CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND

Management's Discussion and Analysis
and Financial Statements

December 31, 2021 and 2020

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

Opinion

We have audited the financial statements of the Capital Area Transit System Employees' Pension Fund (the Plan) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Plan'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 fiduciary net position of the Plan as of and for the years ended December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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. 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 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 May 12, 2022, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Plan'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
May 12, 2022

Management's Discussion and Analysis

This discussion of Capital Area Transit System Employees' Pension Fund's (the Plan) financial statements provides an overview and analysis of the Plan's financial position and activities for the year ended December 31, 2021. Please read it in conjunction with the Plan's financial statements and related notes.

Financial Highlights

The Plan's net position was $21.4 million and $18.4 million as of December 31, 2021 and 2020, respectively.

The net position increased by $3.0 million (or 16%) from the reported December 31, 2020 balances, and increased by $2.5 million (or 16%) from December 31, 2019 to December 31, 2020. The net increase in 2021 is primarily due to investment market performance.

The average overall money weighted rate of return on investments for the year was a positive 13.4% on a fair value basis for the year ended December 31, 2021, compared to last year's positive 12.5%. 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 statements of fiduciary net position present information on the Plan's assets, liabilities, and the resulting net position held in trust for benefit of the Plan's participants. These statements reflect the Plan's investments at estimated fair value, along with cash and other assets and liabilities as applicable. These statements indicate the net position available to pay future benefits and give a snapshot of the Plan's financial position at a particular point in time.

The statements of changes in fiduciary net position present information showing how the Plan's net position held in the trust changed during the years ended December 31, 2021 and 2020. They reflect 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 $21.4 million as of December 31, 2021, compared with $18.4 million as of December 31, 2020, and $15.9 million as of December 31, 2019. 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 2021, 2020, or 2019.

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

	December 31,		
	2021	2020	2019
Assets			
Cash and Cash Equivalents	**$ 1,311,187**	$ 650,917	$ 1,106,295
Receivables	**6,723**	58,374	59,419
Investments at Estimated Fair Value	**20,127,960**	17,727,487	14,732,937
Total Assets	**21,445,870**	18,436,778	15,898,651
Net Position - Restricted for Pension Benefits	**$ 21,445,870**	$ 18,436,778	$ 15,898,651

A summary of the changes in fiduciary net position during the years ended December 31, 2021, 2020, and 2019 follows:

	December 31,		
	2021	2020	2019
Additions			
Employer Contributions	**$ 725,960**	$ 726,785	$ 719,883
Employee Contributions	**600,797**	639,979	636,414
Net Investment Income	**2,671,290**	2,143,824	3,014,272
Total Additions, Net	**3,998,047**	3,510,588	4,370,569
Deductions			
Benefits Paid to Participants, Including Refunds of Member Contributions	**814,849**	830,563	859,896
Administrative Expenses	**174,106**	141,898	150,386
Total Deductions	**988,955**	972,461	1,010,282
Increase in Net Position	**$ 3,009,092**	$ 2,538,127	$ 3,360,287

The Plan's increase in net position during the plan years ended December 31, 2021, 2020, and 2019 reflect a net increase of $3.0 million, a net increase of $2.5 million, and a net increase of $3.4 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, 2021, 2020, and 2019, 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 $0.7 million of employer contributions in the Plan for each of the years ended December 31, 2021 and 2020, and $0.6 million of employee contributions in the Plan for each of the years ended December 31, 2021 and 2020. 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, 2021, 2020, and 2019. 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, 2021, 2020, and 2019.

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 Employees' Pension Fund at (225) 769-4825.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Statements of Fiduciary Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and Cash Equivalents	**$ 1,311,187**	$ 650,917
Receivables		
Employer Contribution Receivable	**-**	27,143
Employee Contribution Receivable	**6,723**	31,231
Total Receivables	**6,723**	58,374
Investments at Estimated Fair Value		
Equities	**17,125,476**	15,712,806
Fixed Income	**2,013,849**	930,658
Annuities	**988,635**	1,084,023
Total Investments at Estimated Fair Value	**20,127,960**	17,727,487
Total Assets	**21,445,870**	18,436,778
Net Position Restricted for Pensions	**$ 21,445,870**	$ 18,436,778

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, 2021 and 2020

	2021	2020
Additions		
Contributions		
Employer Contributions	$ 725,960	$ 726,785
Employee Contributions	600,797	639,979
Total Contributions	1,326,757	1,366,764
Investment Income		
Net Appreciation in Fair Value of Investments	2,655,331	2,101,092
Interest and Dividends	229,388	209,829
Class Action Settlements, Net	(1,020)	3,603
Less Investment Expense	(212,409)	(170,700)
Total Net Investment Income	2,671,290	2,143,824
Total Additions, Net	3,998,047	3,510,588
Deductions		
Benefits Paid to Participants, Including Refunds of Member Contributions	814,849	830,563
Administrative Expenses	174,106	141,898
Total Deductions	988,955	972,461
Net Increase in Net Position	3,009,092	2,538,127
Net Position Restricted for Pensions, Beginning of Year	18,436,778	15,898,651
Net Position Restricted for Pensions, End of Year	$ 21,445,870	$ 18,436,778

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

Note 1. Description of the Plan

The following description of 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.

Capital Area Transit System (CATS or 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.

Capital Area Transit System Employees' Pension Trust Fund is included as a component unit within the financial statements of the System. 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. Employees not covered by the collective bargaining agreement have a one-time, irrevocable election to participate in the Plan within ninety calendar days after the first day of employment. 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 Internal Revenue Service (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, other clerical and administrative employees of CATS who agreed 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, employees of CATS not covered by the collective bargaining agreement that make the one-time irrevocable election to make the required contributions to the Plan within ninety days of the commencement of their employment with CATS, and any employee of the Union are eligible to participate in the Plan.

Note 1. Description of the Plan (Continued)

Plan Membership

At December 31, 2021 and 2020, pension plan membership consisted of the following:

	2021	2020
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**81**	78
Inactive Plan Members Entitled to but not yet Receiving Benefits	**151**	148
Active Plan Members	**157**	193
Total	**389**	419

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 contribution rates in effect for the years ended December 31, 2021 and 2020 were 8% for CATS and 7% for covered employees. The employer contributions for the years ended December 31, 2021 and 2020 were $725,960 and $726,785, 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 was eligible to receive a normal retirement benefit on the first of the month after which the employee has attained age sixty-two and completed ten years of service. The Plan was amended effective January 1, 2019 to change the normal retirement eligibility criteria to the first of the month after which the employee has attained age sixty-two and completed seven years of service. The Plan was amended effective January 1, 2021 to change the normal retirement eligibility criteria to the first of the month after which the employee has attained age sixty-two and completed six years of service, or 30 years of service regardless of age. 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.

Note 1. Description of the Plan (Continued)

Benefits Provided (Continued)

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 were 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.

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 Plan, 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, his 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 (the Board), 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.

Note 1. Description of the Plan (Continued)

Benefits Provided (Continued)

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 his estate or named beneficiary.

Deferred Retirement Option Program

In lieu of terminating employment and accepting a retirement allowance, any participant of the 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 DROP, 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. The DROP 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 DROP 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 DROP, 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 Plan's investment portfolio.

Note 1. Description of the Plan (Continued)

Deferred Retirement Option Program (Continued)

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 had no participants in the DROP as of December 31, 2021 and 2020.

Note 2. Summary of 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 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 during the reporting period. Actual results could differ from those estimates.

Note 2. Summary of Significant Accounting Policies

Use of Estimates (Continued)

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 risks. 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 statements 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.

The following was the Board's adopted asset allocation policy as of December 31, 2021 and 2020:

Asset Class	Target Allocation
Cash and Cash Equivalents	5%
U.S. Core Fixed Income	28%
U.S. High Yield Fixed Income	2%
U.S. Large Cap Equities	36%
U.S. Small/Mid Cap Equities	10%
International Developed Equities	15%
Diversified Hedge Funds	4%
Total	100%

Note 2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Rate of Return

For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return pension plan investments, net of pension plan investment expense, was 13.4% and 12.5%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability as of December 31, 2021 and 2020 are as follows:

	2021	2020
Total Pension Liability	**$ 17,009,221**	$ 14,266,902
Plan Fiduciary Net Position	**21,445,870**	18,436,778
Net Pension Asset	**$ (4,436,649)**	$ (4,169,876)
Plan Fiduciary Net Position as a Total Percentage of the Total Pension Liability	**126.08%**	129.23%

Actuarial Methods and Assumptions

The Total Pension Liability is based on the Individual Entry Age Normal actuarial cost method as described in GASB Statement No. 67. Calculations were made as of December 31, 2021 and were based on December 31, 2021 data. The current year actuarial assumptions utilized are based on the assumptions used in the December 31, 2021 actuarial funding valuation which were based on the results of an actuarial experience study performed in 2020. The prior year actuarial assumptions utilized were based on the assumptions used in the December 31, 2020 actuarial funding valuation which were based on the results of an actuarial experience study performed in 2020. All assumptions selected were determined to be reasonable and represent expectations of future experience for the fund.

Note 2. Summary of Significant Accounting Policies (Continued)

Actuarial Methods and Assumptions (Continued)

The Total Pension Liability was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2021		December 31, 2020	
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%**		2.10%	
	Years of Service	**Salary Growth Rate**	Years of Service	Salary Growth Rate
Projected Salary Increases,	**1 - 2**	**14.50%**	1 - 2	14.50%
Including Inflation and	**3 - 10**	**5.75%**	3 - 10	5.75%
Merit Increases	**11 and Over**	**4.25%**	11 and Over	4.25%
Investment Rate of Return (Discount Rate)	**5.10%, net of pension plan investment expense, including inflation.**		5.75%, 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 the actuarial valuation as of December 31, 2021 and 2020, for active employees, were based on the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 115% for males and 115% for females, each with full generational projection using the appropriate MP 2021 scale. Mortality for retirees and beneficiaries was based on the Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 115% for males and 115% for females. The Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 115% for males and 115% for females was selected for disabled annuitants.

Note 2. Summary of 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 was 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 of the Plan's investment consultant 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 5.07% to 6.12%, with a net portfolio adjusted nominal expected rate of return of 5.61%. For the 2021 and 2020 valuations, the Board elected to use the rate of 5.10% and 5.75%, respectively, which lie 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, 2021 are summarized in the following table:

	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	-0.22%
U.S. Core Fixed Income	0.97%
U.S. High Yield Fixed Income	3.20%
U.S. Large Cap Equities	5.78%
U.S. Small/Mid Cap Equities	6.13%
International Developed Equities	6.44%
Diversified Hedge Funds	2.63%

Discount Rate - The discount rate used to measure the total pension liability was 5.10% and 5.75% at December 31, 2021 and 2020, 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. Summary of 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 5.10%, as well as what the CATS net pension asset would be if it were calculated using a discount rate that is one percentage point lower (4.10%) or one percentage point higher (6.10%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease 4.10%	Current Discount Rate 5.10%	1% Increase 6.10%
Net Pension Asset	$ (2,076,788)	$ (4,436,649)	$ (6,386,400)

Expected Remaining Service Lives - The effects of certain other changes in the net pension asset 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 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 years are:

Beginning of Year	ERSL (in Years)
2021	3
2020	3

Note 3. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents

The Plan's cash and cash equivalents consisted of the following as of December 31, 2021 and 2020:

December 31, 2021	**Fiduciary Pension Trust Fund**	**Total**
Money Market Accounts	**$ 1,311,187**	**$ 1,311,187**
Total Cash and Cash Equivalents	**$ 1,311,187**	**$ 1,311,187**

December 31, 2020	Fiduciary Pension Trust Fund	Total
Money Market Accounts	$ 650,917	$ 650,917
Total Cash and Cash Equivalents	$ 650,917	$ 650,917

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 recovered. 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, 2021 or 2020.

Investments

As of December 31, 2021 and 2020, assets classified as investments in accordance with the investment policy and state law were as follows:

	Fair Values	
	2021	2020
U.S. Treasury and Agency Bonds	**$ 1,232,967**	$ 539,037
Corporate Bonds	**780,882**	391,621
Corporate Stocks	**17,125,476**	13,693,515
Equity Mutual Fund	**-**	2,019,291
Annuities	**988,635**	1,084,023
Total	**$ 20,127,960**	$ 17,727,487

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

Investments (Continued)

As of December 31, 2021, the maturities of the Plan's investments in debt securities were as follows:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury and Agency Bonds	$ 1,232,967	$ 131,269	$ 810,728	$ 290,970	$ -
Corporate Bonds	780,882	-	377,580	403,302	-
Total	$ 2,013,849	$ 131,269	$ 1,188,308	$ 694,272	$ -

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, 2021 and 2020, the Plan held no commercial paper investments. The Plan's investments in domestic corporate bonds as of December 31, 2021 and 2020 varied between ratings of AA+ and BBB, 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 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, 2021 and 2020, all of the Plan's investments were held by an agent in the name of the Plan.

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

Fair Value of Investments

As required by GASB Statement No. 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 do not have an established market are reported at estimated fair value. Gains and losses are reported in the statements 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 and Cash Equivalents and Investments (Continued)

Fair Value of Investments (Continued)

The following tables reflect the Plan's investments by fair value level as of December 31, 2021 and 2020:

		Fair Value Measurements Using:		
December 31, 2021	**Total**	**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	**$ 1,232,967**	**$ 1,232,967**	**$ -**	**$ -**
Corporate Bonds	**780,882**	**780,882**	**-**	**-**
Equity Securities				
Corporate Stocks	**17,125,476**	**17,125,476**	**-**	**-**
Alternative Investments				
Annuities	**988,635**	**-**	**-**	**988,635**
Total Investments by Fair Value Level	**$ 20,127,960**	**$ 19,139,325**	**$ -**	**$ 988,635**

		Fair Value Measurements Using:		
December 31, 2020	Total	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	$ 539,037	$ 539,037	$ -	$ -
Corporate Bonds	391,621	391,621	-	-
Equity Securities				
Corporate Stocks	13,693,515	13,693,515	-	-
Corporate Equity Mutual Funds	2,019,291	2,019,291	-	-
Alternative Investments				
Annuities	1,084,023	-	-	1,084,023
Total Investments by Fair Value Level	$ 17,727,487	$ 16,643,464	$ -	$ 1,084,023

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 IRS 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 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. Raymond James is the custodian as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Note 7. Subsequent Events

The Plan was amended effective January 1, 2022 to change the normal retirement eligibility criteria to the first of the month after which the employee has attained age sixty-two and completed five years of service, or 30 years of service regardless of age.

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
and Related Ratios
For the Year Ended December 31, 2021

Schedule 1

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 830,888	$ 763,995	$ 709,832	$ 705,207	$ 694,880	$ 609,044	$ 577,109	$ 444,547
Interest	845,889	788,722	733,100	712,051	685,993	661,807	684,863	638,511
Changes of Benefit Terms	424,629	-	101,812	-	-	-	-	-
Differences between Expected and Actual Experience	116,793	(459,611)	268,488	(215,003)	(177,108)	(141,782)	(332,043)	255,430
Changes of Assumptions	1,308,427	641,972	476,858	-	-	-	414,840	-
Benefit Payments	(443,239)	(569,144)	(576,499)	(615,135)	(534,895)	(545,869)	(507,571)	(542,297)
Refunds of Member Contributions	(347,071)	(209,670)	(254,732)	(237,181)	(174,467)	(375,062)	(348,156)	(122,221)
Other	6,003	(51,749)	(28,665)	-	-	9,620	1,348	-
Net Change in Total Pension Liability	2,742,319	904,515	1,430,194	349,939	494,403	217,758	490,390	673,970
Total Pension Liability - Beginning	14,266,902	13,362,387	11,932,193	11,582,254	11,087,851	10,870,093	10,379,703	9,705,733
Total Pension Liability - Ending (a)	$ 17,009,221	$ 14,266,902	$ 13,362,387	$ 11,932,193	$ 11,582,254	$ 11,087,851	$ 10,870,093	$ 10,379,703
Plan Fiduciary Net Position								
Contributions - Member	$ 600,797	$ 639,979	$ 636,414	$ 604,736	$ 607,307	$ 589,279	$ 553,162	$ 448,920
Contributions - Employer	695,418	726,785	719,883	720,360	684,668	669,552	657,058	515,424
Net Investment Income	2,671,290	2,143,824	3,014,272	(803,684)	1,933,099	562,303	(238,834)	536,268
Benefit Payments	(443,239)	(569,144)	(576,499)	(615,135)	(534,895)	(545,869)	(507,571)	(542,297)
Refunds of Member Contributions	(347,071)	(209,670)	(254,732)	(237,181)	(174,467)	(375,062)	(348,156)	(122,221)
Administrative Expenses	(174,106)	(141,898)	(150,386)	(148,401)	(124,891)	(114,605)	(102,373)	(104,336)
Other	6,003	(51,749)	(28,665)	-	-	9,620	1,348	-
Net Change in Plan Fiduciary Net Position	3,009,092	2,538,127	3,360,287	(479,305)	2,390,821	795,218	14,634	731,758
Plan Fiduciary Net Position - Beginning	18,436,778	15,898,651	12,538,364	13,017,669	10,626,848	9,831,630	9,816,996	9,085,238
Plan Fiduciary Net Position - Ending (b)	$ 21,445,870	$ 18,436,778	$ 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)	$ (4,436,649)	$ (4,169,876)	$ (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	126.08%	129.23%	118.98%	105.08%	112.39%	95.84%	90.45%	94.58%
Covered-Employee Payroll	$ 8,692,725	$ 9,084,813	$ 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	-51.04%	-45.90%	-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 notes to required supplementary information under GASB Statement No. 67 and independent auditor's report.

CAPITAL AREA TRANSIT SYSTEM
EMPLOYEES' PENSION FUND
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Contributions
For the Year Ended December 31, 2021

Schedule II

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year)	$ (155,600)	$ (13,627)	$ 191,669	$ 18,909	$ 240,490	$ 373,275	$ 330,993	$ 324,152
Contributions in Relation to the Actuarially Determined Contribution	695,418	726,785	719,883	720,360	684,668	669,552	657,058	515,424
Contribution Deficiency (Excess)	$ (851,018)	$ (740,412)	$ (528,214)	$ (701,451)	$ (444,178)	$ (296,277)	$ (326,065)	$ (191,272)
Covered-Employee Payroll	$ 8,692,725	$ 9,084,813	$ 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%	8.00%	8.00%

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

See notes to required supplementary information under GASB Statement No. 67 and 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 Year Ended December 31, 2021

Schedule III

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	13.40%	12.49%	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 notes to required supplementary information under GASB Statement No. 67 and 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, 2021	
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 set 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 - 2	14.50%
	3 - 10	5.75%
	11 and Over	4.25%
Investment Rate of Return (Discount Rate)	5.10%, net of pension plan investment expense, including inflation.	

Retirement Age	A participating employee is eligible to receive a normal retirement benefit on the first of the month after which he completes 30 years of service or has attained age 62 and completed 5 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 were 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 Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 115% for males and 115% for females, each with full generational projection using the appropriate MP 2020 scale. Mortality for retirees and beneficiaries was based on the Pub-2010 Public Retirement Plans Mortality Table for General Healthy Retirees multiplied by 115% for males and 115% for females. The Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 115% for males and 115% 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, 2021

The Plan is sponsored by Capital Area Transit System. During the year ended December 31, 2021, 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.

See independent auditor's report.

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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 Board of Trustees
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, 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated May 12, 2022.

Report on 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) as a basis for designing 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.

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 or significant deficiencies may exist that have not been identified.

Report on 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 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 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
May 12, 2022

Part I - Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting and compliance and other matters:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
c. Noncompliance material to the financial statements?	No
d. Other matters identified?	No
3. Management letter comment provided?	None

Federal Awards

Not applicable.

Part II - Financial Statements Findings

None.

2020-001 Untimely Enrollment

This finding has been resolved.

2020-002 Unremitted Contributions for Special Pay Dates

This finding has been resolved.

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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, 2021 - December 31, 2021

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

We have performed the procedures enumerated below on the Capital Area Transit System Employees' Pension Fund (the Pension Fund)'s control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Capital Area Transit System Employees' Pension Fund (the Fund) is responsible for those C/C areas identified in the SAUPs.

The Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the LLA's requirement of the minimum level of additional work to be performed at those local entities that meet the legal requirements to have an audit under the Audit Law. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to the user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings 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) ***Purchasing***, 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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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) ***Information Technology (IT) 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.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We noted procedures a, e, g, j, k, and l were not applicable because the Fund is not required to have a budget, does not have employees, does not have credit cards, and does not have debt. Also, the Fund does not have a physical location, own any computers, or have any IT processes outside of those performed by the third-party administrator. No exceptions noted for procedures b, c, d, f, h, and i above.

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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

   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 Fund is not required to have a budget and it does 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 twelve 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 - d above were not applicable because the fund does not have employees, and contributions and investment income funds are received and processed by the investment custodian, Raymond James.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

   Results: We noted procedure a above was not applicable because the 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: No exceptions noted for procedure e above. We noted procedures a - d above were not applicable. The Fund does not have any employees receiving cash receipts. All receipts by the Fund 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 that there is a payment processing site which is at the investment custodian, Raymond James.

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 and 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 and d above were not applicable because the 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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

    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 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, <u>excluding fuel cards</u>, 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 Fund did not have any travel or travel-related expenses during the fiscal period from January 1, 2021 to December 31, 2021.

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 and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

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 and 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.

    d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

    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, agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files, and agree the termination payment to entity policy.

    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 third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any 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. Using the five randomly selected employees/official from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

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

    b) Observe that the entity maintains documentation which demonstrates each trustee was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

    Results: As the Fund has no employees, we randomly selected five trustees for this procedure. We noted for procedure a above that one trustee selected did not complete the required one hour of ethics training. We noted procedure b is not applicable as there were no changes to the Fund's ethics policy during the fiscal period.

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 Fund 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 Fund does not have debt.

Fraud Notice

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 that there were no misappropriations of public funds.

24. Observe that the entity has posted on its premises and website, the notice required by 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 or website. Refer to primary government SAUPs for this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.

    c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

    Results: We noted all procedures for Information Technology Disaster Recovery/Business Continuity are not applicable because the Fund does not have a physical location, own any computers, or have any IT processes outside of those performed by the third-party administrator.

Sexual Harassment

26. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/ official completed at least one hour of sexual harassment training during the calendar year.

    Results: We noted all procedures for Sexual Harassment are not applicable because the Fund does not have employees.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

    Results: We noted all procedures for Sexual Harassment are not applicable because the Fund does not have employees.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that it includes the applicable requirements of R.S. 42:344:

    a) Number and percentage of public servants in the agency who have completed the training requirements;

    b) Number of sexual harassment complaints received by the agency;

    c) Number of complaints which resulted in a finding that sexual harassment occurred;

    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

    e) Amount of time it took to resolve each complaint.

    Results: We noted all procedures for Sexual Harassment are not applicable because the Fund does not have employees.

We were engaged by Capital Area Transit System Employees' Pension Fund to perform this agreed-upon procedures engagement and conducted our engagement 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, respectively, on the C/C areas identified in the SAUPs. 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.

We are required to be independent of Capital Area Transit System Employees' Pension Fund and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Capital Area Transit System Employees' Pension Fund and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. 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
May 12, 2022

Capital Area Transit System Employees' Pension Fund

CAPITAL AREA TRANSIT SYSTEM EMPLOYEES' PENSION FUND
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
DECEMBER 31, 2021

Ethics

The Pension Fund needs to reinforce ethics requirements, as outlined by the state, with the board of trustees at the next board meeting that takes place.

> The Pension Fund's Board of Trustees has discussed the ethics requirements, which are outlined by the state, at its meeting on May 18, 2022. The Fund will continue to notify new trustees that the requirements exist and will remind the existing trustees of the requirement to submit proof of compliance on an annual basis.

George H DeCuir

George DeCuir, Chairman of the Board of Trustees
CATS Employees' Pension Fund