FORV/S

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Board of Directors, Audit Committee and Management
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

As part of our audits of the financial statements and compliance of Indianapolis Public Transportation Corporation (IPTC) as of and for the year ended December 31, 2021, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

An audit performed 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 and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

IPTC's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Estimated useful lives of capital assets
- Risk management unpaid claims liability
- Actuarially determined net pension liability, and associated deferred outflows and inflows of resources as of year-end
- Actuarially determined other postemployment benefit obligation (OPEB)

Significant Unusual Transactions

Significant unusual transactions represent significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual due to their timing, size, or nature. We have identified the following transactions that we consider to be significant and unusual.

No matters are reportable.

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 1 – Significant accounting policies
- Note 6 – Long-term obligations
- Note 8 – Defined-benefit pension plan
- Note 9 – Other postemployment benefit plan

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Proposed Audit Adjustments Recorded

- Increase accounts payable and construction in progress

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole.
- We would like to call your attention to the fact that although these uncorrected misstatements, individually and in the aggregate, were deemed to be immaterial to the current year financial statements, it is possible that the impact these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated

Auditor's Judgments About the Quality of IPTC's Accounting Principles

During the course of the audit, we made the following observations regarding the IPTC's application of accounting principles:

- No matters are reportable

Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual comprehensive financial report. Management, or those charged with governance, is responsible for preparing the annual report. We were not engaged to audit the information contained in the annual report and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein. Instead, our objectives with regard to such information were to read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Significant Issues Discussed With Management

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Issuance of additional bonds during 2021

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we received excellent cooperation from IPTC staff and management.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We orally communicated to management a deficiency in internal control identified during our audit that is not considered a material weakness or significant deficiency

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of IPTC as of and for the year ended December 31, 2021, 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, we considered IPTC's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IPTC's internal control. Accordingly, we do not express an opinion on the effectiveness of the IPTC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of IPTC's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matter that we consider to be a deficiency.

Deficiency

Audit Adjustments

During the audit, we proposed the adjustments described previously, which is considered a deficiency, as IPTC's internal control environment did not timely detect the adjustments. We recommend IPTC continue to refine their procedures to ensure all balances are accurately and appropriately reported, especially as it relates to year-end financial statements.

OTHER MATTERS

Although not considered material weaknesses, significant deficiencies, or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

FUTURE ACCOUNTING AND REPORTING PRONOUNCEMENTS

GASB Statement No. 87*, Leases* – Effective 2022

Governmental Accounting Standards Board (GASB) Statement No. 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for fiscal years beginning after June 15, 2021 (IPTC's 2022 fiscal year). Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* - Effective 2022 and 2023

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates by either (a) changing the reference rate or (b) adding or changing fallback provisions related to the reference rate. The objective of GASB 93 is to address the accounting and financial reporting effects that result from the replacement of LIBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (IPTC's 2022 fiscal year). Certain other requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (IPTC's 2023 fiscal year).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - Effective 2023

It has become common for governments to enter into subscription-based contracts to use vendor-provided IT. Subscription-based Information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. The objective of GASB 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

Under GASB 96, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022 (IPTC's 2023 fiscal year), and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

GASB Statement No. 99, Omnibus 2022 – Effective Dates Through 2024

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of GASB Statement No. 99 are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, Accounting Changes and Error Corrections - 2024 Effective Date

The primary objective of GASB Statement No. 100 is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for marking decisions or accessing accountability. The Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Statement also requires disclosure in the notes as well as addresses how these items should be presented in the required supplementary information or supplementary information.

The requirements of GASB 100 are effective for accounting changes and error corrections made in reporting periods beginning after June 15, 2023. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences* - 2024 Effective Date

The primary objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

The requirements of GASB 101 are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

This communication is intended solely for the information and use of management, the Board of Directors, Audit Committee and others within IPTC and is not intended to be and should not be used by anyone other than these specified parties.

FORVIS, LLP

June 29, 2022

IndyGo

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

IndyGo

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	147,602,715		147,602,715	
Non-Current Assets & Deferred Outflows	262,609,216	519,449	263,128,665	0.20%
Current Liabilities	(14,971,943)		(14,971,943)	
Non-Current Liabilities & Deferred Inflows	(41,521,778)		(41,521,778)	
Current Ratio	9.859		9.859	
Total Assets & Deferred Outflows	410,211,931	519,449	410,731,380	0.13%
Total Liabilities & Deferred Inflows	(56,493,721)		(56,493,721)	
Total Net Position	(353,718,210)	(519,449)	(354,237,659)	0.15%
Operating Revenues	(5,902,425)		(5,902,425)	
Operating Expenses	121,607,089		121,607,089	
Nonoperating (Revenues) Exp	(169,118,475)	(519,449)	(169,637,924)	0.31%
Change in Net Position	(53,413,811)	(519,449)	(53,933,260)	0.97%

Client: IndyGo

Period Ending: December 31, 2021

IndyGo

SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows: *Current* DR (CR)	Assets & Deferred Outflows: *Noncurrent* DR (CR)	Liabilities & Deferred Inflows: *Current* DR (CR)	Liabilities & Deferred Inflows: *Noncurrent* DR (CR)	Operating Revenues DR (CR)	Operating Expenses DR (CR)	Nonoperating (Revenues) Exp DR (CR)	Net Position DR (CR)	Net Effect on Following Year: *Change in Net Position* DR (CR)	Net Effect on Following Year: *Net Position* DR (CR)
To correct grant revenue/receivable for invoice found during SURL that was eligible for federal reimbursement.		F	0	519,449	0	0	0	0	(519,449)	0	0	0
	Receivable			519,449								
	Grant Revenue								(519,449)			
Total passed adjustments			0	519,449	0	0	0	0	(519,449)	0	0	0

Impact on Change in Net Position	**(519,449)**
Impact on Net Position	**(519,449)**

Representation of:
Indianapolis Public Transportation Corporation (IPTC)
1501 West Washington Street
Indianapolis, IN 46222

Provided to:
FORVIS, LLP
Certified Public Accountants
201 North Illinois Street, Suite 700
Indianapolis, Indiana 46204

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the year ended December 31, 2021 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2021.

Our representations are current and effective as of the date of FORVIS' report: June 29, 2022.

Our engagement with FORVIS is based on our contract for services dated: December 29, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

4. We have everything we need to keep our books and records.

5. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the IPTC from whom you determined it necessary to obtain audit evidence.

    d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

    e. All significant contracts and grants.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

9. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:

    a. Management or employees who have significant roles in internal control, or

    b. Others, where activities of others could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the IPTC received in communications from employees, customers, regulators, suppliers, or others.

11. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

12. We have disclosed to you the identity of IPTC's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

    We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which IPTC may deal if IPTC can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the IPTC.

13. We are not aware of any side agreements or other arrangements (either written or oral) that are in place.

14. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Restrictions on cash balances or compensating balance agreements.

    g. Guarantees, whether written or oral, under which the IPTC is contingently liable.

15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

16. We have no reason to believe IPTC owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

18. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

    b. Reducing obsolete or excess inventories to estimated net realizable value.

    c. Sales commitments, including those unable to be fulfilled.

    d. Purchase commitments in excess of normal requirements or above prevailing market prices.

19. Except as disclosed in the financial statements IPTC has:

    a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

20. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events <u>could</u> occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

21. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

22. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

23. With respect to any nonattest services you have provided us during the year, including preparation of the Annual Comprehensive Financial Report:

    a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

    b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

    c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

    d. We have evaluated the adequacy of the services performed and any findings that resulted.

e. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

24. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

25. With regard to deposit and investment activities:

    a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

26. As an entity subject to *Government Auditing Standards*:

    a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.

    b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

    c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

    d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.

    e. We have a process to track the status of audit findings and recommendations.

    f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

    g. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards.*

27. With regard to federal awards programs:

a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.

b. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget* (OMB) *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.

c. We are responsible for complying, and have complied, with the requirements of Uniform Guidance.

d. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the IPTC has complied with all applicable compliance requirements.

e. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

f. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

g. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

h. The costs charged to federal awards are in accordance with applicable cost principles.

i. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.

j. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.

k. We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations, and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.

l. We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.

m. We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.

n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

o. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.

p. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.

q. We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.

r. The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.

s. The reporting package does not contain any protected personally identifiable information.

28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, pension, and other postemployment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

29. With regard to supplementary information:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

30. For disclosure requirements related to GASB 77, Tax Abatement Disclosures, IPTC has reviewed a complete listing of description of the tax abatement program in place, calculation of the gross dollar amounts by which tax revenues were reduced and information regarding any other commitments made under tax abatement agreements.

31. We have reviewed the actuarial assumptions applied to IPTC's pension and other post-employment benefits (OPEB) plans in calculating the net pension and total OPEB liability, related expense and other components and have determined that those assumptions are reasonable.

32. Due care has been exercised in the preparation of the introductory and statistical sections of the IPTC's Annual Comprehensive Financial Report (ACFR) and we are not aware of any information contained in those sections of the ACFR that is inconsistent with information contained in IPTC's basic financial statements and notes thereto.

33. With regard to other information that is presented in the form of our annual report:

    a. We confirm that Annual Comprehensive Financial Report comprise the annual report for the IPTC.

    b. We have provided you with the final draft of the annual report.

34. We agree with the findings of specialists in evaluating the values of balances related to actuarially determined pension and OPEB related balances and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

35. We acknowledge the current economic volatility continues to present difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing, etc.. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, net realizable value of inventory, etc., that could negatively impact IPTC's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the IPTC's financial statements. Further, management and governance are solely responsible for all aspects of managing the IPTC, including questioning the quality and valuation of investments, inventory, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans.

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