CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND

Management's Discussion and Analysis
and Financial Statements

December 31, 2019 and 2018

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Trustees
Capital Area Transit System
Employees' Pension Fund

Report on Financial Statements

We have audited the accompanying financial statements of Capital Area Transit System Employees' Pension Fund (the Plan) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of and for the year ended December 31, 2019, and the related statements of changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements
The financial statements of the Capital Area Transit System Employees' Pension Fund as of December 31, 2018, were audited by other auditors whose report dated May 28, 2019. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Plan and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 4, and the required supplementary information under Governmental Accounting Standards Board (GASB) Statement No. 67, beginning on page 24, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020, on our consideration of Capital Area Transit System Employees' Pension Fund internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Capital Area Transit System Employees' Pension Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
March 31, 2020

This discussion of the Capital Areas Transit System Employees' Pension Fund (the Plan) financial statements provides an overview and analysis of the Plan's financial position and activities for the year ended December 31, 2019. Please read it in conjunction with the Plan's financial statements and related notes.

Financial Highlights

The Plan's net position was $15.9 million and $12.5 million as of December 31, 2019 and 2018, respectively.

The net position increased by $3.4 million (or 27%) from the reported December 31, 2018 balances, and decreased by $.5 million (or 4%), from December 31, 2017 to December 31, 2018. The net increase in 2019 is primarily due to investment market performance.

The average overall rate of return on investments for the year was a positive 21.3% on a fair value basis for the year ended December 31, 2019, compared to last year's negative 6.3%. Factors affecting the rate of return include changes in world equity markets during the last two years. Overall rates of return are also affected by the amounts and timing of participant and employer contributions and participant distributions throughout the plan year.

The Plan's investments offered to participants consist of U.S. treasury and agency bonds, corporate bonds, corporate stocks, equity mutual funds, and annuities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The annual report is comprised of three components: 1) the Plan's financial statements, 2) the notes to the financial statements, and 3) the required supplementary information (management's discussion and analysis and required supplementary information under Governmental Accounting Standards Board (GASB) Statement No. 67). The information available in each of the first two components is summarized as follows:

Financial Statements

The statement of fiduciary net position presents information on the Plan's assets, liabilities and the resulting net position held in trust for benefit of Fund participants. This statement reflects the Plan's investments at estimate fair value, along with cash and other assets and liabilities as applicable. This statement indicates the net position available to pay future benefits and gives a snapshot of the Plan's financial position at a particular point in time.

The statement of changes in fiduciary net position presents information showing how the Plan's net position held in the trust changed during the years ended December 31, 2019 and 2018. It reflects contributions by the Plan Sponsor (Capital Area Transit System), along with deductions for benefits paid to participants upon retirement or other separation of employment.

Investment income is also presented showing income from the Plan's investments.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Plan's financial statements.

Financial Analysis

Total assets of the Plan were $15.9 million as of December 31, 2019, compared with $12.5 million as of December 31, 2018, and $13.0 million as of December 31, 2017. The Plan's invested assets consist principally of U.S. treasury and agency bonds, corporate bonds, corporate stocks, equity mutual funds, and annuities. The Plan has not reported any liabilities during 2019, 2018, and 2017.

A summary of the Plan's fiduciary net position for each of the last three years is presented below:

	December 31,		
	2019	2018	2017
Assets			
Cash and Cash Equivalents	**$ 1,106,295**	$ 1,727,476	$ 1,236,583
Receivables	**59,419**	75,649	77,290
Investments at Estimated Fair Value	**14,732,937**	10,735,239	11,703,796
Total Assets	**15,898,651**	12,538,364	13,017,669
Net Position - Restricted for Pension Benefits	**$ 15,898,651**	$ 12,538,364	$ 13,017,669

A summary of the changes in fiduciary net position during the years ended December 31, 2019, 2018, and 2017 follows:

	December 31,		
	2019	2018	2017
Additions			
Employer Contributions	**$ 719,883**	$ 720,360	$ 684,668
Employee Contributions	**636,414**	604,736	607,307
Net Investment Income (Loss)	**3,014,272**	(803,684)	1,933,099
Total Additions, Net	**4,370,569**	521,412	3,225,074
Deductions			
Benefits Paid to Participants, Including Refunds of Member Contributions	**859,896**	852,316	709,362
Administrative Expenses	**150,386**	148,401	124,891
Total Deductions	**1,010,282**	1,000,717	834,253
Increase (Decrease) in Net Position	**$ 3,360,287**	$ (479,305)	$ 2,390,821

The Plan's increase (decrease) in net position during the plan years ended December 31, 2018, 2017, and 2016, reflect a net increase of $3.4 million, a decrease of $.5 million, and an increase of $2.4 million, respectively, which represent the Plan's net investment income or loss for those years, contributions from the Plan Sponsor, net of distributions, and other benefits paid to plan participants. For the years ended December 31, 2019, 2018, and 2017, the Plan's investments earned income at rates comparable to those of the underlying securities and/or stated interest rates.

The Plan's changes in net position, as shown above, also reflect approximately $.7 million and $.7 million of employer contributions in the Plan for the years ended December 31, 2019 and 2018, respectively and $.6 million and $.6 million of employee contributions in the Plan for the years ended December 31, 2019 and 2018, respectively. The employer contributions and employee contributions were calculated as a percentage of eligible salaries based on the rates established in the collective bargaining agreement. Employer contributions and employee contributions have remained fairly consistent with only minor fluctuations in the years ended December 31, 2019, 2018, and 2017. Benefits paid to participants primarily include retirement benefits and payments and rollovers of the vested account balances of participants withdrawing from participation in the Plan upon termination of employment with Capital Area Transit System. The number of participants who received benefit payments remained fairly consistent with only minor fluctuations in the years ended December 31, 2019, 2018, and 2017.

Requests for Additional Information

If you have questions concerning any of the information provided herein or requests for additional financial information, contact Capital Area Transit System at (225) 389-8920.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Statements of Fiduciary Net Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and Cash Equivalents	**$ 1,106,295**	$ 1,727,476
Receivables		
Employer Contribution Receivable	**28,724**	40,246
Employee Contribution Receivable	**30,695**	35,403
Total Receivables	**59,419**	75,649
Investment at Estimated Fair Value		
Equities	**12,897,127**	9,059,736
Fixed Income	**882,299**	823,353
Annuities	**953,511**	852,150
Total Investments at Estimated Fair Value	**14,732,937**	10,735,239
Total Assets	**15,898,651**	12,538,364
Net Position Restricted for Pensions	**$ 15,898,651**	$ 12,538,364

The accompanying notes are an integral part of these financial statements.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Statements of Changes in Fiduciary Net Position
For the Years Ended December 31, 2019 and 2018

	2018	2017
Additions		
Contributions		
Employer Contributions	$ 719,883	$ 720,360
Employee Contributions	636,414	604,736
Total Contributions	1,356,297	1,325,096
Investment Income		
Net Appreciation (Depreciation) in Fair		
Value of Investments	2,929,326	(883,914)
Interest and Dividends	239,424	222,650
Class Action Settlements	80	-
Less Investment Expense	(154,558)	(142,420)
Total Net Investment Income (Loss)	3,014,272	(803,684)
Total Additions, Net	4,370,569	521,412
Deductions		
Benefits Paid to Participants, Including Refunds		
of Member Contributions	859,896	852,316
Administrative Expenses	150,386	148,401
Total Deductions	1,010,282	1,000,717
Net Increase (Decrease) in Net Position	3,360,287	(479,305)
Net Position Restricted for Pensions, Beginning of Year	12,538,364	13,017,669
Net Position Restricted for Pensions, End of Year	$ 15,898,651	$ 12,538,364

The accompanying notes are an integral part of these financial statements.

Note 1. Description of the Plan

The following description of the Capital Area Transit System Employees' Pension Fund (the Plan) provides only general information. Participants should refer to the Plan adoption agreement and the relevant Summary Plan Descriptions of the Plan, which are made available to all participants, for a complete description of the Plan's provisions.

The Capital Area Transit System (the System) is a corporation that was created by East Baton Rouge Parish (the Parish) to provide bus transportation services. In 2004, the Louisiana State Legislature enacted House Bill 1682, Act 581, to recognize the System as a political subdivision and provide that all its assets are public property.

The Capital Area Transit System Employees' Pension Trust Fund is included as a component unit within the financial statements of the System. The Capital Area Transit System Employees' Pension Trust Fund exists for the benefit of current and former System employees who are members of the Plan. The Plan is governed by an equal number of Employer Trustees and Union Trustees. Currently, the Plan is governed by a four-member board composed of two members representing the Employer Trustees and two members elected as Union Trustees. The Plan is funded by the investment of the contributions from the System and member employees who are obligated to make contributions to the Plan.

General

The Plan is a single-employer defined benefit pension plan that provides pensions for all employees of Capital Area Transit System (CATS) covered by the collective bargaining agreement. The Plan is intended to satisfy all of the requirements for a qualified retirement plan under the appropriate provisions of the Internal Revenue Code (IRC) and similar state tax laws.

The Plan is classified as a governmental plan and is not subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan, accordingly, does not file Form 5500, which was developed by the Internal Revenue Service, Department of Labor, and the Pension Benefit Guaranty Corporation to satisfy the reporting requirements of the IRS and ERISA.

Eligibility

Any individual employed by CATS, for whom contributions to the Plan are required to be made in accordance with the terms of the collective bargaining agreement, and other clerical and administrative employees of CATS who agree to make the required contributions to the Plan effective February 1, 1973, or within ninety days of the commencement of their employment with CATS, if later; or any employee of the Union.

Note 1. Description of the Plan (Continued)

Plan Membership

At December 31, 2019 and 2018 pension plan membership consisted of the following:

	2019	2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**76**	76
Inactive Plan Members Entitled to but not yet Receiving Benefits	**138**	134
Active Plan Members	**200**	203
Total	**414**	413

Contributions

According to the plan document, all contributions required to fund the Plan, on a sound actuarial basis, will be made by the employer and each participating employee as determined under the collective bargaining agreement. All benefits will be provided from the Plan, and will be attributable to employer and employee contributions. Contributions are expressed as a percentage of covered payroll. The contributions rates in effect for the year ended December 31, 2019 and 2018 were 8% for CATS and 7% for covered employees. The employer contributions for the years ended December 31, 2019 and 2018 were $719,883 and $720,360, respectively.

Contributions are remitted to the custodian in conjunction with the bi-weekly payroll periods and are invested in accordance with the provisions of the Plan.

Benefits Provided

Through December 31, 2018, a participating employee is eligible to receive a normal retirement benefit on the first of the month after which he has attained age sixty-two and completed ten years of service. On January 1, 2019, the Plan was amended change the normal retirement eligibility criteria to the first of the month after which he has attained age sixty-two and completed seven years of service. The monthly retirement benefit payable to an employee is equal to 1.2% of the member's average final compensation for each year of creditable service through January 31, 1991; and 1.4% of the member's average final compensation for each year of creditable service thereafter. The annual retirement benefit may not exceed the lesser of $75,000 or 100% of the average final compensation.

A participating employee is eligible to receive an early retirement benefit on the first of the month after which he has attained age fifty-five and completed fifteen years of service, five of which are completed after February 1, 1973. The monthly early retirement benefit payable to an employee is 1.2% of the member's average final compensation for each year of creditable service through January 31, 1991; and 1.4% of the member's average final compensation for each year of creditable service thereafter, reduced by one-half of one percent for each calendar month by which the early retirement date precedes the normal retirement date.

Note 1. Description of the Plan (Continued)

Benefits Provided (Continued)

In the event an employee's employment is terminated for any reason other than retirement, he is entitled to a refund of his employee contributions plus interest at two percent per annum. Once an employee who was hired on or after October 24, 2001 terminates and withdraws his employee contributions, he forfeits any right to the accrued benefit derived from employer contributions.

The normal form of benefit is a Three Year Certain and Continuous annuity. In the event a retiree dies before receiving thirty-six monthly payments from the Fund, the beneficiary will be entitled to the balance of the thirty-six payments. In lieu of receiving the normal form of benefit, a married employee is given the opportunity to elect or to decline to have his benefit paid in the form of a Joint and Survivor annuity. In no event, under this form of benefit, will the annuity payable to the survivor be less than one-half of, or greater than the amount of the annuity payable during the joint lives of the employee and his spouse. Such Joint and Survivor annuity must be the actuarial equivalent of a Three Year Certain and Continuous annuity payable to the employee. Unless a married employee elects otherwise in writing, their normal or early retirement benefit will be paid in the form of a Joint and 50% Survivor annuity.

A participating employee who becomes totally and permanently disabled after the completion of ten years of service, as determined and reported by the Board of Trustees, is entitled to a monthly disability benefit. The monthly disability pension payable to an employee is his accrued benefit. The benefit is payable no earlier than the first day of the sixth month following the month in which total and permanent disability began and will continue during total disability for life.

In the event of the death of an active employee prior to retirement eligibility, his surviving spouse is due a monthly benefit equal to 50% of the employee's vested accrued benefit as of the date of death. If there is no surviving spouse, the benefit will be payable to the surviving dependent children under the age of eighteen, or age twenty-two if the child is a full-time student of an accredited college, university, or vocational-technical institution.

If an employee dies, having elected the Joint and Survivor benefit, while eligible to retire but not yet actually retired, then the surviving spouse will receive a benefit in accordance with the option in effect as of the date of death.

In the event that a member dies and has no surviving spouse or child eligible for monthly benefits, a refund of employee contributions plus interest at two percent per annum will be due to their estate or named beneficiary.

Note 1. Description of the Plan (Continued)

Deferred Retirement Option Program

In lieu of terminating employment and accepting a retirement allowance, any participant of this plan who has been eligible for retirement, including early retirement, for at least one year, may elect to participate in the Deferred Retirement Option Plan (DROP). The election to participate in the DROP may be made only once, for a period not to exceed three years. Upon commencement of participation in the plan, membership in the Plan continues and the member's status changes to inactive. During participation in the DROP, neither employer nor employee contributions are payable. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP account. This fund does not earn interest while a person is participating in the DROP. In addition, no cost of living increases are payable to participants until employment which made them eligible to become members of the Plan has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the Board of Trustees. The monthly benefits that were being paid into the DROP account will begin to be paid to the retiree. If a participant dies during participation in the plan, a lump sum equal to his account balance in the DROP account is paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the period specified for participation, payments into the DROP account cease and the person resumes active contributing membership in the plan. All amounts which remain credited to the individual's subaccount after termination of participation in the DROP will be credited with interest at the end of each plan year at a rate equal to the realized return of the retirement plan's trust portfolio for that plan year as certified by the retirement plan actuary in his actuarial report, less an amount to be calculated at the same rate of payment that applies to the management of the fund's investment portfolio.

Upon termination of employment, the monthly benefits which were being paid into the participant's subaccount begin to be paid to the retiree and he shall receive a supplemental benefit based on his additional service rendered since termination of participation in the DROP. The supplemental benefit shall be calculated based only on the years of additional service since DROP participation and a final average compensation calculated by joining the service rendered immediately prior to participating in the DROP with that after DROP participation to find the highest five consecutive years of compensation.

In no event shall the supplemental benefit exceed an amount which, when combined with the original benefit, equals 100% of the average compensation figure used to calculate the supplemental benefit.

The Plan has no participants in DROP as of December 31, 2019 and 2018.

Note 2. Significant Accounting Policies

Basis of Accounting

The financial statements are prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB). These financial statements include the provisions of GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* and related standards.

The financial statements of the Capital Area Transit System Employees' Pension Fund have been prepared on the accrual basis of accounting. Contributions from CATS and its employees are recognized as revenue in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest and dividend income is recognized when earned. Under the Governmental Accounting Standards Board's Accounting Standards Codification the Plan's investment contract is required to be reported at fair value.

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, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions to and deductions from net position restricted for benefits. Actual results could differ from those estimates. The Plan utilizes various investment instruments, which, by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statement of fiduciary net position.

Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's Board by a majority vote of its members. It is the policy of the Plan's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Note 2. Significant Accounting Policies (Continued)

Investments (Continued)

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy as of December 31, 2019 and 2018:

Asset Class	Target Allocation
Domestic Large Cap Growth Equity	15%
Domestic Large Cap Value Equity	15%
Domestic Small to Mid Cap Growth Equity	8%
International Equity	15%
Domestic Investment Grade Fixed Income	25%
Convertible Bonds	10%
Cash and Cash Equivalents	10%
Real Estate Investment Trusts	2%
Total	100%

Rate of Return

For the year ended December 31, 2019 and 2018, the annual money-weighted rate of return (loss) pension plan investments, net of pension plan investment expense, was 21.20 percent and -5.98 percent, respectively. The money-weighted rate of return (loss) expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability as of December 31, 2019 and 2018 are as follows:

	2019	2018
Total Pension Liability	**$ 13,362,387**	$ 11,932,193
Plan Fiduciary Net Position	**15,898,651**	12,538,364
Net Pension Asset	**$ (2,536,264)**	$ (606,171)
Plan Fiduciary Net Position as a Total Percentage of the Total Pension Liability	**118.98%**	105.08%

Note 2. Significant Accounting Policies (Continued)

Actuarial Methods and Assumptions

The Total Pension Liability is based on the Individual Entry Age Normal actuarial cost method as described in GASB 67. Calculations were made as of December 31, 2019 and were based on December 31, 2019 data. The current year actuarial assumptions utilized are based on the assumptions used in the December 31, 2019 actuarial funding valuation which (with the exception of mortality) were based on the results of an actuarial experience study performed in 2015, unless otherwise specified. All assumptions selected were determined to be reasonable and represent expectations of future experience for the fund.

The total pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2019		December 31, 2018	
Actuarial Cost Method	**The Individual Entry Age Normal**		The Individual Entry Age Normal	
Asset Valuation Method	**The actuarial value of assets has been set equal to the market value of assets.**		The actuarial value of assets has been set equal to the market value of assets.	
Inflation	**2.10%**		2.25%	
	Years of Service	**Salary Growth Rate**	Years of Service	Salary Growth Rate
Projected Salary Increases, Including Inflation and Merit Increases	**1**	**17.00%**	1	17.00%
	2	**10.00%**	2	10.00%
	3 - 10	**5.25%**	3 - 10	5.25%
	11 and Over	**3.75%**	11 and Over	3.75%
Investment Rate of Return (Discount Rate)	**5.75%, net of pension plan investment expense, including inflation.**		6.00%, net of pension plan investment expense, including inflation.	

Mortality Rates - In the case of mortality, since the System's size is so small, no credible experience could be established for mortality. In the absence of such experience, mortality rates for active employees were based on the RP-2000 Employee Tables with a setback of four years for males and set back of three years for females. Mortality for retirees and beneficiaries was based on the RP-2000 Combined Healthy Table with Blue Collar Adjustment projected to 2032 using Scale AA. The RP-2000 Disabled Lives Mortality Table (set back five years for males and set back three years for females) was selected for disabled annuitants.

Note 2. Significant Accounting Policies (Continued)

Actuarial Methods and Assumptions (Continued)

In order to determine future expected returns, standard deviation of returns, and correlations between asset classes, forecast information from the Plan's investment consultant and other national investment consultants were gathered. From these forecasts, an average estimated real rate of return for key asset classes was compiled along with average expected standard deviations and correlations. The target asset allocations (shown below) for were combined with the consultant average expected returns, standard deviations, and correlations in order to produce an expected geometric rate of return for the portfolio over a long-term period (i.e., 30 years). It was determined that a reasonable range for the assumed rate of return was 5.48% to 6.91% with a net portfolio adjusted nominal expected rate of return of 6.19%. For the 2019 valuation, the board elected to lower the rate from 6.00% to 5.75%, which lies within the reasonable range. The average assumed long-term inflation rate was 2.10%. This was added to the real rates of return to determine expected long-term nominal rates of return for each asset class. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.37%
U.S. Investment Grade Corporate Fixed Income	1.70%
U.S. Large Cap Equities	5.50%
U.S. Small Cap Equities	6.54%
U.S. Mid Cap Equities	6.11%
International Developed Equities	6.23%
Real Estate Investment Trusts	5.83%

Discount Rate - The discount rate used to measure the total pension liability was 5.75% and 6.00% at December 31, 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that CATS contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 2. Significant Accounting Policies (Continued)

Actuarial Methods and Assumptions (Continued)

Sensitivity to Changes in the Discount Rate - The following presents the net pension asset of CATS calculated using the discount rate of 5.75%, as well as what the CATS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net Pension Asset	$ (850,932)	$ (2,536,264)	$ (3,943,092)

Expected Remaining Service Lives - The effects of certain other changes in the Net Pension Liability are required to be included in pension expense over the current and future periods. The effects of the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

The expected remaining service lives (ERSL) for the current and previous year are:

Beginning of Year	ERSL (in Years)
2019	3
2018	3

Note 3. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The Plan's cash and cash equivalents consistent of the following as of December 31, 2019 and 2018:

December 31, 2019	Fiduciary Pension Trust Fund	Total
Money Market Accounts	**$ 1,106,295**	**$ 1,106,295**
Total Cash and Cash Equivalents	**$ 1,106,295**	**$ 1,106,295**

December 31, 2018	Fiduciary Pension Trust Fund	Total
Money Market Accounts	$ 1,727,476	$ 1,727,476
Total Cash and Cash Equivalents	$ 1,727,476	$ 1,727,476

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the System's deposits may not be returned. To guard against this risk, under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The Plan had no custodial credit risk as of December 31, 2019 or 2018.

Investments

As of December 31, 2019 and 2018, assets classified as investments in accordance with the investment policy and state law are as follows:

	Fair Values	
	2019	2018
U.S. Treasury and Agency Bonds	**$ 533,001**	$ 461,089
Corporate Bonds	**349,298**	362,265
Corporate Stocks	**11,379,702**	7,880,528
Equity Mutual Fund	**1,517,425**	1,179,207
Annuities	**953,511**	852,150
Total	**$ 14,732,937**	$ 10,735,239

Note 3. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

As of December 31, 2019, the maturities of the Plan's investments in debt securities were as follows:

	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury and Agency Bonds	$ 533,001	$ 29,979	$ 428,215	$ 74,807	$ -
Corporate Bonds	349,298	22,150	198,282	128,866	-
Total	$ 882,299	$ 52,129	$ 626,497	$ 203,673	$ -

Interest Rate Risk. In accordance with its investment policy, the Plan manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than ten years with a maximum maturity of thirty years for any single security.

Credit Risk. The investment policy of the Plan limits investments in commercial paper and corporate bonds to ratings of A-1 and BBB or higher as rated by the nationally recognized statistical rating organizations (NRSROs). As of December 31, 2019 and 2018, the Plan held no commercial paper investments. The Plan's investments in domestic corporate bonds as of December 31, 2019 and 2018 varied between ratings of A and AAA, consistent with the investment policy. The Plan's investments in U.S. Agencies all carry the explicit guarantee of the U.S. government.

Concentration of Credit Risk. The Pension Trust Plan's investment policy does not allow for an investment in any one issuer that is in excess of 15% of the Plan's total investments, and no more than 30% of total investments in any one industry.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the Plan's name. At December 31, 2019 and 2018, all of the Plan's investments were held by an agent in the name of the Plan.

Note 3. Cash, Cash Equivalents, and Investments (Continued)

Fair Value of Investments

As required by GASB 72, investments are reported at fair value. Fair value is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The following levels indicate the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 Investments with inputs - other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly.

Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular risk. Assets classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Investments that does not have an established market are reported at estimated fair value. Gains and losses are reported in the statement of changes in fiduciary net position as net appreciation (depreciation) in fair value of investments during the period the instruments are held, and when the instruments are sold or expire.

The method described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Cash, Cash Equivalents, and Investments (Continued)

Fair Value of Investments (Continued)

The following table reflects the plans investments by fair value level as of December 31, 2019:

	December 31, 2019	Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury and Agency Bonds	**$ 533,001**	**$ 533,001**	**$ -**	**$ -**
Corporate Bonds	**349,298**	**349,298**	**-**	**-**
Equity Securities				
Corporate Stocks	**11,379,702**	**11,379,702**	**-**	**-**
Corporate Equity Mutual Fund	**1,517,425**	**1,517,425**	**-**	**-**
Alternative Investments				
Annuities	**953,511**	**-**	**-**	**953,511**
Total Investments by Fair Value Level	**$ 14,732,937**	**$ 13,779,426**	**$ -**	**$ 953,511**

The following table reflects the plans investments by fair value level as of December 31, 2018:

	December 31, 2018	Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S. Treasury and Agency Bonds	$ 461,089	$ 461,089	$ -	$ -
Corporate Bonds	362,265	362,265	-	-
Equity Securities				
Corporate Stocks	7,880,528	7,880,528	-	-
Corporate Equity Mutual Fund	1,179,207	1,179,207	-	-
Alternative Investments				
Annuities	852,150	-	-	852,150
Total Investments by Fair Value Level	$ 10,735,239	$ 9,883,089	$ -	$ 852,150

Note 4. Plan Termination

Although the Plan Sponsor has not expressed any intent to do so, the Plan Sponsor has the right to modify, suspend, or discontinue contributions to the Plan at any time, and such action shall not be deemed to be a termination of the Plan.

In the event the Plan terminates, the balance in each participant's or retired participant's account shall immediately become fully vested and non-forfeitable. Each participant, retired participant, or beneficiary shall be entitled to receive any amounts then credited to his or her account.

Note 5. Income Tax Status

The Internal Revenue Service has ruled that the Plan qualifies under Section 414(d) of the IRC and is, therefore, not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Pension Administrative Board of Trustees is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Note 6. Related Party Transactions

Plan investments include units of funds managed by Raymond James. Voya is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Note 7. Subsequent Events

Subsequent to December 31, 2019, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The Plan's investments are subject to potential loss arising from adverse changes in quoted market prices on mutual funds and marketable equity securities. Additionally, the System, the Plan's Sponsor, is subject to disruptions of its operations. The extent to which COVID-19 impacts the Plan and the System will depend on future developments, which are highly uncertain and cannot be predicted. As a result, the Plan Administrator has not yet determined the impact this disruption may have on the Plan financial statements for the year ending December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION
UNDER GASB STATEMENT NO. 67

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Changes in Net Pension Liability
For the Years Ended December 31, 2019, 2018, 2017, 2016, 2015, and 2014

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	$ 709,832	$ 705,207	$ 694,880	$ 609,044	$ 577,109	$ 444,547
Interest	733,100	712,051	685,993	661,807	684,863	638,511
Changes of Benefit Terms	101,812	-	-	-	-	-
Differences Between Expected and Actual Experience	268,488	(215,003)	(177,106)	(141,782)	(332,043)	255,430
Changes of Assumptions	476,858.00	-	-	-	414,840	-
Benefit Payments	(576,499)	(615,135)	(534,895)	(545,869)	(507,571)	(542,297)
Refunds of Member Contributions	(254,732)	(237,181)	(174,467)	(375,062)	(348,156)	(122,221)
Other	(28,665)	-	-	9,620	1,348	-
Net Change in Total Pension Liability	1,430,194	349,939	494,403	217,758	490,390	673,970
Total Pension Liability - Beginning	11,932,193	11,582,254	11,087,851	10,870,093	10,379,703	9,705,733
Total Pension Liability - Ending (a)	$ 13,362,387	$ 11,932,193	$ 11,582,254	$ 11,087,851	$ 10,870,093	$ 10,379,703
Plan Fiduciary Net Position						
Contributions - Member	$ 636,414	$ 604,736	$ 607,307	$ 589,279	$ 553,162	$ 448,920
Contributions - Employer	719,883	720,360	684,668	669,552	657,058	515,424
Net Investment Income	3,014,272	(803,684)	1,933,099	562,303	(238,834)	536,268
Benefit Payments	(576,499)	(615,135)	(534,895)	(545,869)	(507,571)	(542,297)
Refunds of Member Contributions	(254,732)	(237,181)	(174,467)	(375,062)	(348,156)	(122,221)
Administrative Expenses	(150,386)	(148,401)	(124,891)	(114,605)	(102,373)	(104,336)
Other	(28,665.00)	-	-	9,620	1,348	-
Net Change in Plan Fiduciary Net Position	3,360,287	(479,305)	2,390,821	795,218	14,634	731,758
Plan Fiduciary Net Position - Beginning	12,538,364	13,017,669	10,626,848	9,831,630	9,816,996	9,085,238
Plan Fiduciary Net Position - Ending (b)	$ 15,898,651	$ 12,538,364	$ 13,017,669	$ 10,626,848	$ 9,831,630	$ 9,816,996
Net Pension (Asset) Liability Ending (a-b)	$ (2,536,264)	$ (606,171)	$ (1,435,415)	$ 461,003	$ 1,038,463	$ 562,707
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.98%	105.08%	112.39%	95.84%	90.45%	94.58%
Covered-Employee Payroll	$ 8,998,538	$ 9,004,500	$ 8,558,350	$ 8,369,400	$ 8,213,225	$ 6,442,800
Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll	-28.19%	-6.73%	-16.77%	5.51%	12.64%	8.73%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Contributions
For the Years Ended December 31, 2019, 2018, 2017, 2016, 2015, and 2014

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year)	$ 191,669	$ 18,909	$ 240,490	$ 373,275	$ 330,993	$ 324,152
Contributions in Relation to the Actuarially Determined Contribution	719,883	720,360	684,668	669,552	657,058	515,424
Contribution Deficiency (Excess)	$ (528,214)	$ (701,451)	$ (444,178)	$ (296,277)	$ (326,065)	$ (191,272)
Covered-Employee Payroll	$ 8,998,538	$ 9,004,500	$ 8,558,350	$ 8,369,400	$ 8,213,225	$ 6,442,800
Contributions as a Percentage of Covered-Employee Payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Investment Returns
For the Years Ended December 31, 2019, 2018, 2017, 2016, 2015, and 2014

	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	21.20%	-5.98%	16.35%	5.49%	-2.41%	5.67%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

The supplementary information presented in Schedules I, II, and III above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	December 31, 2019
Actuarial Cost Method	The Individual Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	The actuarial value of assets has been equal to the market value of assets.
Inflation	2.10%

	Years of Service	Salary Growth Rate
Projected Salary Increases, Including Inflation and Merit Increases	1	17.00%
	2	10.00%
	3 - 10	5.25%
	11 and Over	3.75%

Investment Rate of Return (Discount Rate)	5.75%, net of pension plan investment expense, including inflation.

See independent auditor's report.

Retirement Age	A participating employee is eligible to receive a normal retirement benefit on the first of the month after which he has attained age 62 and completed 7 years of service. The monthly retirement benefit payable to an employee is equal to 1.2% of the member's average final compensation for each year of creditable service through January 31, 1991; and 1.4% of the member's average final compensation for each year of creditable service thereafter. The annual retirement benefit may not exceed the lesser of $75,000 or 100% of the average final compensation. A participating employee is eligible to receive an early retirement benefit on the first of the month after which he has attained age 55 and completed 15 years of service, five of which are completed after February 1, 1973. The monthly early retirement benefit payable to an employee is 1.2% of the member's average final compensation for each year of creditable service through January 31, 1991; and 1.4% of the member's average final compensation for each year of creditable service thereafter, reduced by one-half of one percent for each calendar month by which the early retirement date precedes the normal retirement date.
Mortality	In the case of mortality, since the System's size is so small, no credible experience could be established for mortality. In the absence of such experience, mortality rates for active employees were based on the RP-2000 Employee Tables with a setback of four years for males and set back of three years for females. Mortality for retirees and beneficiaries was based on the RP-2000 Combined Healthy Table with Blue Collar Adjustment projected to 2032 using Scale AA. The RP-2000 Disabled Lives Mortality Table (set back five years for males and set back three years for females) was selected for disabled annuitants.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

The Plan is sponsored by Capital Area Transit System. During the year ended December 31, 2019, the Plan had no employees and accordingly there was no compensation, benefits, or other such payment that met the reporting requirement for purposes of this schedule.

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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

To the Pension Administrative Committee
Capital Area Transit System
Employees' Pension Fund

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying statements of Capital Area Transit System Employees' Pension Fund (the Plan) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated March 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 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. We did identify certain deficiencies that we consider to be a significant deficiency which is described in the accompanying schedule of findings and responses as item 2019-001.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Plan'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Responses to Findings
The Plan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Plan's responses and, accordingly, we express no opinion on them.

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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
March 31, 2020

Part I - Financial Statements Findings

2019-001 Pension Plan Census Data

Criteria: The measurement of certain financial elements of a defined benefit plan is dependent on a plan members' demographic data, which is often referred to as census data. The accuracy and completeness of this census data is key to ensuring the valuation of the future benefit liability of the pension plan is accurate.

Condition: Methods for tracking changes in census data demographics and a process of reporting those changes the plan administrator were not adequately established. There were 2 of 25 employees selected for data testing where the data per the census did not agree to data per the payroll records due to the plan administrator not receiving the required data from the human resources department.

Cause: Turnover in key personnel in the human resources department, the lack of established written procedures and the lack of proper training of personnel.

Effect: The Condition resulted in an instance where controls did not function properly to appropriately report census information for the two participants that had terminated during the year.

Recommendation: We recommend that the CATS human resources department adopt written procedures to ensure the accuracy of employee records for the pension plan so that new employees and changes in plan member demographics are reported accurately and on a timely basis.

Management's Response: The Controller and new Director of Human Resources have been assigned the responsibilities to reconcile the procedures between HR and Payroll where all personnel changes are synchronized unilaterally, starting with HR. That policy and procedure will be documented as working manual securing consistency and accurate and timely accountability regardless of personnel changes. This will also provide an accurate and dependable exchange of needed reliable personnel data to the Pension Administrator on a regular and timely basis. This item is planned to be implemented immediately, and will be completed within 60 to 90 days. Existing software systems will be reviewed by our Business Analyst for improved efficiency, control, and confidentiality, seeking a reliable and consistent exchange of personnel data among staff, and the Pension Administrator.

2018-004 Pension Plan Census Data

This finding has not been resolved. See current year finding 2019-001.

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AGREED-UPON PROCEDURES REPORT

Capital Area Transit System Employees-Pension Fund

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2019 - December 31, 2019

To the Board Members of the
Capital Area Transit System
Employees-Pension Fund and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Capital Area Transit System-Pension Fund (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting,*** including preparing, adopting, monitoring, and amending the budget.

   b) ***Purchasin*g**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

   c) ***Disbursements***, including processing, reviewing, and approving.

d) ***Receipts/Collections,*** including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel,*** including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable),*** including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

h) ***Travel and Expense Reimbursement,*** including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) ***Ethics,*** including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: We noted procedures a), e), g), and j) were not applicable because the fund does not prepare a budget, have employees, have credit cards, and doesn't have debt. No exceptions noted for procedures c), h), and k) above. We noted that the pension fund does not have written policies to address procedures b), d), f), and i).

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: We noted no exceptions for procedure a above. We noted that procedures b and c above were not applicable because the pension is not required to have a budget and they do not have a negative fund balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged)

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

   Results: No exceptions noted for procedures a) and b) above. We noted procedure c) above to be not applicable as there were no reconciling or outstanding items.

Collections (Excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

   Results: We performed the above procedure and noted that there is one deposit site which is at the investment custodian, Raymond James. No exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

   Results: We noted procedures a through d above were not applicable because the pension fund does not have employees and contributions and investment income funds are received and processed by the investment custodian, Raymond James.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Results: We noted procedure a above was not applicable because the pension fund does not have employees.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   e) Trace the actual deposit per the bank statement to the general ledger.

   Results: We noted procedures a - e above were not applicable. The Plan does not have any employees receiving cash receipts. All receipts by the Plan consist of investment income and contributions from the primary government (Plan Sponsor) which are received directly by the investment custodian, Raymond James.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five.

   Results: We performed the above procedure and noted no exceptions.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedure relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
   b) At least two employees are involved in processing and approving payments to vendors.
   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

   Results: We performed procedures a through b above and noted no exceptions. Purchase requests are initiated by the outsourced plan administrator and are approved by the Board of Trustees. Payments are approved by the Board of Trustees and processed by the investment custodian, Raymond James. Procedures c through d above were not applicable because the pension fund does not have employees and disbursements are processed, signed, and mailed by the investment custodian, Raymond James. Raymond James is also responsible for maintaining the vendor files.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.
    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

    Results: We performed procedure a above and noted no exceptions. We noted procedure b above is not applicable because the pension fund does not have employees.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    Results: We noted all procedures for Credit Cards/Debit Cards/Fuel Cards/P-Cards are not applicable because the fund does not have credit cards.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

    b) Observe that finance charges and late fees were not assessed on the selected statements.

    Results: We noted all procedures for Credit Cards/Debit Cards/Fuel Cards/P-Cards are not applicable because the fund does not have credit cards.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    Results: We noted all procedures for Credit Cards/Debit Cards/Fuel Cards/P-Cards are not applicable because the fund does not have credit cards.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted all procedures for Travel and Travel-Related Expense Reimbursements (excluding card transactions) are not applicable because the pension fund does not travel and travel related expenses.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

    c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

    d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

    Results: We performed the above procedures and noted no exceptions.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

    Results: We noted all procedures for Payroll and Personnel are not applicable as the fund does not have employees.

17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

    Results: We noted all procedures for Payroll and Personnel are not applicable as the fund does not have employees.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

    Results: We noted all procedures for Payroll and Personnel are not applicable as the fund does not have employees.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

    Results: We noted all procedures for Payroll and Personnel are not applicable as the fund does not have employees.

Ethics

20. Randomly select five trustees, obtain ethics documentation from management, and:

    a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

    b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

    Results: We noted for procedure a above that all trustees selected did not complete one hour of ethics training. We could not perform procedure b above because the entity does not have an ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

    Results: We noted all procedures for Debt Service are not applicable because the plan does not have debt.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

    Results: We noted all procedures for Debt Service are not applicable because the plan does not have debt.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: We noted the procedure above is not applicable because there were no misappropriations of public funds.

24. Observe that the entity has posted on its premises and website, the notice required by L.R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: We noted the procedure above is not applicable because the fund does not have a physical location. Refer to primary government SAUPs for this procedure.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Capital Area Transit System - Pension Fund and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Baton Rouge, LA
March 31, 2020