5,708,605 |
| Noncurrent Assets | |
| Cash and cash equivalents | 1,168,322 |
| Contract receivable, accident claims | 2,348 |
| Capital assets | |
| Land and other nondepreciable assets | 263,345 |
| Buildings, vehicles and equipment, net | 13,930,855 |
| Total noncurrent assets | 15,364,870 |
| Deferred Outflows of Resources | |
| Pension plan | 719,263 |
| Other postemployment benefits | 719,825 |
| Total deferred outflows of resources | 1,439,088 |
| Total assets and deferred outflows of resources | \$ 22,512,563 |
| Liabilities and Deferred Inflows of Resources | |
| Current Liabilities | |
| Accounts payable | \$ 426,528 |
| Other accrued expenses | 764,088 |
| Total other postemployment benefit liability | 495,000 |
| Accrued self-insurance liability | 165,857 |
| Total current liabilities | 1,851,473 |
| Noncurrent Liabilities | |
| Total other postemployment benefit liability | 5,256,028 |
| Accrued sick pay and benefits | 298,432 |
| Net pension liability | 4,080,661 |
| Total noncurrent liabilities | 9,635,121 |
| Total liabilities | 11,486,594 |
| Deferred Inflows of Resources | |
| Pension plan | 5,403,363 |
| Other postemployment benefits | 2,702,228 |
| Total deferred inflows of resources | 8,105,591 |
| Total liabilities and deferred inflows of resources | \$ 19,592,185 |
| Net Position | |
| Investment in capital assets | \$ 14,127,749 |
| Unrestricted - (deficit) | (11,207,371) |
| Total net position | 2,920,378 |
| Total liabilities, deferred inflows of resources and net position | \$ 22,512,563 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

| | 2022 |
|---|--------------|
| Operating Revenues | |
| Passenger fares | \$ 873,701 |
| Para transit | 151,857 |
| Advertising service | 168,696 |
| Other | 2,086 |
| Total operating revenues | 1,196,340 |
| Operating Expenses | |
| Salaries and wages | 6,849,816 |
| Fringe benefits | 3,637,201 |
| Services | 840,557 |
| Materials and supplies | 2,358,113 |
| Utilities | 152,800 |
| Casualty and liability costs | 422,107 |
| Taxes | 9,756 |
| Miscellaneous | 278,376 |
| Lease and rentals | 55,429 |
| Vehicle tracking system | 26,872 |
| Depreciation | 1,771,351 |
| Total operating expenses | 16,402,378 |
| Operating loss | (15,206,038) |
| Nonoperating Revenues (Expenses) | |
| Local Government assessments and taxes | 7,956,643 |
| Federal operating grants | 5,109,967 |
| State operating grants | 2,132,353 |
| Fare subsidy | 294,740 |
| Pass-through to subrecipient | (196,167) |
| Interest income | 5,006 |
| Gain on sale of capital assets | 21,125 |
| Rent and miscellaneous | 50,716 |
| Total nonoperating revenues | 15,374,383 |
| Income before capital contributions | 168,345 |
| Capital Contributions | |
| Federal grants | 3,023,381 |
| Total capital contributions | 3,023,381 |
| Increase in Net Position | 3,191,726 |
| Net Position, Beginning of Year | (271,348) |
| Net Position, End of Year | \$ 2,920,378 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Statement of Cash Flows
Year Ended December 31, 2022

| | 2022 |
|--|----------------|
| Cash Flows From Operating Activities | |
| Receipts from passengers | \$ 1,141,439 |
| Payments to employees and benefit providers | (11,993,423) |
| Payments to suppliers | (4,383,890) |
| Net cash used in operating activities | (15,235,874) |
| Cash Flows From Noncapital Financing Activities | |
| Receipts of local government assessments and taxes | 7,956,643 |
| Receipts of federal and state operating grants | 7,071,456 |
| Receipts of fare subsidies | 294,740 |
| Grant to other organization | (196,167) |
| Net cash provided by noncapital financing activities | 15,126,672 |
| Cash Flows From Capital and Related Financing Activities | |
| Capital contributions | 3,023,381 |
| Purchase of capital assets | (3,562,825) |
| Payments received on garage contract | 14,530 |
| Proceeds from sale of capital assets | 34,897 |
| Net cash used in capital and related financing activities | (490,017) |
| Cash Flows From Investing Activities | |
| Interest income | 5,006 |
| Other | 50,716 |
| Net cash provided by investing activities | 55,722 |
| Net Decrease in Cash and Cash Equivalents | (543,497) |
| Cash and Cash Equivalents, Beginning of Year | 4,940,830 |
| Cash and Cash Equivalents, End of Year | \$ 4,397,333 |
| Cash , including time deposits | \$ 3,229,011 |
| Restricted Cash , including time deposits | 1,168,322 |
| Total cash and cash equivalents, end of year | \$ 4,397,333 |
| Capital assets in accounts payable | \$ 66,451 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | |
| Operating loss | \$(15,206,038) |
| Adjustments to reconcile operating loss to net cash used in operating activities | |
| Depreciation | 1,771,351 |
| Bad debt expense (recovery) | 14,729 |
| Changes in assets and liabilities | |
| Accounts receivable | (69,630) |
| Inventories | (203,905) |
| Prepaid expenses | 49,809 |
| Deferred outflows - pension | 107,991 |
| Deferred outflows - OPEB | 334,052 |
| Accounts payable and other accrued expenses | (85,784) |
| Net pension liability | (3,477,232) |
| Total OPEB liability | (1,154,494) |
| Deferred inflows - pension and OPEB | 2,683,277 |
| Net cash used in operating activities | \$(15,235,874) |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Significant Accounting Policies

The financial statements of the Fort Wayne Public Transportation Corporation (a component unit of the Consolidated City of Fort Wayne – Allen County) (d/b/a Citilink), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of Citilink’s accounting policies are described below.

Reporting Organization

Citilink is a municipal corporation organized pursuant to Indiana Code 36-9-4 and general ordinance G-107-67 adopted by the Common Council of the City of Fort Wayne in September 1967. Citilink operates as a public transit system in a service area, which includes the cities of Fort Wayne, New Haven and certain unincorporated areas of Allen County.

Management of Citilink has determined that it is a component unit of the Consolidated City of Fort Wayne – Allen County in accordance with GASB Statement No. 61. Citilink has based this determination on the fact that the Consolidated City of Fort Wayne – Allen County is considered to be financially accountable for Citilink and its operations.

The Board of Directors of Citilink consists of seven members, three of whom are appointed by the mayor of the City of Fort Wayne and four of whom are appointed by the City of Fort Wayne – Allen County Council (Council). The Citilink Board designates the management of Citilink, namely the general manager and the other principal members of the management staff. The Citilink Board adopts the budget and tax levy and approves the issuance of debt. In addition, the Council may review and modify the budget and tax levy, although its approval is not required for the issuance of debt.

Basis of Accounting

Citilink’s financial statements consist of a single-purpose business type activity which is reported on the accrual basis of accounting using the economic resources measurement focus. Revenue is recognized in the period it is earned and expenses are recognized in the period they are incurred. Citilink is not subject to federal or state income taxes.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Significant estimates include the assumptions used in computing Citilink’s pension benefit obligation. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, Citilink considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2022, cash equivalents consisted of money market accounts with brokers.

Accounts Receivable

Accounts receivable are reported at their contract amounts adjusted for any charge-offs and the allowance for doubtful accounts. Accounts are considered past due based on their individual contract terms.

Inventories (Materials and Supplies)

Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis.

Capital Assets

Capital assets purchased or acquired with federal, state and local funds with an original cost of \$1,000 or more are reported at cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated lives:

| | |
|---|---------------|
| Passenger shelters | 5 – 10 years |
| Service vehicles | 2 – 8 years |
| Buildings and improvements | 10 – 36 years |
| Shop and garage equipment | 2 – 10 years |
| Revenue vehicle movement control facilities | 2 – 10 years |
| Revenue collection facilities and equipment | 5 – 15 years |
| General administrative equipment | 2 – 10 years |
| Passenger revenue vehicles | 3 – 12 years |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Capital Asset Impairment

Citilink evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the year ended December 31, 2022.

Compensated Absences

Full-time union personnel and most administrative staff receive compensation for vacations, holiday and sick pay. The number of weeks of compensation for vacation is based upon length of service. Vacation which has been earned, but not paid has been accrued in the accompanying financial statements. Accumulated but unused sick pay benefits are nonvesting; however, employees will receive a percentage of unused sick pay upon retirement. The maximum accumulated sick pay hours for retirement benefit is 1,600. Unused sick pay benefits are accrued under the termination-payment method, which estimates sick pay liability on past history, adjusted for pay rate changes, administrative policies and other relevant factors, including the probability that employees will become eligible to receive these benefits in the future.

Risk Management

Citilink is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Citilink is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Defined Benefit Pension Plan

Citilink has a single-employer defined benefit pension plan, Fort Wayne Public Transportation Corporation Employees' Retirement Plan (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Non-Trusted Single Employer Other Postemployment Benefit Plan

Citilink has a single-employer other postemployment benefit (OPEB) plan, Fort Wayne Public Transportation Benefits Other Than Pensions (the OPEB Plan). For purposes of measuring the total OPEB liability and deferred outflows of resources related to OPEB and OPEB expense information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources

Citilink reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its statement of net position.

Deferred Inflows of Resources

Citilink reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its statement of net position.

Net Position Classification

Net position is required to be classified into three components – investment in capital assets; restricted and unrestricted. These classifications are defined as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, and, if applicable, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Citilink has no debt for offset against its investment in capital assets.

Restricted – This category presents external restrictions imposed by creditors (such as through debt covenants), contributors or law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is Citilink’s policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses and Net Position Recognition

Operating revenues are derived from passenger fares, service contracts, rental of property and sale of advertising space. Operating expenses include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Revenue Recognition

Passenger fares are recorded as revenue at the time the service is provided.

Property taxes receivable are recorded when Citilink has an enforceable legal claim to the resources and the related revenue is recorded as nonoperating in the period for which the taxes are levied.

Citilink recognizes federal and state grant income when eligibility requirements are met. The Federal Transit Administration (FTA) and the state of Indiana provide financial assistance and distribute grants directly to Citilink for operations and acquisition of property and equipment. Operating grants made on the basis of entitlement periods are recorded as grants receivable and revenue over the entitlement periods, based on qualifying expenditures. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grants receivable when the related grant expenditures are incurred. Costs claimed under federal and state grants are subject to audit and acceptance by the granting agency.

Resources received or recognized as receivable before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.

Property Taxes

The following summarizes the property tax calendar for Citilink:

| | <u>2022</u> |
|------------------------|---------------|
| Lien date | March 2021 |
| Levy date | March 2021 |
| Tax bills mailed | April 2022 |
| First installment due | May 2022 |
| Second installment due | November 2022 |

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. Citilink’s deposit policy for custodial credit risk requires compliance with the provisions of Indiana law.

All of Citilink’s cash accounts are subject to the \$250,000 limit on Federal Deposit Insurance Corporation (FDIC) insurance per covered institution.

Any cash deposits in excess of the FDIC limits described above are insured by the Indiana Public Deposits Insurance Fund. The Indiana Public Deposits Insurance Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Summary of Carrying Values

The carrying values of cash and deposits are included in the statement of net position as follows:

| | |
|--|--------------|
| Carrying value | |
| Deposits | \$ 4,397,333 |
| | |
| Cash and cash equivalents | |
| Current, unrestricted, including amounts designated for local match | \$ 3,229,011 |
| Noncurrent, unrestricted, including amounts designated for self-insured claims | 1,168,322 |
| | \$ 4,397,333 |

Note 3: Capital Assets

Capital assets activity for the year ended December 31, 2022, was:

| | 2022 | | | |
|--------------------------------------|----------------------|--------------|------------------------------|-------------------|
| | Beginning Balance | Additions | Transfers and Retirements | Ending Balance |
| Capital assets | | | | |
| Land | \$ 232,117 | \$ - | \$ (8,772) | \$ 223,345 |
| Building and improvements | 4,925,513 | - | - | 4,925,513 |
| Passenger shelters | 7,080,543 | - | - | 7,080,543 |
| Motor coaches | 20,203,297 | 3,310,135 | (2,529,251) | 20,984,181 |
| Service vehicles and other equipment | 3,120,749 | 201,758 | (50,199) | 3,272,308 |
| Office furniture and equipment | 897,834 | 72,570 | (29,000) | 941,404 |
| Lease with Fort Wayne Urban League | 149,500 | - | - | 149,500 |
| Capital projects in progress | 5,000 | 40,000 | (5,000) | 40,000 |
| Total capital assets | 36,614,553 | 3,624,463 | (2,622,222) | 37,616,794 |
| Less accumulated depreciation | | | | |
| Building and improvements | 3,776,455 | 124,461 | - | 3,900,916 |
| Passenger shelters | 1,855,956 | 260,571 | - | 2,116,527 |
| Motor coaches | 15,324,456 | 1,156,781 | (2,529,251) | 13,951,986 |
| Service vehicles and other equipment | 2,565,977 | 137,920 | (50,199) | 2,653,698 |
| Lease with Fort Wayne Urban League | 65,779 | 3,738 | - | 69,517 |
| Office furniture and equipment | 671,070 | 87,880 | (29,000) | 729,950 |
| Total accumulated depreciation | 24,259,693 | 1,771,351 | (2,608,450) | 23,422,594 |
| Net capital assets | \$ 12,354,860 | \$ 1,853,112 | \$ (13,772) | \$ 14,194,200 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Leases With Fort Wayne Urban League

During 2004, Citilink entered into a lease with the Fort Wayne Urban League (FWUL), a local nonprofit organization. FWUL constructed a new facility as part of the Hannah-Creighton project, which also includes new facilities for the Allen County Public Library and the Community Action of Northeast Indiana Headstart. Citilink provided the circular driveway that serves as the public entrance. Citilink paid \$119,500 for a 40-year lease with the option to extend the term for up to two consecutive 10-year periods. Citilink was also obligated to design and construct the circular drive that serves as the public entrance and the center “park/public art” space for a total cost not to exceed \$150,000.

During 2005, Citilink entered into an agreement with FWUL to lease part of FWUL’s new facility at the Hannah-Creighton project. The purpose of this lease is to provide an indoor passenger waiting area. Citilink paid \$30,000 in February 2005 to FWUL. This is also a 40-year lease with the option to extend the term for up to two consecutive 10-year periods.

The assets under these leases are being depreciated over 40 years on a straight-line basis. The prepaid amounts are included within capital assets at December 31, 2022.

During the year ended December 31, 2022, Citilink adopted GASB Statement No. 87, *Leases*. The adoption of this standard had no impact on the financial statements.

Note 4: Other Accrued Expenses

Other accrued expenses at December 31, 2022, consisted of:

| | 2022 |
|--------------------|-------------|
| Salaries and wages | \$ 288,755 |
| Vacation pay | 305,000 |
| Payroll taxes | 21,085 |
| Accrued sick pay | 129,568 |
| Miscellaneous | 19,680 |
| | \$ 764,088 |

| | 2022 | | | | |
|----------------------------------|------------------------------|------------------|-------------------|---------------------------|----------------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| Noncurrent liabilities | | | | | |
| Accrued sick pay and benefits | \$ 406,000 | \$ 14,945 | \$ (3,910) | \$ 417,035 | \$ 129,568 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Note 5: Risk Management

Citilink is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters, and employee health and accident benefits. Citilink is self-insured for worker’s compensation, general liability and vehicle risks up to \$400,000 per individual, \$5,000,000 per occurrence. Property and public transportation liability risks are covered by policies which provide from \$1,000,000 up to \$15,597,880 per occurrence. Employee health insurance claims have an unlimited lifetime maximum coverage. Settlements have not exceeded coverage for the last three years. The accrual of estimated expense is based on Citilink’s past history of losses and current outstanding claims. Citilink funds its self-insured program on an “incurred loss” basis. Citilink has designated cash as a reserve for the self-insured obligations.

A summary of changes in the accrued insurance liability accounts for the year ended December 31, 2022, is as follows:

| | Vehicle | Workers Compensation | Total |
|-------------------------------|----------------|---------------------------------|--------------|
| Balance, January 1, 2022 | \$ 167,611 | \$ 270,000 | \$ 437,611 |
| Claims and expenses paid, net | (119,012) | (395,056) | (514,068) |
| Annual provisions for loss | 62,401 | 179,913 | 242,314 |
| Balance, December 31, 2022 | \$ 111,000 | \$ 54,857 | \$ 165,857 |

Note 6: Deferred Compensation Plan

Citilink offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan permits employees to defer a portion of their salary until termination, retirement, death or unforeseeable emergency and avoid paying taxes on the deferred portion until the withdrawal date. Participation in the plan is optional. The plan assets are held by the custodian for the exclusive benefit of participants and their beneficiaries and, therefore, are not reflected in Citilink’s statement of net position. There are no employer contributions to this plan.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Note 7: Employee Pension Plan

Plan Description

Citilink contributes to the Fort Wayne Public Transportation Corporation Employees' Retirement Plan (Plan), which is a single-employer defined benefit pension plan. The Plan covers substantially all full-time employees and is administered by a Retirement Committee consisting of four trustees, two appointed by Citilink and two appointed by the Amalgamated Transit Union. The Plan does not issue a stand-alone report. The Plan was established by the Board of Directors and the Amalgamated Transit Union and the Plan trustees reserve the right to amend, suspend or terminate the Plan at any time.

Retirement Benefits

All full-time employees who complete 90 days of continuous employment and earn 1,000 hours of service in a plan year are eligible to participate in the Plan on January 1 of the year in which the 1,000 hours were earned. Under the provisions of the Plan, pension benefits from employer's contributions are fully vested after five years of service. An employee may retire at age 65 or after attaining age 55, provided the sum of the employee's age and years of continuous service total 85 (the "85 Rule").

The retiree receives annual pension benefits equal to \$225 times the number of years of continuous service prior to May 1, 1970, plus 3.2% of earnings after May 1, 1970, and prior to July 1, 2003; plus 3.0% of earnings after July 1, 2003, and prior to July 1, 2006; plus 2.7% of earnings after July 1, 2006, and prior to June 1, 2009, plus 2.0% of earnings after June 1, 2009, subject to a cost of living adjustment.

An employee who has reached at least age 55 and has at least five years of credited service is eligible for early retirement with a reduced pension. An employee retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the employee's lifetime. The pension benefit is reduced by 0.25% for each month that the employee is less than age 65 at the date of retirement.

The terms of the Plan provide for annual cost-of-living adjustments (COLA) to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are based on the Consumer Price Index for urban and clerical workers published by the Bureau of Labor Statistics, United States Department of Labor, and are limited to a maximum increase of 5% per year:

| | 2022 |
|--|-------------|
| Inactive employees or beneficiaries currently receiving benefits | 101 |
| Inactive employees entitled to, but not yet receiving benefits | 38 |
| Active employees | 112 |
| | 251 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Disability and Survivor Benefits

The Plan also provides disability and survivor benefits. An employee who has at least 10 years of continuous service and becomes totally and permanently disabled from service with the employer is eligible for a disability pension benefit. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. Any disability benefit is reduced by the sum of (1) any amounts paid under and pursuant to the Workmen's Compensation or Occupational Disease laws of the State of Indiana; (2) any amounts paid under and pursuant to any sickness, accident or disability benefit policy or policies where such insurance benefits are provided under a plan of group insurance made available to employees by the employer; and (3) any amounts paid as sick leave compensation. If an employee who is receiving or is eligible to receive a disability pension benefit dies before attaining age 65, a monthly survivor benefit equal to 50% of the disability pension benefit may be paid to a surviving spouse to whom the employee had been married for at least one year.

Upon the death in service of an employee with five or more years of credited service as of January 1, 1970, a survivor benefit may be paid to the surviving spouse to whom the employee had been married for one or more years. This payment is equal to 50% of the benefit unless a different option is elected by the employee or spouse.

Contributions Required and Contributions Made

The contribution requirements for Citilink and its employees are set forth in the collective bargaining agreement. The established rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Under the provisions of Citilink's agreement with bargaining unit employees and personnel policies, all employees must contribute 1.65% of their gross covered earnings to the Plan. Citilink contributes 10.6% of employee's gross covered earnings to the pension plan. For the year ended December 31, 2022, employees contributed \$89,436 and Citilink contributed \$579,639 to the Plan.

Net Pension Liability and Actuarial Assumptions

The net pension liability as of December 31, 2022, was measured as of December 31, 2021, rolled forward to the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- An investment return of 7.50% per year, net after expenses
- Inflation of 2.50% per year
- The entry age normal actuarial cost method was used
- Wage increases of 4.0% per year

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

- Cost of living adjustment of 2.5% per year
- Withdrawal rates: Varied from .0176 at age 25 to .000 at age 60 and over
- Disability rate: Varied from .0014 at age 25 to .0278 at age 60 and over
- Retirement rates: Varied from .0075 at age 55 to .075 at age 64 for reduced/subsidized early retirement and from .2625 at age 55 to 1.00 at age 65 for fully subsidized retirement
- Marital status was assumed to be 80% of participants and that the age of the spouse was three years younger than that of the participant
- The net position available for benefits was determined by smoothing unexpected gains and losses over a four-year period

Rates of mortality before retirement and after normal, early and disability retirement were based on the RP 2014 Mortality Table for males and females, as appropriate with adjustments for mortality improvements based on MP-2021. For disabled members, the RP-2000 Mortality Table for male and female disabled retirees was used.

The actuarial assumptions used in the valuation were based on reasonable expectations for the Plan participants and the benefits provided under the Plan.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------------------|------------------------------|---|
| Mutual funds - equity | 90% | 7.5% |
| AFL – CIO Building Investment Trust | 10% | 7.5% |
| | 100% | |

Discount Rate

The discount rate used to measure the total pension liability was 6.08% for the year ended December 31, 2022. The discount rate of 6.08% reflects the long-term expected rate of return of 7.50% and a municipal bond rate of 1.93% which was obtained from:

<http://us.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index>

The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees through December 31, 2041.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Sensitivity of Citilink’s Net Pension Liability to Changes in the Discount Rate

Citilink’s net pension liability has been calculated using a discount rate of 6.08%. The following presents Citilink’s net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate:

| | 1% Decrease (5.08%) | Current Discount Rate (6.08%) | 1% Increase (7.08%) |
|----------------------------------|--------------------------------|--|--------------------------------|
| Citilink’s net pension liability | \$ 8,039,459 | \$ 4,080,661 | \$ 755,924 |

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

| | 2022 | | |
|---|--|---|--|
| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance, beginning of year | \$ 35,722,301 | \$ 28,164,408 | \$ 7,557,893 |
| Changes for the year | | | |
| Service cost | 852,102 | - | 852,102 |
| Interest | 1,989,892 | - | 1,989,892 |
| Differences between expected and actual experience | 28,645 | - | 28,645 |
| Contributions - employer | - | 579,639 | (579,639) |
| Contributions - employee | - | 89,436 | (89,436) |
| Net investment income | - | 3,988,491 | (3,988,491) |
| Benefit payments, including refunds of employee contributions | (1,686,018) | (1,686,018) | - |
| Administrative expense | - | (27,771) | 27,771 |
| Changes in assumptions | (1,791,576) | - | (1,791,576) |
| Other changes | - | (73,500) | 73,500 |
| Net changes | (606,955) | 2,870,277 | (3,477,232) |
| Balance, end of year | \$ 35,115,346 | \$ 31,034,685 | \$ 4,080,661 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Pension Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, Citilink recognized pension income of \$(1,089,922). At December 31, 2022, Citilink reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2022 | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 21,000 | \$ 492,980 |
| Changes of assumptions | 43,790 | 2,410,633 |
| Net difference between projected and actual earning on pension plan investments | - | 2,499,750 |
| Citilink's contributions made subsequent to the measurement date of the net pension liability | 654,473 | - |
| Total | \$ 719,263 | \$ 5,403,363 |

At December 31, 2022, Citilink reported \$654,473 as deferred outflows of resources related to pensions resulting from Citilink contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to pensions will be recognized in pension expense as follows:

| | |
|------|----------------|
| 2023 | \$ (1,679,849) |
| 2024 | (2,214,003) |
| 2025 | (1,075,299) |
| 2026 | (369,422) |
| | \$ (5,338,573) |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Pension Plan Fiduciary Net Position

As of December 31, 2022, the Plan’s fiduciary net position was comprised of the following:

| | 2022 |
|--------------------------------------|-------------------|
| Cash and cash equivalents | \$ 185,062 |
| Investments, at fair value | |
| Mutual funds | 28,559,577 |
| Common/collective trust funds | 2,290,046 |
| Total investments at fair value | 30,849,623 |
| Total Plan fiduciary net pension | \$ 31,034,685 |

Investment Policy – Investment policy decisions are established and maintained by the Trustees of the Fort Wayne Public Transportation Corporation Employees’ Retirement Plan.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the plan. As a consequence, two important dimensions of a pension plan’s investment program are expected return and expected risk.

The plan trustees diversify plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables to balance risk and return. The fund’s diversification guidelines are set forth below:

| Asset Class/Style | Target Asset Mix |
|---------------------------|-------------------------|
| Large cap U.S. equities | 32.0% |
| Mid-cap U.S. equities | 6.0% |
| Small cap U.S. equities | 6.0% |
| International equities | 9.0% |
| Total Equities | 53.0% |
| Core fixed income | 28.0% |
| Bank loans | 8.0% |
| Total Fixed Income | 36.0% |
| Real estate | 11.0% |
| Total Real Estate | 11.0% |

The trustees maintain a portfolio structure that may combine active and passive management in order to balance the objectives of enhanced return and cost control.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

The retirement plan primarily invests through mutual or commingled funds. These funds are governed by the guidelines and restrictions contained in their prospectuses or participation agreements.

It is expected that any actively managed portfolio's return net of fees should exceed the return of the respective benchmark index over reasonable measurement periods (three to five years). It is expected that any passively managed portfolio's return net of fees should approximate the return of the respective benchmark index over reasonable measurement periods (three to five years).

The following table reflects the Plan's investments in single issuers that represent more than 5% of total investments:

| | <u>2021</u> |
|---|-------------|
| Vanguard Institutional Index Fund | 29.6% |
| Vanguard Total Bond Market | 26.3% |
| AFL-CIO Building Investment Trust | 7.7% |
| Pacific Funds Floating Rate Income | 7.1% |
| Vanguard Mid Cap Index Fund | 6.5% |
| Vanguard Small Cap Value Index Fund | 6.5% |
| Hartford International Opportunity Fund | 5.3% |
| Vanguard Total International Stock | 5.3% |
| Neuberger Berman US Equity Index | 5.3% |

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

The fair value of the pension plan assets at December 31, 2022, was as follows:

| | <u>Fair Value Measurements Using</u> | | | |
|--|--------------------------------------|---|--|--|
| | <u>Carrying Amount</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| December 31, 2022 | | | | |
| Investments by Fair Value Level | | | | |
| Mutual funds | <u>\$ 28,559,577</u> | <u>\$ 28,559,577</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total investments by fair value level | <u>28,559,577</u> | <u>28,559,577</u> | <u>-</u> | <u>-</u> |
| Investments Measured at the Net Asset Value (NAV) (A) | | | | |
| Common/collective trust fund | <u>2,290,046</u> | | | |
| Total investments measured at fair value | <u>\$ 30,849,623</u> | | | |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at December 31, 2022.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

Note 8: Other Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit plan providing medical, dental and life insurance benefits to retirees. Employees who retire prior to age 65 and also meet the 85 Rule are eligible to be covered under the same health insurance plan that is available for active employees until attainment of age 65. The spouse and family of the retiree are eligible for the same health insurance coverage provided the retiree if the spouse has no other health insurance coverage from the spouse's employer. The Plan is administered by Citilink and does not issue a stand-alone report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides the following medical, prescription, dental, and life benefits to eligible retirees and their dependents:

Life Insurance – Citilink provides a life insurance benefit of \$10,000 to all retirees as defined by the union agreement.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Health Insurance – Under Citilink’s union agreement, full-time employees qualifying for full retirement benefits (age plus service equaling 85) who retire have the option of continuing their group insurance coverage until age 65, at the rate of \$1.00 to \$100 per year. Full-time employees qualifying for retirement who retire on or after January 1, 2010, have the option of continuing their group insurance coverage until age 65, at the rate of \$350 per year. Effective January 1, 2014 and 2013, the rate increased to \$957 and \$600 per year and Citilink pays the remaining balance of the health care coverage.

Medicare Supplemental Benefits – Under Citilink’s union agreement, retirees and spouses eligible for Medicare are provided an annual Medicare Supplemental Benefit payment.

Employees Covered by Benefit Terms

The employees covered by the benefit terms at December 31, 2022, are:

| | 2022 |
|---|-------------|
| Active employees with medical coverage | 105 |
| Active employees without medical coverage | 9 |
| Inactive employees with medical coverage | 11 |
| Inactive employees without medical coverage | 45 |
| | 170 |

Total OPEB Liability

Citilink’s total OPEB liability of \$5,751,028 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|--|
| Inflation | 3.0% |
| Salary increases | 4.0%, average, per year |
| Health care cost trend rates | 6.5% for 2022, decreasing 0.43% per year to a rate of 5.20% through 2025 and ultimately decreasing to 3.94% in the year 2075 |
| Discount rate | 4.31% based on the S&P Municipal Bond 20-Year High Grade Index as of December 31, 2022 |

Mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted back to 2006, as appropriate with adjustments for mortality improvements based on Scale MP-2021.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Changes in the Total OPEB Liability

| | Total OPEB Liability (a) |
|----------------------------|-------------------------------------|
| Balance, beginning of year | \$ <u>6,905,522</u> |
| Service cost | 435,394 |
| Interest | 162,290 |
| Experience gains | (219,168) |
| Changes of assumptions | (1,405,001) |
| Benefit payments | <u>(128,009)</u> |
| Net changes | <u>(1,154,494)</u> |
| Balance, end of year | \$ <u>5,751,028</u> |

The discount rate changed from 2.25% at the beginning of the measurement period to 4.31% at the end of the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of Citilink has been calculated using a discount rate of 4.31%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate:

| | 1% Decrease 3.31% | Current Discount Rate 4.31% | 1% Increase 5.31% |
|---------------------------------|------------------------------|--|------------------------------|
| Citilink's total OPEB liability | \$ 6,373,176 | \$ 5,751,028 | \$ 5,206,989 |

The total OPEB liability of Citilink has been calculated using health care cost trend rates of 6.50% decreasing to 5.20% over three years and then following the Getzen model thereafter. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates:

| | 1% Decrease (5.5% Decreasing to 4.2%) | Current (6.5% Decreasing to 5.2%) | 1% Increase (7.5% Decreasing to 6.2%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 5,241,071 | \$ 5,751,028 | \$ 6,358,001 |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, Citilink recognized OPEB income of \$(237,990). At December 31, 2022, Citilink reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2022 | |
|------------------------|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Experience loss | \$ — | \$ 1,181,842 |
| Changes of assumptions | 719,825 | 1,520,386 |
| Total | \$ 719,825 | \$ 2,702,228 |

Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022, related to OPEB will be recognized in OPEB expense as follows:

| | |
|------|-----------------------|
| 2023 | \$ (231,685) |
| 2024 | (231,681) |
| 2025 | (394,527) |
| 2026 | (446,245) |
| 2027 | (446,241) |
| 2028 | (232,024) |
| | <u>\$ (1,982,403)</u> |

Note 9: Union Contract

Citilink has a collective bargaining agreement with the Amalgamated Transit Union, Local 682, which covers all full-time and part-time employees of the operating and shop departments as defined in the Agreement. The Agreement establishes rates of pay, wages, hours of employment, and other conditions of employment. The newest contract was approved in March 2022 and covers the period from January 1, 2022 through December 31, 2024.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Notes to Financial Statements
December 31, 2022

Note 10: Commitments and Contingencies

Federal Funds

Citilink participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. At December 31, 2022, in the opinion of management of Citilink, any disallowances resulting from a federal audit would not be material.

Litigation

Citilink is a defendant in a number of lawsuits in its normal course of operations. Management is of the opinion that ultimate settlement of such lawsuits will not have a materially adverse effect on the financial statements.

Pension and Other Postretirement Benefit Obligations

Citilink has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Required Supplementary Information

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Changes in Citilink’s Net Pension Liability and Related Ratios

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ 852,102 | \$ 842,167 | \$ 803,962 | \$ 768,706 | \$ 732,390 | \$ 888,561 | \$ 909,616 | \$ 420,016 |
| Interest | 1,989,892 | 1,930,313 | 1,881,226 | 1,881,274 | 1,844,368 | 1,782,204 | 1,807,407 | 1,715,900 |
| Differences between expected and actual experience | 28,645 | (897,222) | (8,058) | (380,775) | 155,996 | (1,110,216) | (434,710) | 660,676 |
| Changes in assumptions | (1,791,576) | (2,028,582) | (159,933) | 820,610 | 232,956 | (3,709,243) | 308,182 | 11,107,744 |
| Other | - | (18,672) | - | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | <u>(1,686,018)</u> | <u>(1,626,209)</u> | <u>(1,573,944)</u> | <u>(1,552,976)</u> | <u>(1,453,126)</u> | <u>(1,400,044)</u> | <u>(1,327,475)</u> | <u>(1,198,786)</u> |
| Net Change in Total Pension Liability | (606,955) | (1,798,205) | 943,253 | 1,536,839 | 1,512,584 | (3,548,738) | 1,263,020 | 12,705,550 |
| Total Pension Liability - Beginning | <u>35,722,301</u> | <u>37,520,506</u> | <u>36,577,253</u> | <u>35,040,414</u> | <u>33,527,830</u> | <u>37,076,568</u> | <u>35,813,548</u> | <u>23,107,998</u> |
| Total Pension Liability - Ending (a) | <u>\$ 35,115,346</u> | <u>\$ 35,722,301</u> | <u>\$ 37,520,506</u> | <u>\$ 36,577,253</u> | <u>\$ 35,040,414</u> | <u>\$ 33,527,830</u> | <u>\$ 37,076,568</u> | <u>\$ 35,813,548</u> |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - employer | \$ 579,639 | \$ 605,714 | \$ 593,452 | \$ 519,967 | \$ 515,762 | \$ 475,644 | \$ 490,473 | \$ 494,353 |
| Contributions - employee | 89,436 | 87,470 | 35,936 | 31,639 | 31,191 | 29,141 | 29,239 | 30,245 |
| Net investment income | 3,988,491 | 2,983,186 | 4,075,940 | (839,119) | 2,742,225 | 1,923,231 | 326,346 | 1,892,320 |
| Benefit payments, including refunds of employee contributions | (1,686,018) | (1,626,209) | (1,573,944) | (1,552,976) | (1,453,126) | (1,400,044) | (1,327,475) | (1,198,786) |
| Administrative expense | (27,771) | (23,735) | (18,105) | (18,543) | (26,058) | (20,144) | (21,828) | (17,179) |
| Other | <u>(73,500)</u> | <u>(21,000)</u> | <u>(31,500)</u> | <u>(52,500)</u> | <u>(31,500)</u> | <u>(52,500)</u> | <u>(31,167)</u> | <u>(40,000)</u> |
| Net Change in Plan Fiduciary Net Position | 2,870,277 | 2,005,426 | 3,081,779 | (1,911,532) | 1,778,494 | 955,328 | (534,412) | 1,160,953 |
| Plan Fiduciary Net Position - Beginning | <u>28,164,408</u> | <u>26,158,982</u> | <u>23,077,203</u> | <u>24,988,735</u> | <u>23,210,241</u> | <u>22,254,913</u> | <u>22,789,325</u> | <u>21,628,372</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 31,034,685</u> | <u>\$ 28,164,408</u> | <u>\$ 26,158,982</u> | <u>\$ 23,077,203</u> | <u>\$ 24,988,735</u> | <u>\$ 23,210,241</u> | <u>\$ 22,254,913</u> | <u>\$ 22,789,325</u> |
| Net Pension Liability - Ending (a) – (b) | <u>\$ 4,080,661</u> | <u>\$ 7,557,893</u> | <u>\$ 11,361,524</u> | <u>\$ 13,500,050</u> | <u>\$ 10,051,679</u> | <u>\$ 10,317,589</u> | <u>\$ 14,821,655</u> | <u>\$ 13,024,223</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 88.38% | 78.84% | 69.72% | 63.09% | 71.31% | 69.23% | 60.02% | 63.63% |
| Covered-Employee Payroll | \$5,696,890 | \$5,477,778 | \$ 4,812,177 | \$ 4,627,093 | \$ 4,615,686 | \$ 4,321,333 | \$ 4,141,883 | \$ 4,372,676 |
| Net Pension Liability as a Percentage of Covered-Employee Payroll | 71.63% | 137.97% | 236.10% | 291.76% | 217.77% | 238.76% | 357.85% | 297.85% |

Notes to Schedule

Change of assumptions: the discount rate was changed from 5.58% to 6.08% effective January 1, 2021.

This schedule is prepared using the measurement date of December 31, 2021.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Citilink Pension Contributions

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|--------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Actuarially determined contribution | \$ 710,664 | \$ 679,457 | \$ 679,457 | \$ 667,218 | \$ 667,218 | \$ 807,741 | \$ 807,741 | \$ 578,442 |
| Contributions in relation to the actuarially determined contribution | <u>669,075</u> | <u>693,184</u> | <u>629,388</u> | <u>551,606</u> | <u>546,953</u> | <u>504,785</u> | <u>519,712</u> | <u>524,598</u> |
| Contribution deficiency | <u>\$ 41,589</u> | <u>\$ (13,727)</u> | <u>\$ 50,069</u> | <u>\$ 115,612</u> | <u>\$ 120,265</u> | <u>\$ 302,956</u> | <u>\$ 288,029</u> | <u>\$ 53,844</u> |
| Covered-employee payroll | \$ 5,696,890 | \$ 5,477,778 | \$ 4,812,177 | \$ 4,627,093 | \$ 4,615,686 | \$ 4,321,333 | \$ 4,141,883 | \$ 4,372,676 |
| Contributions as a percentage of covered-employee payroll | 11.74% | 12.65% | 13.08% | 11.92% | 11.85% | 11.68% | 12.55% | 12.00% |

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Valuation method: Entry age normal
- Asset valuation method: Market value as reported by Wells Fargo Bank
- Inflation: 2.50% per annum
- Salary increases: 4.00% per annum (1.00% merit plus 3.00% general increase)
- Cost of living adjustment: 2.50% per annum
- Investment rate of return: 7.50% per annum
- Retirement age: 65, with five years of continuous employment
- Mortality: PubG-2010 Mortality Table for males and females, as appropriate with adjustments for mortality improvements based on MP-2021

This schedule is prepared using Citilink’s most recent fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Changes in Citilink’s Total OPEB Liability and Related Ratios
Year Ended December 31, 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 435,394 | \$ 407,574 | \$ 399,857 | \$ 380,816 | \$ 314,864 |
| Interest | 162,290 | 159,146 | 217,521 | 221,829 | 246,066 |
| Differences between expected and actual experience | (219,168) | (1,057,004) | - | (716,951) | - |
| Changes of assumptions | (1,405,001) | (442,539) | 927,001 | 550,910 | 449,556 |
| Benefit payments, including refunds of employee contributions | <u>(128,009)</u> | <u>(322,976)</u> | <u>(594,632)</u> | <u>(553,146)</u> | <u>(510,336)</u> |
| Net Change in Total OPEB Liability | (1,154,494) | (1,255,799) | 949,747 | (116,542) | 500,150 |
| Total OPEB Liability - Beginning | <u>6,905,522</u> | <u>8,161,321</u> | <u>7,211,574</u> | <u>7,328,116</u> | <u>6,827,966</u> |
| Total OPEB Liability - Ending | <u>\$ 5,751,028</u> | <u>\$ 6,905,522</u> | <u>\$ 8,161,321</u> | <u>\$ 7,211,574</u> | <u>\$ 7,328,116</u> |
| Covered-Employee Payroll | \$ 8,058,936 | \$ 7,748,977 | \$ 7,450,939 | \$ 7,164,364 | \$ 5,038,925 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 71.36% | 89.12% | 109.53% | 100.66% | 145.43% |

Notes to Schedule

For the year ended December 31, 2022:

The discount rate changed from 2.25% at the beginning of the measurement period to 4.31% at the end of the measurement period.

For the year ended December 31, 2021:

The discount rate changed from 1.93% at the beginning of the measurement period to 2.25% at the end of the measurement period.

For the year ended December 31, 2020:

The discount rate changed from 3.10% at the beginning of the measurement period to 1.93% at the end of the measurement period.

For the year ended December 31, 2019:

The discount rate changed from 3.03% at the beginning of the measurement period to 3.10% at the end of the measurement period.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The schedule is presented as of the measurement date, which is the same as the year presented above.

**Other Information and
Supplementary Information**

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Revenue, Expenses and Changes in Net Position, Budget and Actual
Year Ended December 31, 2022

| | Original Budgeted Amounts | Actual Amounts Budgetary Basis | Budget to GAAP Differences Over (Under) | Actual Amounts GAAP Basis |
|--|---------------------------------|---|--|---------------------------------|
| Operating Revenue | | | | |
| Passenger fares | \$ 1,075,200 | \$ 818,159 | \$ (55,542) | \$ 873,701 |
| Fare subsidy | 296,718 | 294,740 | - | 294,740 |
| Para transit | 137,970 | 151,857 | - | 151,857 |
| Advertising service | 160,000 | 168,696 | - | 168,696 |
| Other | 600 | 2,086 | - | 2,086 |
| Total operating revenue | <u>1,670,488</u> | <u>1,435,538</u> | <u>(55,542)</u> | <u>1,491,080</u> |
| Operating Expenses | | | | |
| Salaries and wages | 6,752,765 | 6,837,123 | (12,693) | 6,849,816 |
| Fringe benefits | 6,017,065 | 5,858,772 | 2,221,571 | 3,637,201 |
| Services | 582,318 | 815,686 | (24,871) | 840,557 |
| Materials and supplies | 2,294,920 | 2,538,679 | 180,566 | 2,358,113 |
| Utilities | 144,000 | 147,298 | (5,502) | 152,800 |
| Casualty and liability costs | 532,951 | 451,386 | 29,279 | 422,107 |
| Taxes | 36,000 | 9,634 | (122) | 9,756 |
| Miscellaneous | 237,010 | 261,434 | (16,942) | 278,376 |
| Lease and rentals | 2,160 | 55,429 | - | 55,429 |
| Vehicle tracking system | 12,000 | 26,872 | - | 26,872 |
| Depreciation | - | - | (1,771,351) | 1,771,351 |
| Total operating revenue (expenses) | <u>16,611,189</u> | <u>17,002,313</u> | <u>599,935</u> | <u>16,402,378</u> |
| Operating income (loss) | <u>(14,940,701)</u> | <u>(15,566,775)</u> | <u>(655,477)</u> | <u>(14,911,298)</u> |
| Nonoperating Revenue (Expenses) | | | | |
| Local government assessments and taxes | 7,751,930 | 7,956,643 | - | 7,956,643 |
| Federal grants and reimbursements | 5,383,112 | 5,116,885 | 6,918 | 5,109,967 |
| State operating grants | 2,132,353 | 2,057,314 | (75,039) | 2,132,353 |
| Pass-through to subrecipient | (103,500) | 94,875 | 291,042 | (196,167) |
| Gain on sale of capital assets | - | 21,125 | - | 21,125 |
| Interest income | 3,000 | 5,006 | - | 5,006 |
| Rent and miscellaneous | 92,000 | 72,481 | 21,765 | 50,716 |
| Capital expenditures | - | (2,800,309) | (2,800,309) | - |
| Total nonoperating revenue | <u>15,258,895</u> | <u>12,524,020</u> | <u>(2,555,623)</u> | <u>15,079,643</u> |
| Net gain before capital contributions | <u>\$ 318,194</u> | <u>\$ (3,042,755)</u> | <u>\$ (3,211,100)</u> | <u>\$ 168,345</u> |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|---|--|---|------------------------------|-------------------------------|
| U.S. Department of Transportation | | | | |
| Federal Transit Cluster | | | | |
| Federal Transit Formula Grants | 20.507 | N/A | \$ — | \$ 34,147 |
| COVID: Federal Transit Formula Grants | 20.507 | N/A | — | 6,752,210 |
| Bus and Bus Facilities Formula Program | 20.526 | N/A | — | 1,231,991 |
| Total Federal Transit Cluster | | | — | 8,018,348 |
| Transit Services Programs Cluster | | | | |
| Enhanced Mobility of Seniors and Individuals With Disabilities | 20.513 | 35-2109955 | 103,500 | 115,000 |
| | | | 103,500 | 115,000 |
| | | | <u>\$ 103,500</u> | <u>\$ 8,133,348</u> |

Notes to Schedule

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Fort Wayne Public Transportation Corporation (Citilink) under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Citilink, it is not intended to and does not present the financial position, changes in net position or cash flows of Citilink.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-87 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Citilink has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Federal Loan Programs

The Fort Wayne Public Transportation Corporation had no federal loans it was administering as of December 31, 2022.



111 E. Wayne Street, Suite 600 / Fort Wayne, IN 46802

P 260.460.4000 / F 260.426.2235

forvis.com

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*

Independent Auditor's Report

Board of Directors
Fort Wayne Public Transportation Corporation
Fort Wayne, 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 (*Government Auditing Standards*), the financial statements of Fort Wayne Public Transportation Corporation (Citilink), a component of Consolidated City of Fort Wayne – Allen County, which comprise Citilink's statement of net position as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Citilink'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 statements, but not for the purpose of expressing an opinion on the effectiveness of Citilink's internal control. Accordingly, we do not express an opinion on the effectiveness of Citilink'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

FORVIS,LLP

Fort Wayne, Indiana
May 25, 2023

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Fort Wayne Public Transportation Corporation
Fort Wayne, Indiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Citilink's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Citilink's major federal program for the year ended December 31, 2022. Citilink'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, Citilink complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the 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 Citilink 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 Citilink'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 Citilink's federal program.

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 Citilink'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 Citilink'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 Citilink'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 Citilink'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 Citilink'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.

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.

FORVIS, LLP

Fort Wayne, Indiana
May 25, 2023

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II – Financial Statement Findings

| Reference Number | Finding |
|-----------------------------|----------------------------|
| | No matters are reportable. |

Section III – Federal Award Findings and Questioned Costs

| Reference Number | Finding |
|-------------------------|----------------------------|
| | No matters are reportable. |

Fort Wayne Public Transportation Corporation
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

| Reference Number | Summary of Finding | Status |
|-----------------------------|---------------------------|---------------|
| No matters are reportable. | | |