

# TARC BOARD OF DIRECTORS MEETING



## Meeting Notice:

Pursuant to KRS 96.A, the TARC Board of Directors is to meet monthly. The next meeting will be held:

**TARC Headquarters, 1000 W. Broadway, Louisville KY 40203**

**Board Room**

**Tuesday, September 28, 2021 at 1:30 p.m.**

Pursuant to KRS 61.810, the Board will enter into Closed Session, but shall not take any action in a Closed Session.

Pursuant to the Americans with Disabilities Act, persons with a disability may request a reasonable accommodation for assistance with the meeting or meeting materials. Please contact Ashlie Woods at 502.561.5108. Requests made as early as possible will allow time to arrange accommodation.

## Meeting Instructions:

Broadcast via Facebook Live at: [facebook.com/ridetarc](https://www.facebook.com/ridetarc)

Audience and/or TARC staff can join via Facebook Live, public comments will be accepted via Facebook Messenger, by calling 502-585-1234 or at [www.ridetarc.org](http://www.ridetarc.org)

## Join Zoom Meeting:

<https://zoom.us/j/93568235841?pwd=TzNHZklEVVlYZlplJR0ZNRM1iWm1Sdz09>

Meeting ID: 935 6823 5841

Passcode: 866915

**One tap mobile:** +13017158592,,93568235841#

# TARC BOARD OF DIRECTORS MEETING



## Agenda – September 28, 2021

|      |   |                    |             |
|------|---|--------------------|-------------|
| I.   | Quorum Call/Call to Order   | John Launius       | 1:30        |
| II.  | Approval of August Meeting Minutes  | Board of Directors | 1:35 – 1:40 |
| III. | Closed Session  | Board of Directors | 1:40 – 1:55 |
| IV.  | Staff Reports and Presentations   |                    | 1:55 – 2:10 |
|      | 1. August Performance Report  | Randy Frantz       |             |
|      | 2. Update on End of Fiscal Year /Audit  | Tonya Carter       |             |
| V.   | Action Items  |                    | 2:10 – 2:40 |
|      | a. Resolution 2021-31<br>Transit Software and Operations Support Software<br>Services: Trapeze and Vontas agreement | Carrie Butler      |             |
|      | b. Resolution 2021-32<br>Workers' Compensation & Employers Liability Insurance                                      | Carrie Butler      |             |
|      | c. Resolution 2021-33<br>Transit Asset Management Policy Restatement  | Geoffrey Hobin     |             |
|      | d. Resolution 2021-34<br>Acquisition of ADA Accessible Paratransit Vans   | Geoffrey Hobin     |             |
|      | e. Resolution 2021-35<br>Acquisition of ADA Accessible Paratransit Vehicles   | Geoffrey Hobin     |             |
|      | f. Resolution 2021-36<br>Fiscal Year 2021 Audited Financial Statements  | Tonya Carter       |             |
| II.  | Old Business  |                    |             |
| III. | New Business  |                    |             |
| IV.  | Chair's Report  | John Launius       | 2:40 – 2:50 |
|      | • Update on Subcommittees / Reports   |                    |             |
| V.   | Public Comment  | Pat Mulvihill      | 2:50 – 2:55 |
| VI.  | Proposed Agenda Items   | Carrie Butler      | 2:55 – 3:05 |
|      | • Revenue and Non-Revenue Fleet   |                    |             |
|      | • Mobile Ticketing Applications   |                    |             |
|      | • Recognition of Board Members  |                    |             |
|      | • Management Consulting Services  |                    |             |
| VII. | Adjournment   | John Launius       | 3:10        |

# TARC BOARD OF DIRECTORS MEETING



## August 2021 Board Meeting Minutes

The Board of Directors of Transit Authority of River City (TARC) met on August 24, 2021 at 1:30 P.M. in person at TARC Board Room, 1000 West Broadway.

### **Board Members Present**

#### **In person:**

Mary Morrow  
John Launius  
Charles Rogers  
Tawanda Owsley  
Carla Dearing

#### **Virtual:**

JC Stites  
Gary Dryden  
Ted Smith

### **Quorum Call**

Chair Morrow called the meeting to order at 1:33 P.M.

### **Adoption of Minutes**

The motion was duly moved for the July 2021 Board Meeting minutes by Carla Dearing and seconded by Tawanda Owsley. Board of Directors unanimously accepted the July 2021 Board Meeting minutes.

### **Staff Reports-**

#### **July Performance Report**

Presented By: Carrie Butler & Randy Frantz

See Powerpoint presentation

#### **Update on End of Fiscal Year/Audit**

Presented By: Tonya Carter

The MTTF accrual balance at the end of FY 21 is \$27.8 million

The MTTF cash balance at the end of FY 21 is \$22.5 million

The MTTF balance at the Finance Committee was \$18.7 million. Today after the July receipt deposit the balance is \$23.1 million.

#### **Update on Transit Asset Management (TAM)**

Presented By: Geoffrey Hobin

See Powerpoint presentation

# TARC BOARD OF DIRECTORS MEETING



## **Board Resolutions**

### **Resolution 2021-30 – Recognition of Service to Charles Rogers**

Presented by: Carrie Butler

A Resolution recognizing Charles “Chuck” Rogers for his contributions and service as a member of the TARC Board of Directors.

The motion was duly moved by Carla Dearing and seconded by JC Stites and approved.

### **Ad-Hoc Committee on Officers**

The Committee held an open meeting on August 17, 2021 with participation from Board Members. The Committee did recommend a slate of officers. The Committee recommended for Fiscal Year 2022 as Chair, John Launius and Vice-Chair, Carla Dearing.

The motion for John Launius to act as Chair and Carla Dearing to act as Vice-Chair was duly moved by Jan Day and seconded by Tawanda Owsley and approved.

## **Chair’s Report**

All of the members of the TARC Board, and the entire team, are aware of the challenges we have faced as an organization over the past 18 months since the outbreak of COVID. TARC ensured that it followed local, state and federal guidance and regulations, and modified business practices in order to protect employees and keep passengers safe. Current rates of vaccinations here at TARC fall well below the national average with less than 40% of our front-line workers taking the vaccine. TARC was able to secure vaccinations starting in February and we all appreciate those that have gotten their vaccine. Our hope is that our team will recognize that vaccinations are the best way that we know how to protect each other from COVID-19 and continue to reach a high level of vaccinations for employees.

I have directed staff to work on a response with regard to the feedback on low morale and communication. The request for essential pay will be handled as a Union-Management matter and is subject to collective bargaining negotiations and thus, this is not an appropriate forum to entertain those discussions.

## **Public Comment**

Presented by: Pat Mulvihill

“Why are sign on bonuses and referral being offered to new/incoming employees? But yet nothing is being offered as a incentive for the drivers/employees that have been working through the pandemic?” – Teven Tidwell

“The director doesn’t take the city seriously. If she did she would ride the routes each day to see how it feels instead of wasting money buying buses with no drivers to drive them. Thats like driving a car with 4 flat tire and with one spare to put without aaa. Use common sense director. Ask what the people want not what you want. Tarc was running good till new people got in. That guy and you. How are you going to make it better? ” – Drey Drey

“Teven is right!” - Jacob Rojan

# TARC BOARD OF DIRECTORS MEETING



“Buses are constantly late, drivers change the route or they don't even show up! I am being CONSTANTLY STRANDED! TARC needs to step up or it needs to refund tax money & money from the Federal Government!” – Christopher Huber

## **In-Person Speaker** – Lillian Brents, President ATU Local 1447

1. TARC Vaccination Site - We need to have on-site Vaccinations.
2. Hiring Process - We need to get the Mentoring program on board. Give tools to assist drivers and maintenance and do on-site training.
3. Essential Pay - Does the Board or leader plan on applying for Grants for essential pay and special wages?
4. MV Transit - TARC3 has a sign on bonus, why does TARC not offer a sign on or referral bonus?
5. Leadership at TARC - Need a better relationship with leadership at TARC. All of 2020 there were 36 grievances filed. As of now this year, there are already 32 grievances. Breakdown of communication and lack of willingness to work together.
6. Safe Working Conditions – Our drivers are dealing with the public/mental illnesses. There is a problem with response time
7. The Board Meetings are always posted last minute.

## **Proposed Agenda Items**

- TAM Policy
- Auditors Report
- Risco Report
- Restatement of Trapeze software and related contracts
- Pest Control Services

### Future Procurements/Resolutions:

- Mobile ticketing
- Solar Array
- Bus Barn Heating Ventilation and Air Conditioning (HVAC)
- General Contractor Services
- Security Guard Services
- Drug Testing Services

Former Chair Morrow welcomed our two newest Board Members, Tawanda Owsley and Jan Day. This is Ms. Owsley's second meeting and Ms. Day's first meeting. Former Chair Morrow feels comfortable leaving the Board in great hands.

## **Adjournment**

Chair Launius made a motion to adjourn at 2:44 p.m. which was moved by Tawanda Owsley and seconded by Jan Day and approved.

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John Launius  
Chair

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Date





# BOARD OF DIRECTORS UPDATE SEPTEMBER 28, 2021



# HIGHLIGHTS

## SINCE THE LAST BOARD MEETING.....

- Five “Bus Buzz” employee meetings
- Kicked off Long Range Plan effort, Electric Bus Fleet Transition, and Micromobility Study
- First TARC3 Townhall customer meetings
- Continued Emphasis on TARC3 Improvements
- Senior Leadership training “Harassment Prevention Training: Leading with Respect, Dignity, and Civility”
- Newly formed Employee Engagement Council
- Hiring, Hiring, Hiring!
- and.....Vote for Marcella Bell for ROSE award!





# MISSION STATEMENT

Deliver  
transportation  
services that  
enhance the  
Greater Louisville  
community





# MISSION STATEMENT & SUCCESS FACTORS

## DELIVER TRANSPORTATION SERVICES THAT ENHANCE THE GREATER LOUISVILLE COMMUNITY



### Deliver Quality Services

- Safe
- Accessible
- Sustainable



### Support the Community's Well Being

- Program Involvement
- Workforce & Economic Development
- Outreach



### Focus on Rider Needs

- Voice of the Customer
- Dependability
- Frequent, Fast, & Direct



### Engage an Effective Team

- Promote Transparency
- Training & Development
- Opportunities for Growth



### Maintain Adequate Financial Resources

- MTTF, Revenue, Expenses
- Fund Capital Needs
- Prudent Contractual Management



### Explore Visionary Opportunities

- Long Range Planning
- Transformative Technology
- Multimodal Trends



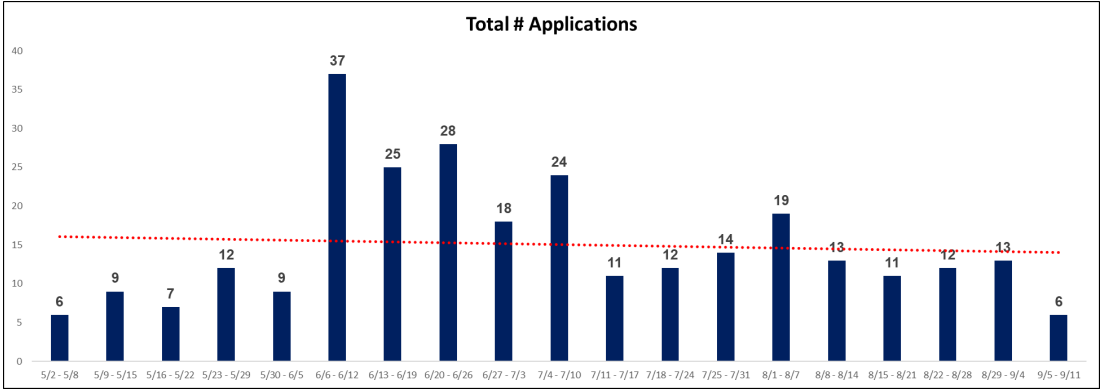
# TARC (FIXED ROUTE) OPERATOR STAFFING

# Budgeted: 376

# Total Operators: 330  
Delta to Budget: 46

# Available Operators: 301  
Delta from Total: 29

**252 applications received since 5/30**



- Graduated 10 from Jun19 class
- 21 began Aug 23 class, 16 remain
- Next class begins Oct 18, 11 verbal offers, working to fill

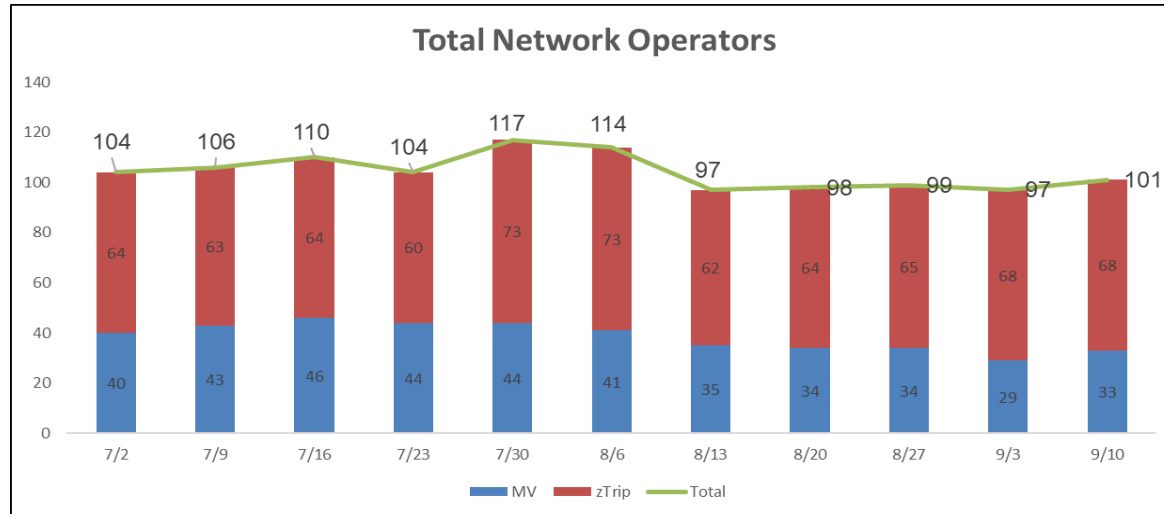


Ten new Coach Operators were officially welcomed to the TARC team during their Operator Badge Ceremony on Friday, Sept. 3. These new operators are road ready after completing six weeks of intense training and passing a skills test to earn a Commercial Driver's License. Congrats!





# TARC3 (PARATRANSIT) OPERATOR STAFFING



Total Network Headcount to Date: 101

## Operator Updates

- 10 drivers hired since August 1 (6 in August, 4 in September)
- Momentum (6 drivers) begins 9/13
- 7 drivers currently in training
- 9 in qualifications, 4 interviews scheduled

## Staffing / Service Actions

- Onsite recruiter
- VP Operations onsite
- \$500 employee referral bonus
- \$1,000 new employee sign on bonus
- Utilizing external job placement websites
- 100's phone contacts weekly
- Quarterly performance bonus
- Day of service incentives offered to drivers
- Weekly tokens of appreciation for staff



# RIDERSHIP

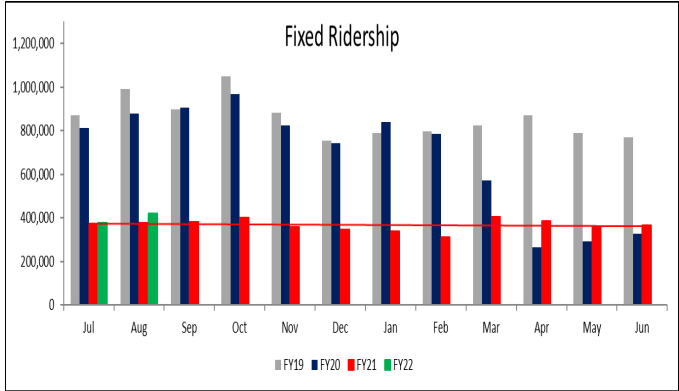
## FIXED ROUTE

Monthly

**421K**      +11% VLM  
                 +12% VLY

YTD

**800K**      +7% VLY



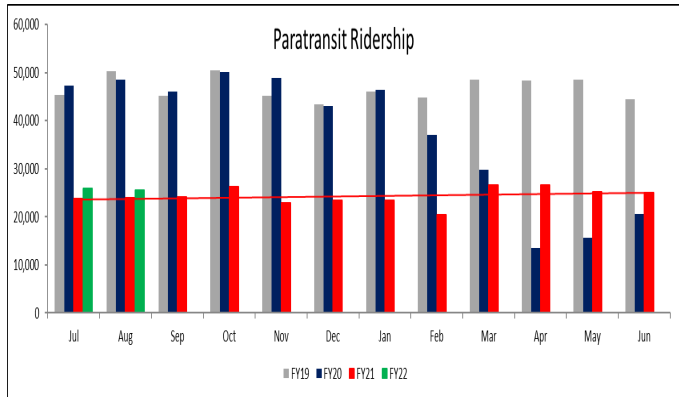
## PARATRANSIT

Monthly

**25.5K**      -14% VLM  
                 +7% VLY

YTD

**51.5K**      +8% VLY







# ON-TIME PERFORMANCE

## FIXED ROUTE

Monthly

80%

Flat VLM  
+2 Pts VLY

YTD

80%

+4 Pts VLY

Current Detours

Long Term:  
Line 15 VA construction  
Line 71 Middle Rd construction  
Line 19 & 31, Frankfort

## PARATRANSIT

Monthly

72%

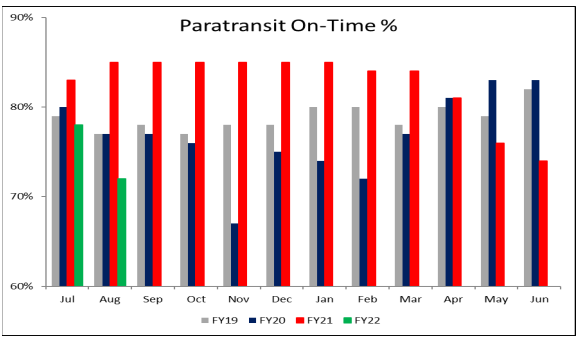
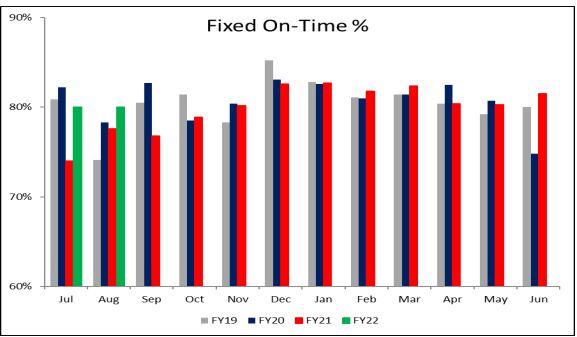
-2 Pts VLM  
-13 Pts VLY

YTD

75%

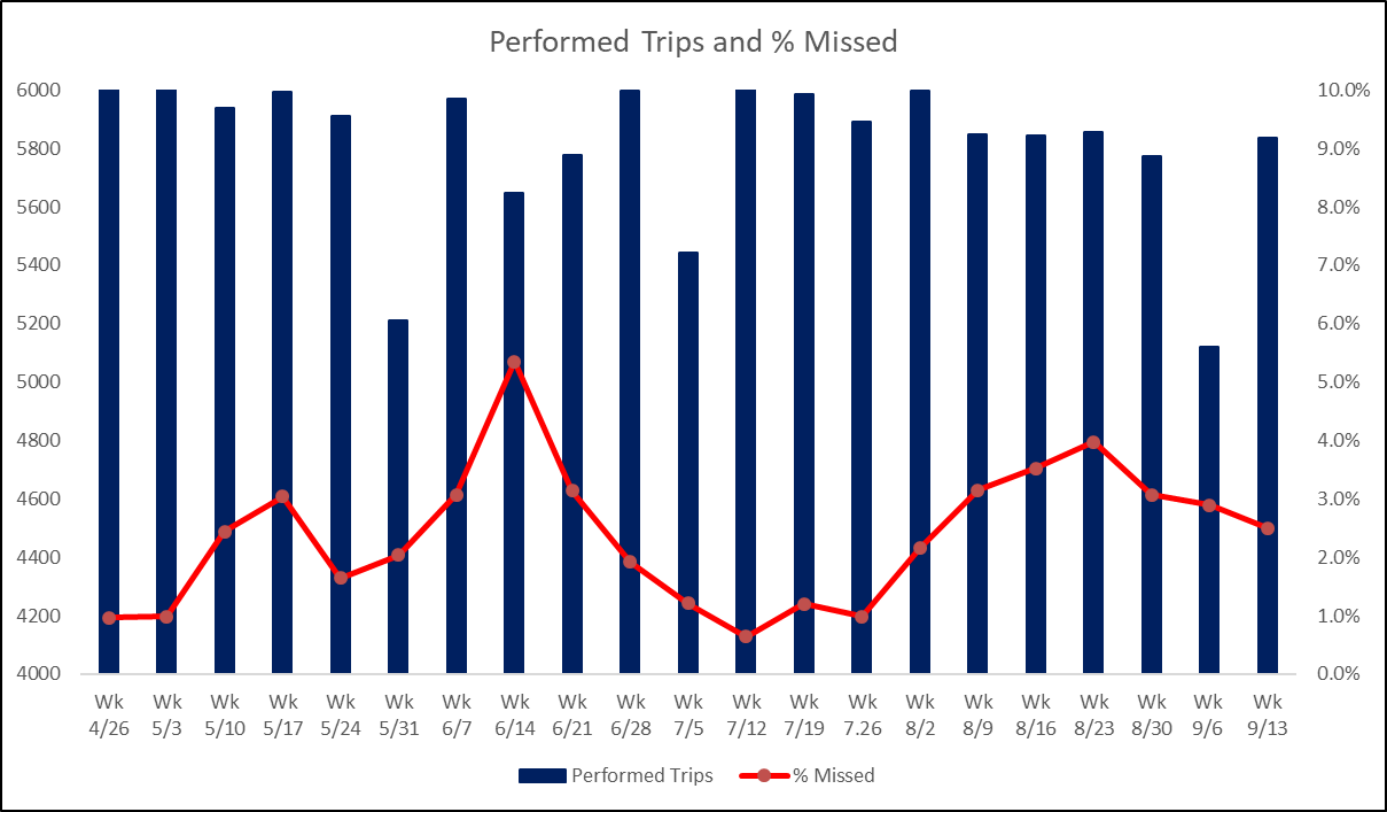
-9 Pts VLY

Short Term:  
Line 71 Graham St construction  
Line 10 & 18 Dixie RR crossing maintenance  
Line 19 35<sup>th</sup>/Bohne construction





# MV WEEKLY PERFORMANCE



% Missed Trips

Wk 9/13: 2.50%

Previous 5 Wk Avg: 3.33%

May: 2.0%, Jun: 3.4%, Jul: 1.0% Aug: 3.2%



# MV LIQUIDATED DAMAGES

## FIXED ROUTE

Monthly

YTD

**\$182.3K** +104% VLM  
+1,611% VLY

**\$271.7K** +1,020% VLY

Types of Penalties:

Missed Trip

Late Trip

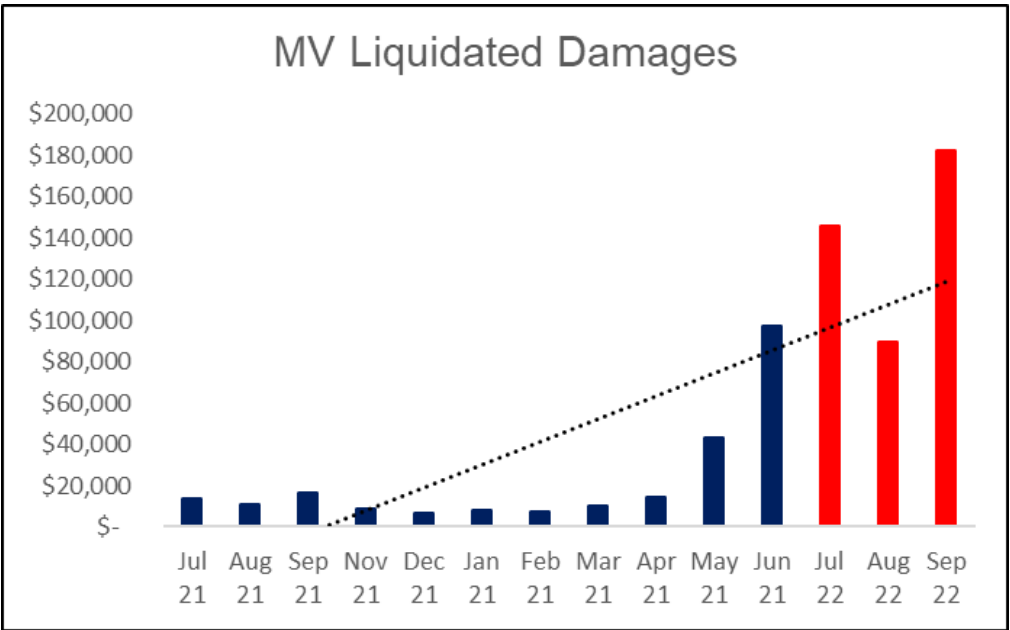
On-Time Performance

Excessive Trip Length

Customer Complaints

Compromised Safety

Maintenance





# SAFETY

## SAFETY PREVENTABLE ACCIDENTS

Monthly

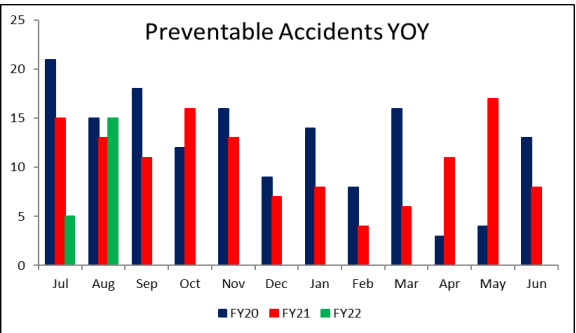
5

+ 200%VLM  
+15% VLY

YTD

20

-29% VLY



## SAFETY ACCIDENTS TOTAL

Monthly

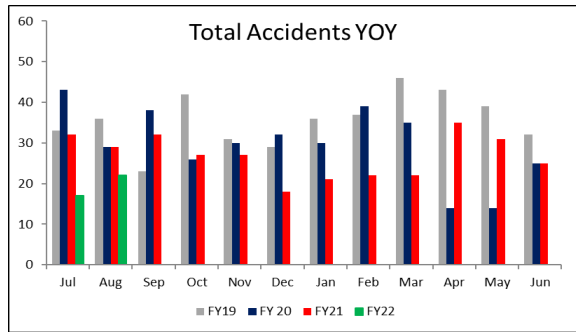
22

+29% VLM  
-24% VLY

YTD

39

-36% VLY



## PREVENTABLE ACCIDENTS / 100K MILES

Monthly

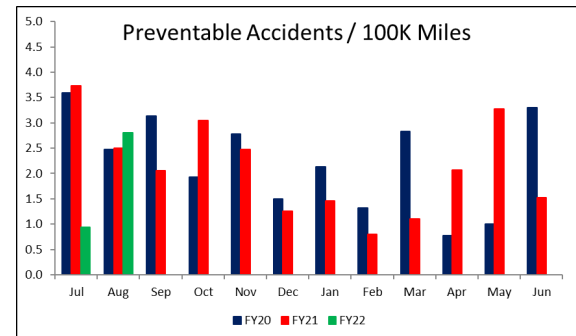
2.8

+211%VLM  
+12% VLY

YTD

1.9

-38% VLY







# CUSTOMER SERVICE COMPLAINTS

## FIXED ROUTE

Monthly

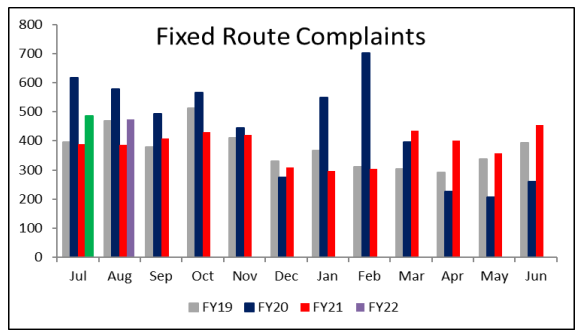
474

-2% VLM  
+22% VLY

YTD

1.0K

+23% VLY



## PARATRANSIT

Monthly

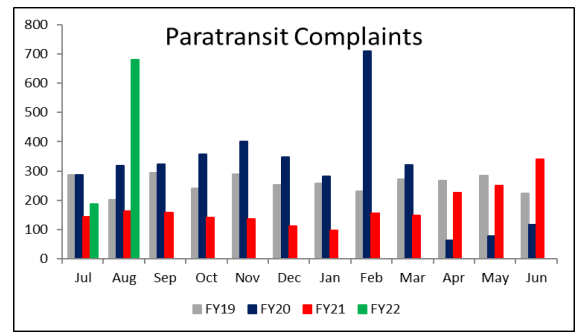
680

+261% VLM  
+314% VLY

YTD

0.9K

+182% VLY



## COMPLAINTS / 1,000 RIDERS

Monthly

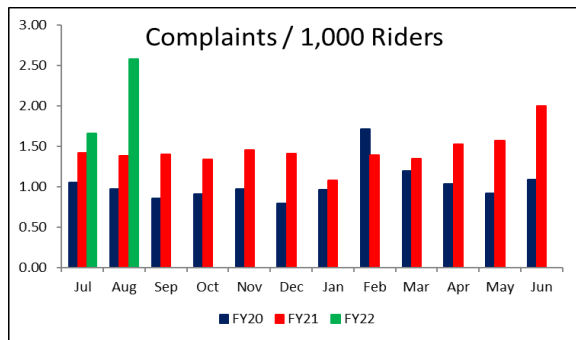
2.6

+55% VLM  
+85% VLY

YTD

2.1

+52% VLY



# COVID VACCINATION EFFORTS

## BY THE NUMBERS.....

|                     | <u>TARC</u> | <u>TARC3</u> |
|---------------------|-------------|--------------|
| # Transit Operators | 357         | 121          |
| # Frontline Workers | 232         | 47           |
| TOTAL EE's          | 589         | 168          |
| Total Vaccinated    | 256         | 64           |
| % Vaccinated        | 43%         | 38%          |

- Onsite vaccines offered Sep16
- Keeping a watchful eye on vaccine mandate discussions



## OPEN POSITIONS

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Coach Operator

Dispatch Supervisor

Hostler (Bus Cleaner)

Mechanic

Operator Supervisor

Procurement and Contract Administrator

Relief Supervisor

Staff Accountant





**THANK YOU**

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## SEPTEMBER BOARD OF DIRECTORS UPDATE

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September 28, 2021



# MEMORANDUM

**To:** John Launius, Chair of TARC Board of Directors

**From:** Carrie Butler, Executive Director

**Date:** September 28, 2021

**Re:** Resolution 2021-31 Amendment and restatement of Trapeze products

The purpose of this Resolution 2021-31 is to restate and clarify the Transit Authority of River City (TARC)'s business and contractual relationship with Trapeze and associated companies. This relationship extends back into the previous century, with various amendments over the past twenty years. The current agreement between TARC and Trapeze started in 1997, was expanded in 2001 and was amended in 2012 and amended again in 2013 for a specific farebox project. Additionally, TARC through Resolution 2020-37 purchased a software tool for data and reporting called, TransTrack, which is owned by Trapeze's parent company Constellation. Further, Trapeze software has split the On-Board Operations software and equipment to a company called Vontas (see attached letter).

The agreements over the years have included software license agreements, software maintenance agreements, and/or enhancements for the following types of products:

- 1) Paratransit scheduling and reservations software
- 2) Customer feedback and management software
- 3) Fixed route operations management software
- 4) On-Board operations software and equipment

At this time, these applications and associated equipment continue to meet TARC's needs. TARC procurement staff conducted an Independent Cost Estimate and pricing analysis and have deemed the price fair and reasonable to continue this arrangement. The current pricing for the Trapeze products and the Vontas products is as follows:

| Trapeze Annual Cost                | Total         |
|------------------------------------|---------------|
| March 1, 2021 to February 28, 2022 | \$ 371,778.00 |
| March 1, 2022 to February 28, 2023 | \$ 390,367.00 |

\* Attached letter details the software application specific cost, and the products Blockbuster, Bus Stop Manager, and PASS-CT products are not being renewed at this time as they no longer meet TARC's expectations.



| Vontas Annual Cost              | Novus Software | Novus Hardware | Total         |
|---------------------------------|----------------|----------------|---------------|
| April 1, 2021 to March 31, 2022 | \$ 220,774.00  | \$ 284,233.00  | \$ 505,007.00 |
| April 1, 2022 to March 31, 2023 | \$ 231,812.70  | \$ 298,444.65  | \$ 530,257.35 |

This resolution requests to confirm the Executive Director's authority to continue this longstanding relationship with Trapeze, to consolidate various agreements into one master contract that includes the following prices for the next two years.

Please feel free to contact me at 502-561-5100 if you have any questions. Thank you.



## **RESOLUTION 2021-31**

### **Amendment and Restatement of Trapeze and Vontas Products**

A Resolution authorizing the Executive Director to continue contractual relationships with Trapeze and Vontas.

**WHEREAS**, TARC has had software and maintenance agreements with Trapeze since 1997, and;

**WHEREAS**, TARC received the costs for additional years of pricing for the software products and hardware, and;

**WHEREAS**, the review of reasonable costs from an Independent Cost Estimate and the criteria for a sole source agreement have been examined, and;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that:

The Executive Director is hereby authorized to enter into a contract for an initial term of two (2) years for the terms:

| <b>Trapeze Annual Cost</b>         |                 | <b>Total</b>    |               |
|------------------------------------|-----------------|-----------------|---------------|
| March 1, 2021 to February 28, 2022 |                 | \$ 371,778.00   |               |
| March 1, 2022 to February 28, 2023 |                 | \$ 390,367.00   |               |
| <b>Vontas Annual Cost</b>          | <b>Software</b> | <b>Hardware</b> | <b>Total</b>  |
| April 1, 2021 to March 31, 2022    | \$ 220,774.00   | \$ 284,233.00   | \$ 505,007.00 |
| April 1, 2022 to March 31, 2023    | \$ 231,812.70   | \$ 298,444.65   | \$ 530,257.35 |

**ADOPTED THIS 28<sup>th</sup> DAY OF SEPTEMBER 2021**

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**John Launius, Chair of the Board of Directors**





August 25, 2021

Ms. Carrie Buter  
Executive Director  
Transit Authority of River City  
1000 W. Broadway  
Louisville, KY 40203

Ms. Butler,

We are very excited to announce the realignment of Trapeze Group Americas (Trapeze) into two business divisions. Trapeze will continue to deliver Mobility on Demand (including Demand Response), Mobility-as-a-Service, Mobility Planning and Scheduling, Asset Management, Workforce Management, and data analytics solutions as we do today. Moving forward, our new business division, Vontas, will focus exclusively on Intelligent Transportation Solutions (ITS), including Yard Management, and Fare Collection.

Trapeze and Vontas will continue to operate under the same legal name, Trapeze Software Group, Inc.; however, you may see the Vontas operating group added as a dba. All contractual agreements will continue to be signed with Trapeze Software Group, Inc. and there are no changes to current contracts regardless of which operating group supports your products. The EIN # (98-0358175) will remain the same for both operating groups. As separate operating groups, we now have different remittance bank accounts for invoices. You will continue to receive invoices on a per product basis.

This realignment has no effect on any legal agreements or projects that you may have with TransTrack Systems, Inc. which is a separate legal entity from and a wholly owned subsidiary of Trapeze Software Group, Inc.

Both Trapeze Software Group, Inc. (which includes its business divisions operating under the brands Trapeze and Vontas) and TransTrack Systems, Inc. are indirect wholly owned subsidiaries of our ultimate parent company Constellation Software Inc., which is a publicly traded company listed on the Toronto Stock Exchange.

### **Why are we realigning?**

Our industry is perhaps the most dynamic in the world. Mobility trends, rider experience, technology innovation, and the indelible stamp of the global pandemic have changed our industry forever. We believe our change in approach will allow us to serve you more effectively. We will be more adept at understanding, anticipating, and acting on your ever-changing needs.

### **What this means for our customers:**

We will ensure these changes do not take away from the desired seamless integration or reliable customer support across all our solutions, particularly for those of you who rely on solutions from both divisions. Our



plans include accelerated advancements and investments for our products across the board, including technology, integration, and supportability.

**Introducing Trapeze and Vontas Leadership:**

Trapeze's vision is to continuously elevate every rider's experience. I am excited to announce that our Trapeze business is now led by Teresa Domingo. Speaking about the future of Trapeze, Teresa said, "I am thrilled for us to be in a strong position to work more closely with our customers and better serve their needs. With change comes opportunity – we are very focused on unlocking new sources of value for our customers to help them achieve their short and long-term goals."

In a world where riders have so many transit options, Vontas' vision is to make public transit the desired mode of transportation for every community. I am excited to announce that Vontas is led by Peter Aczel. Regarding the realignment, Peter shared, "The launch of Vontas empowers us to better focus on developing and delivering the right ITS solutions to provide the best possible travel experience for the riding public. This realignment enables us to be more flexible and adaptable in delivering innovative products to meet our customer's needs. I am very excited to bring my decade-long experience in the ITS field to the Vontas team to help support our customers."

**What this means for your agency:**

As a Trapeze and Vontas customer, we are committed to serving you better, and we believe this realignment will allow us to do just that! We will reach out to your agency over the coming weeks to ensure a deeper level of engagement with your Account Management teams.

Attached are answers for some of your initial questions. Please reach out to our Trapeze and Vontas Customer Care team with any questions or support you need.

| Vontas Customer Care  | Trapeze Customer Care   |
|---|---|
| Call: 1-888-392-0337  | Call: 1-877-411-8727  |
| Email: <a href="mailto:customercare@vontas.com">customercare@vontas.com</a> | Email: <a href="mailto:cc@trapezegroup.com">cc@trapezegroup.com</a> |

We want to thank you for your partnership and your business!

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Aczel", is placed above the printed name.

Peter Aczel  
General Manager, Vontas

## Frequently Asked Questions (FAQ)

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This document was prepared to help answer the most likely questions you may have about the realignment of Trapeze Group Americas into two business divisions; Trapeze and Vontas. Please reach out to your Account Manager or our Customer Care teams with any additional questions you may have.

### **What does this realignment mean for our agency?**

Trapeze is dividing into 2 divisions to continue to meet the unique needs of our customers. Trapeze Group Americas will continue to deliver Mobility on Demand (including Demand Response), Mobility-as-a-Service, Mobility Planning and Scheduling, Asset Management, Workforce Management, and data analytics solutions. Vontas, will focus exclusively on Intelligent Transportation Solutions (ITS), including Yard Management and Fare Collection.

### **Why has Trapeze segmented their business?**

Our industry is perhaps the most dynamic in the world. Mobility trends, rider experience, technology innovation, and the indelible stamp of the global pandemic have changed our industry forever. We wholeheartedly believe our change in approach will allow us to serve you more effectively. We will be more adept at understanding, anticipating, and acting on your ever-changing needs.

### **How does this benefit me, as a customer?**

This realignment of our business enables both Trapeze and Vontas to better serve the unique departmental needs of our customers by allowing us to:

- Foster deeper engagement with you to better understand, anticipate and act on your ever-changing needs. This allows us to be more responsive to your needs.
- Increase speed of product innovation designed to meet those changing needs.

### **How will this impact my current contract(s) with Trapeze?**

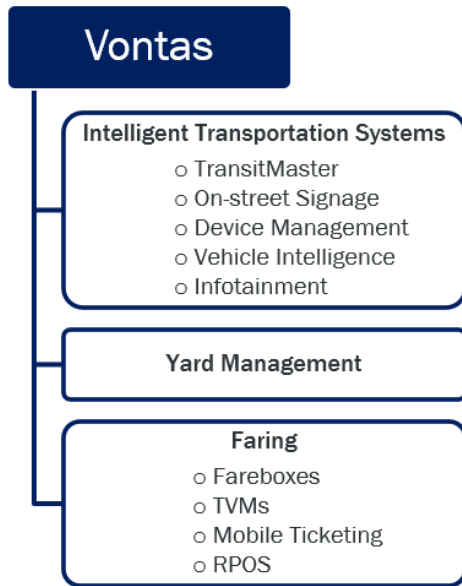
All contractual agreements will continue to be signed with Trapeze Software ULC or Trapeze Software Group, Inc. This means that there is no change to your current contracts regardless of which business division supports your products.

## Frequently Asked Questions (FAQ)

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### Which products will now be supported by Vontas?

Vontas supports the following product groups:



### What products will now be supported by Trapeze?

Trapeze supports the following product groups:



## Frequently Asked Questions (FAQ)

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### **What about the Virtual ThinkTransit Conference? Will there still be content in the conference for my ITS solutions?**

Our 2021 Virtual ThinkTransit Conference will be a joint presentation between Vontas and Trapeze with content that we hope all our customers will find exciting, valuable, and educational. All Vontas and Trapeze products will be represented at Virtual ThinkTransit.

### **SALES AND SUPPORT:**

#### **Will my Account Manager change?**

There will be some changes to individual account owners, who will now be focused on supporting customers as Trapeze and/or Vontas customers. Your current account manager will reach out to ensure a smooth transition of any changes that will impact your agency over the next 4-6 weeks.

#### **How do I contact Vontas Customer Care?**

I can help you with that today, by transferring you to our Vontas Customer Care team. I will stay on the line to make sure you get through and share your information with them.

In the future, you can reach Vontas Customer Care by:

Phone: 1-888-392-0337

Email: [customercare@vontas.com](mailto:customercare@vontas.com)

#### **How do I contact Trapeze Customer Care?**

I can help you with that today, by transferring you to our Trapeze Customer Care team. I will stay on the line to make sure you get through and share your information with them.

In the future, you can reach Trapeze Customer Care by:

Phone: 1-877-411-8727

Email: [cc@trapezegroup.com](mailto:cc@trapezegroup.com)

#### **Can I still access Collaborate?**

Our current Collaborate Community will continue to be available to both Trapeze and Vontas customers. We will announce any future changes to our Collaborate Community.



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### FINANCE:

#### **Will this change how I will be billed and make payments?**

For Trapeze related products, services, and maintenance the billing and payment process will remain the same.

For Vontas related products, services, and maintenance you will receive a separate invoice. The bottom of your new invoices will have updated Vontas specific remittance instructions.

#### **What happens if I can only have on Tax ID per vendor?**

(This question will only apply to Trapeze and Vontas shared Customers)

Please reach out to your Trapeze Billing and AR contact and they will be able to work with you to resolve this for your billing and payments.



Thinking in 360 Degrees. Making it Happen.

21 September, 2021

Maria Harris  
Director of Purchasing  
Transit Authority of River City  
1000 W. Broadway  
Louisville, KY 40203

Ms. Harris,

Trapeze is pleased to provide you with a financial summary to renew your software maintenance for the current Trapeze Software solutions at TARC. We appreciate the strong relationship, and we look forward to supporting you and your continual advancement for the riding public in the Louisville metropolitan area.

Here is the proposed price breakdown for 2021-2024:

| Product                          | Period                            | Amount      |
|----------------------------------|-----------------------------------|-------------|
| INFO Agent & Base (inc. IPA)     | March 1, 2021 - February 28, 2022 | \$42,916.00 |
|                                  | March 1, 2022 - February 28, 2023 | \$45,062.00 |
|                                  | March 1, 2023 - February 28, 2024 | \$47,315.00 |
|                                  |                                   |             |
| INFO IVR (Schedule Look up)      | March 1, 2021 - February 28, 2022 | \$49,249.00 |
|                                  | March 1, 2022 - February 28, 2023 | \$51,711.00 |
|                                  | March 1, 2023 - February 28, 2024 | \$54,297.00 |
|                                  |                                   |             |
| INFO-WEB                         | March 1, 2021 - February 28, 2022 | \$17,103.00 |
|                                  | March 1, 2021 - February 28, 2023 | \$17,958.00 |
|                                  | March 1, 2021 - February 28, 2024 | \$18,856.00 |
|                                  |                                   |             |
| INFO IVR PASS                    | March 1, 2021 - February 28, 2022 | \$37,925.00 |
|                                  | March 1, 2021 - February 28, 2023 | \$39,821.00 |
|                                  | March 1, 2021 - February 28, 2024 | \$41,812.00 |
|                                  |                                   |             |
| INFO Real Time, Advanced Mapping | March 1, 2021 - February 28, 2022 | \$13,813.00 |
|                                  | March 1, 2021 - February 28, 2023 | \$14,504.00 |
|                                  | March 1, 2021 - February 28, 2024 | \$15,229.00 |
|                                  |                                   |             |
| PASS                             | March 1, 2021 - February 28, 2022 | \$54,455.00 |

Commercial Confidential – Not to be disclosed

September 21, 2021



Thinking in 360 Degrees. Making it Happen.

|                               |                                   |             |
|-------------------------------|-----------------------------------|-------------|
|                               | March 1, 2021 - February 28, 2023 | \$57,178.00 |
|                               | March 1, 2021 - February 28, 2024 | \$60,037.00 |
|                               |                                   |             |
| Fixed Route & Paratransit COM | March 1, 2021 - February 28, 2022 | \$12,136.00 |
|                               | March 1, 2021 - February 28, 2023 | \$12,743.00 |
|                               | March 1, 2021 - February 28, 2024 | \$13,380.00 |
|                               |                                   |             |
| FX                            | March 1, 2021 - February 28, 2022 | \$47,621.00 |
|                               | March 1, 2021 - February 28, 2023 | \$50,002.00 |
|                               | March 1, 2021 - February 28, 2024 | \$52,502.00 |
|                               |                                   |             |
| BlockBuster                   | Feb 1, 2021 - January 31, 2022    | \$20,642.00 |
|                               | Feb 1, 2021 - January 31, 2023    | \$21,674.00 |
|                               | Feb 1, 2021 - January 31, 2024    | \$22,758.00 |
|                               |                                   |             |
| PLAN                          | March 1, 2021 - February 28, 2022 | \$9,547.00  |
|                               | March 1, 2021 - February 28, 2023 | \$10,024.00 |
|                               | March 1, 2021 - February 28, 2024 | \$10,526.00 |
|                               |                                   |             |
| PLAN APC                      | March 1, 2021 - February 28, 2022 | \$8,407.00  |
|                               | March 1, 2021 - February 28, 2023 | \$8,827.00  |
|                               | March 1, 2021 - February 28, 2024 | \$9,269.00  |
|                               |                                   |             |
| PLAN HANDHELDS                | March 1, 2021 - February 28, 2022 | \$3,255.00  |
|                               | March 1, 2021 - February 28, 2023 | \$3,418.00  |
|                               | March 1, 2021 - February 28, 2024 | \$3,589.00  |
|                               |                                   |             |
| OPS                           | March 1, 2021 - February 28, 2022 | \$75,351.00 |
|                               | March 1, 2021 - February 28, 2023 | \$79,119.00 |
|                               | March 1, 2021 - February 28, 2024 | \$83,074.00 |



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Products in the process of cancelation by TARC:

|         |                                   |             |
|---------|-----------------------------------|-------------|
| PASS-CT | March 1, 2021 - February 28, 2022 | \$8,583.00  |
|         | March 1, 2021 - February 28, 2023 | \$9,012.00  |
|         | March 1, 2021 - February 28, 2024 | \$9,463.00  |
|         |                                   |             |
| BSM     | March 1, 2021 - February 28, 2022 | \$17,287.00 |
|         | March 1, 2021 - February 28, 2023 | \$18,151.00 |
|         | March 1, 2021 - February 28, 2024 | \$19,059.00 |
|         |                                   |             |
| Wayside | March 1, 2021 - February 28, 2022 | \$7,882.00  |
|         | March 1, 2021 - February 28, 2023 | \$8,276.00  |
|         | March 1, 2021 - February 28, 2024 | \$8,690.00  |

Please let me know if you have any questions for clarification.

Sincerely,

Reid Yanchar  
Account Executive

Portions of this document are proprietary and confidential to Trapeze and shall not be further disclosed, disseminated, copied, or duplicated unless expressly approved in writing by Trapeze.



September 3, 2021

Maria Harris  
Director of Purchasing  
Transit Authority of River City  
1000 W. Broadway  
Louisville, KY 40203

Ms. Harris,

Vontas is pleased to provide you with a financial summary to renew your software and hardware maintenance for the CAD/AVL Novus ITS System. We appreciate the strong relationship, and we look forward to supporting you and your continual advancement for the riding public in the Louisville metropolitan area.

Here is the proposed price breakdown for 2021-2024:

| Start    | End       | Novus Software | Novus Hardware | Total        |
|----------|-----------|----------------|----------------|--------------|
| 4/1/2021 | 3/31/2022 | \$220,774.00   | \$284,233.00   | \$505,007.00 |
| 4/1/2022 | 3/31/2023 | \$231,812.70   | \$298,444.65   | \$530,257.35 |
| 4/1/2023 | 3/31/2024 | \$243,403.34   | \$313,366.88   | \$556,770.22 |

Thinking ahead, we welcome the opportunity to continue the conversation on how we can leverage the Novus Hardware and Software maintenance to contribute to the refresh of some of the aging on-board hardware as well as migrating the fixed end software to a more recent platform. This will provide possibilities to further operational advancements with service adjustments and corridor headway management.

Thank you and please do reach out if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Bill Dyer".

Bill Dyer  
Account Manager, Vontas



# MEMORANDUM

**To:** John Launius, Chair of TARC Board of Directors

**From:** Carrie Butler, Executive Director

**Date:** September 28, 2021

**Re:** Resolution 2021-32 Excess Workers' Compensation and Employers Liability Insurance Policy

---

TARC's Workers' Compensation program currently self-insures the first \$500,000 of any claim, including both medical payments and indemnity benefits. The current policy expired August 31, 2021. Due to TARC being a self-insured organization, the Kentucky Labor Cabinet requires that TARC maintain an excess insurance policy.

TARC receives annual excess insurance premium quotes from Underwriters Safety and Claims, Inc., the third party administrator and insurance broker (from Resolution 2017-22). The current policy for \$314,648 expired August 31, 2021 and the new policy began on September 1, 2021.

TARC received one quote from Underwriters Safety and Claims broker for Policy Year 2021/2022. The quote from single bidder, Arch Insurance Company, with retention of \$500,000 has a premium of \$362,912 which represents an increase of 15%. The average rate of increase percentage has trended at 7.7%.

A review and discussion regarding the quote were conducted with the Chief Financial Officer, Workers' Compensation Coordinator, and Executive Director. From that discussion, it is hereby recommended that the TARC Board of Directors authorize the Executive Director to enter into a policy with Arch Insurance Company that has a specific retention by TARC of the first \$500,000 on any claim with an annual premium of \$362,912 beginning September 1, 2021.

Please feel free to contact me at 502-561-5100 if you have any questions. Thank you.





## **RESOLUTION 2021-32**

### **Excess Workers' Compensation and Employers Liability Insurance Policy**

A resolution authorizing the Executive Directors to enter into an excess insurance policy for Workers' Compensation with Arch Insurance Company for the 2021 / 2022 policy year.

**WHEREAS**, Kentucky Administrative Regulation (KAR) 803 25:021 requires self-insured employers to have excess coverage for workers' compensation claims, and;

**WHEREAS**, TARC received a quote for the 2021/2022 Policy Year from a single bidder, and;

**WHEREAS**, the current Excess Workers' Compensation and Employers Liability insurance policy with a premium of \$314,648 expired on August 31, 2021 and the new policy will begin on September 1, 2021;

**NOW, THEREFORE BE IT RESOLVED**, by the Board of Directors of the Transit Authority of River City that;

The Executive Director is authorized to enter into an insurance policy with Arch Insurance Company for an amount not to exceed \$362,912 for the 2021/2022 Policy Year.

**ADOPTED THIS 28<sup>th</sup> DAY OF SEPTEMBER 2021**

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**John Launius, Chair of the Board of Directors**



Arch Insurance Group Inc.  
311 South Wacker Drive  
Suite 3700  
Chicago IL 60606

T: 312 601 8400  
F: 312 601 8492

[archinsurance.com](http://archinsurance.com)

Underwriters Safety & Claims, Inc.  
P.O. Box 23790  
Louisville, Kentucky 40223  
**Attention:** Ms. Jeanne P. Winkler

August 26, 2021

RE: TRANSIT AUTHORITY OF RIVER CITY

We would like to confirm our renewal quote for the above account which has been bound as follows:

|                             |  |             |           |
|-----------------------------|--|-------------|-----------|
| TYPE OF INSURANCE:          | Excess Workers Compensation and Employers Liability  |             |           |
| STATE(S) OF COVERAGE:       | Kentucky   |             |           |
| EFFECTIVE DATE:             | September 1, 2021  |             |           |
| POLICY NUMBER:              | WCX 0060432 04   |             |           |
| INSURANCE CARRIER:          | Arch Insurance Company   |             |           |
| POLICY PERIOD:              | September 1, 2021 to September 1, 2022   |             |           |
| YOUR RETAINED LIMIT:        | Part One - Excess Workers Compensation Insurance and Part Two - Excess Employers Liability Insurance Combined: |             |           |
|                             | Your Retained Limit - Each Accident:   | \$500,000   |           |
|                             | Your Retained Limit - Disease, Each Employee:  | \$500,000   |           |
| OUR LIMIT OF LIABILITY:     | A. Part One - Excess Workers Compensation Insurance  |             |           |
|                             | Our Limit of Liability - Each Accident:  |             | Statutory |
|                             | Our Limit of Liability - Disease, Each Employee:   |             | Statutory |
|                             | Part Two - Excess Employers Liability Insurance  |             |           |
|                             | Our Limit of Liability - Each Accident:  | \$1,000,000 |           |
|                             | Our Limit of Liability - Disease, Each Employee:   | \$1,000,000 |           |
|                             | Our Limit of Liability - Aggregate:  | \$1,000,000 |           |
| POLICY PREMIUM:             | \$362,912  |             |           |
| TERRORISM PREMIUM:          | \$10,887 *   |             |           |
| BASIS OF PREMIUM:           | 1.0817 per \$100 of Payroll based on \$33,550,132  |             |           |
| MINIMUM PREMIUM FOR PERIOD: | \$362,912  |             |           |
| ENDORSEMENTS:               | To be included at time of issuance: See attached Exhibit   |             |           |
| REMARKS:                    | Please advise if the Insured's name differs from that above.   |             |           |

\* This premium is included in, not in addition to, the POLICY PREMIUM.

Very truly yours,

David A. Winkelman

TRANSIT AUTHORITY OF RIVER CITY  
Exhibit #1

Endorsements forming part of the Policy at policy issuance:

| Endorsement No.      | Endorsement Title  |
|----------------------|--|
| 00 GL0386 00 (01 08) | <u>LOSSES REDEFINED TO INCLUDE ALLOCATED LOSS ADJUSTMENT<br/>EXPENSES ENDORSEMENT</u>                      |
| 00 GL0371 00 (01 08) | <u>EXTENSION OF NOTICE OF CANCELLATION ENDORSEMENT</u>   |
| 00 GL0368 00 (01 08) | <u>VOLUNTEER COVERAGE - EXCESS VOLUNTARY COMPENSATION AND<br/>EMPLOYERS LIABILITY COVERAGE ENDORSEMENT</u> |
| 00 GL0253 00 (01 21) | <u>TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT<br/>DISCLOSURE ENDORSEMENT</u>                     |
| 00 GL0403 18 (01 08) | <u>KENTUCKY AMENDATORY ENDORSEMENT</u>   |



8/24/2021

## Transit Authority of River City

### Excess Workers' Compensation

**Effective Date:** September 1, 2021 to September 1, 2022

**Carrier:** Arch Insurance Company (A+, XV)

| Policy Terms                                   | Current Terms | Option 1     | Option 2     | Option 3     |
|--|---------------|--------------|--------------|--------------|
| State(s)                                       | KY            | KY           | KY           | KY           |
| Estimated Annual Payroll                       | \$32,854,570  | \$33,550,132 | \$33,550,132 | \$33,550,132 |
| Length of Policy Period (Years)                | 1             | 1            | 1            | 1            |
| SPECIFIC:                                      |               |              |              |              |
| Our Limit of Liability: Each Accident          | Statutory     | Statutory    | Statutory    | Statutory    |
| Our Limit of Liability: Disease, each Employee | Statutory     | Statutory    | Statutory    | Statutory    |
| EMPLOYERS LIABILITY:                           |               |              |              |              |
| Our Limit of Liability: Each Accident          | \$1,000,000   | \$1,000,000  | \$1,000,000  | \$1,000,000  |
| Our Limit of Liability: Disease, each Employee | \$1,000,000   | \$1,000,000  | \$1,000,000  | \$1,000,000  |
| Our Limit of Liability: Aggregate              | \$1,000,000   | \$1,000,000  | \$1,000,000  | \$1,000,000  |
| SELF-INSURED RETENTION                         |               |              |              |              |
| Your Retained Limit: Each Accident             | \$500,000     | \$500,000    | \$600,000    | \$750,000    |
| Your Retained Limit: Disease, each Employee    | \$500,000     | \$500,000    | \$600,000    | \$750,000    |
| PREMIUM:                                       |               |              |              |              |
| Rate per \$100 Payroll                         | 0.9577        | 1.0817       | 0.9483       | 0.8138       |
| Deposit Premium                                | \$314,648     | \$362,912    | \$318,156    | \$273,031    |
| Policy Period Minimum Premium                  | \$314,648     | \$362,912    | \$318,156    | \$273,031    |

#### Endorsements Included:

Losses Redefined to Include Allocated Loss Adjustment Expenses Endt  
Terrorism Risk Insurance Program Reauthorization Act Endt  
Kentucky Amendatory Endt  
Extension of Notice of Cancellation Endt  
Volunteer Coverage

**Quote is valid until effective date of coverage.**

**Sample Policy available upon request.**

This quote is based on information provided by the Insured and/or agent. It is for illustrative purposes only. Read the policy for actual terms and conditions.



# MEMORANDUM

**To:** John Launius, Chair of TARC Board of Directors

**From:** Carrie Butler, Executive Director

**Date:** September 28, 2021

**Re:** Resolution 2021-33 Transit Asset Management Policy Restatement

---

In July of 2018 the TARC Board of Directors approved a resolution formally adopting TARC's first Transit Asset Management (TAM) Policy. Our TAM policy was created in accordance with the requirements established by Congress in the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21). All recipients of federal funds through Chapter 53 of Section 49 of U.S. Code are required to develop and maintain a TAM plan. The plan defines our process for "operating, maintaining, and improving public transportation capital assets effectively through the life cycle of such assets." There are nine required elements of that plan. This policy is one of those nine required elements.

The requirement for a TAM Plan and Policy aligns closely with the FTA's State of Good Repair Program. TARC has received multiple discretionary awards through that program in the past ten years that have allowed us to replace over seventy aging buses.

Regardless of federal requirements, I firmly believe that it is in the best interest of TARC and its community to regularly reaffirm our commitment to the creation and maintenance of a culture of continuous improvement in asset management planning and performance. I hope you agree, and agree that this policy does just that.

I have attached a version of our current TAM policy with a few suggested edits.

Please call me at 561-5100 if you have any questions. Thank you.



## **RESOLUTION 2021-33**

### **Transit Asset Management Policy Restatement**

A Resolution restating TARC's commitment to Asset Management as stated in the attached Transit Asset Management (TAM) policy.

**WHEREAS**, TARC is required by Section 49 U.S.C 5326, created by the Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) Act to establish a Transit Asset Management plan; and

**WHEREAS**, on July 24<sup>th</sup>, 2018, the TARC Board of Directors established a TAM policy; and

**WHEREAS**, it is prudent to regularly review and revise TARC's TAM policy as the Board deems necessary; and

**WHEREAS**, it is also in the best interest of TARC and its community for TARC to regularly reaffirm its commitment to the creation and maintenance of a culture of continuous improvement in asset management planning and performance;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that:

TARC's commitment to Asset Management as stated in the attached Transit Asset Management (TAM) policy is reaffirmed as official TARC policy.

**ADOPTED THIS 28TH DAY OF SEPTEMBER 2021**

---

**John Launius, Chair of the Board of Directors**



# TARC Transit Asset Management (TAM) Policy

---

Adopted: 7/25/2018

**THIS POLICY SHALL BE REVIEWED ANNUALLY.**

## I. PURPOSE

In keeping with TARC's mission "to ~~explore and implement~~deliver transportation ~~opportunities~~services that enhance ~~the social, economic and environmental well-being of~~ the Greater Louisville community," TARC is committed to maintaining assets in a state of good repair to support safe, efficient, reliable public transportation.

This policy also expresses our intention to foster a culture of continuous improvement in asset management planning and performance.

This policy is specific to the management of TARC Assets that are included in TARC's Transit Asset Inventory.

This policy will be made accessible to all Board members, staff and members of the public.

This policy outlines TARC's overall asset management approach in a manner consistent with current federal regulations (49 U.S. Code § 5326) and sets the direction for establishing and following through with transit asset management strategies and plans that are achievable with available funds. This policy complies with the Federal Transit Administration (FTA) Transit Asset Management (TAM) Final Ruling on July 26, 2016.

## II. POLICY

### TARC's COMMITMENT

TARC is committed to

- The allocation of resources necessary to reach ~~its~~our asset management goals;
- Financial stewardship, transparency, and collaboration with our funding partners;
- Promoting a culture that supports optimal asset management across the organization;
- Focusing on high quality data-driven decision making to provide safe, reliable, sustainable service for the communities we serve;
- Supporting the timely implementation of projects and programs to maintain our assets in a State of Good Repair over their entire life; and
- Continually improving ~~its~~our asset management strategies and plans, including setting annual goals, objectives, and measures to monitor and improve performance.

### TARC's TAM investment priorities are:

- Public and employee safety
- Reliable service delivery
- Sustainability
- Responsible stewardship of public funds





## **TARC Transit Asset Management (TAM) Policy**

### **TARC's TAM PLAN ELEMENTS**

The FTA regulation defines TARC as a Tier I agency and, as such, requires TARC to implement a TAM Plan that includes the nine TAM Elements listed below.

1. Inventory of assets – A register of capital assets and information about those assets
2. Condition assessment – A rating of the asset's physical state
3. Decision support tool – Analytic process or tool to assist in capital asset investment prioritization needs
4. Prioritized list of investments – A prioritized list of projects or programs to manage or improve the State of Good Repair (SGR) of capital assets
5. TAM and SGR policy – Executive-level direction regarding expectations for transit asset management
6. Implementation strategy – Operational actions to achieve District TAM goals and policies
7. Key annual activities – Those activities that are critical to achieving goals
8. Identification of resources – List resources needed to carry out the TAM Plan
9. Evaluation plan – Monitor and update to support continuous TAM improvement

### **IV. AUTHORITY**

#### **A. Board Authority**

TARC's Board of Directors has the authority to approve and amend TARC's TAM Policy.

#### **B. Executive Director Authority**

TARC's Executive Director or designee will have overall responsibility for overseeing the development of asset management plans and procedures, in cooperation with the team, and reporting to the Board on the status of asset management for TARC.

In accordance with this policy, implementation of the TAM Plan will be a shared responsibility for all departments.

### **V. ATTACHMENTS**

#### **A. Definitions**



# TARC Transit Asset Management (TAM) Policy

## ATTACHMENTS

### I. DEFINITIONS

**“Asset Management”** is a strategic and systematic process through which an organization procures, operates, maintains, rehabilitates, disposes of and replaces assets to manage their performance, risks, and costs over their lifecycle ~~to provide safe, cost-effective, reliable service to current and future customers.~~

**“Transit Asset Management Plan (TAM Plan)”** means the Plan through which TARC will document its asset base, asset conditions, and State of Good Repair, asset management policy, TAM goals and objectives, governance structure for asset management, strategy for capital asset funding and prioritization, and key priorities for asset management.

**“Transit Asset”** as defined by the FTA, means both fixed long-life infrastructure assets (for example, facilities and electric bus charge stations) and equipment (bus, paratransit and non-revenue vehicles).

**“State of Good Repair (SGR)”** means a condition in which a capital asset is able to operate at a full level of performance. A capital asset is in a state of good repair when that asset:

1. Is able to perform its designed function,
2. Does not pose a known safety risk, and
3. Its lifecycle investments ~~must~~ have been met and/or recovered.

**“TAM Final Ruling”** means a set of federal regulations that sets out minimum asset management practices for transit providers to bring all of the nation’s transit assets into a state of good repair.

**“Capital Improvement Plan (CIP)”** means a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases given fiscal constraints, provides a planning schedule, and identifies options for funding the plan.

**“Tier I Agency”** as defined by the FTA, means agencies that own, operate rail, or own-manage 101 or more ~~than 100~~ vehicles in all fixed-route modes, ~~or with 101 vehicles or more in one non-fixed route mode.~~  
combined during peak operation.



# MEMORANDUM

**To:** John Launius, Chair of TARC Board of Directors

**From:** Carrie Butler, Executive Director

**Date:** September 28, 2021

**Re:** Resolution 2021-34 – Acquisition of ADA-Accessible Paratransit Vans

---

TARC owns over 100 paratransit vehicles, which are operated and maintained by our TARC3 paratransit service contractor, MV. The majority of the TARC3 service is delivered by subcontractors and the subcontractor owned vehicles. Of the vehicles under TARC's ownership, sixteen (16) that entered service in 2018 are within their expected useful life; thirty-nine (39) are unavailable for service due to mechanical issues; and the remaining fleet comprised of "MV1's" have been in service since 2012, are beyond their useful life, and no longer are manufactured. This Resolution and Resolution 2021-35 provide for paratransit fleet replacement needs, under two different contracts and hence two separate resolutions.

An existing contract, P-2780 from October 2019, includes options for the types of vehicles that meet the needs of the TARC 3 paratransit service and our Section 5307 subrecipients. This three-year contract with Superior Van and Mobility has the following terms:

- Up to 20 Full-Size Ford Transit T-350, high-roof, long-wheelbase, long-length, 12-passenger vans with enhanced HVAC system, modified with Braun wheelchair conversion and Smart-Trac flooring to accommodate up to four wheelchairs and additional ambulatory passengers.
- The contract expires on September 30, 2022, or when all 20 vans have been purchased, whichever comes first.
- The current price of the van from contract P-2780 is \$60,994.00. Price increases due to chip shortages and inflation may result in a price of up to \$65,000.00 in the near future.

To date, thirteen (13) of the vans from that contract have been purchased by, or obligated to, TARC's Section 5310 subrecipients. The seven (7) vans remaining on that contract are available for purchase by TARC. Given that eight vans are needed and funds are available for eight vans, the intent is to open an Invitation for Bid (IFB) for a similar type of van and similar number of options. With that future contract, TARC would be able to purchase one (1) additional van for a total of eight (8) vans. Based on estimated inflation, supply chain issues, and related computer chip shortages, the estimated spending authority for the 8<sup>th</sup> van is requested at \$77,000. The total price of the eight vans may be up to \$532,000.00. Funds for this procurement are provided through our Federal Fiscal Year (FFY) 2021 Section 5339 bus and bus facilities formula award; local match will not exceed 20% of the total, or \$106,400.

Attached to this memo is a resolution requesting authority to purchase seven (7) ADA-accessible full-size vans from contract P-2780 with Superior Van and Mobility, Inc., and one (1) ADA-accessible full-size van from a future contract, for a not-to-exceed total amount of \$532,000.00. Please contact me at 561-5100 if you have any questions. Thank you.



## **RESOLUTION 2021-34**

### **Acquisition of ADA Accessible Paratransit Vans**

A Resolution authorizing the Executive Director to purchase seven (7) ADA-accessible full-size vans from Superior Van and Mobility through contract P-2780, and one (1) ADA-accessible full-size van from a future contract, for a not-to-exceed total amount of \$532,000.00:

**WHEREAS**, eight (8) ADA-accessible full-size vans are needed by TARC's paratransit program, and

**WHEREAS**, in October 2019 TARC's Board of Directors approved a resolution authorizing the Executive Director to enter into contract P-2780 with Superior Van and Mobility, Inc. for the purchase of ADA-accessible full-size vans; and

**WHEREAS**, seven (7) ADA-accessible full-size vans are currently available for purchase by TARC from Superior Van and Mobility through contract P-2780 for approximately \$65,000.00 each, and

**WHEREAS**, the funds are available for one (1) additional ADA-accessible full-size van, and

**WHEREAS**, TARC anticipates having a future contract to enable TARC to purchase accessible vans and approximates the cost of a van under such contract to be \$77,000.00 incorporating all future and unanticipated contingencies, and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that:

The Executive Director is hereby authorized to purchase seven (7) ADA-accessible full-size vans from Superior Van and Mobility through contract P-2780, and one (1) additional ADA-accessible full-size van through a future contract, for a not-to-exceed total amount of \$532,000.00.

**ADOPTED THIS 28<sup>th</sup> DAY OF SEPTEMBER 2021**

---

**John Launius, Chair of the Board of Directors**



# MEMORANDUM

**To:** John Launius, Chair of TARC Board of Directors

**From:** Carrie Butler, Executive Director

**Date:** September 28, 2021

**Re:** Resolution 2021-35 – Acquisition of ADA Accessible Paratransit Vehicles

---

In March 2017 the TARC Board of Directors passed Resolution 2017-11 that awarded a five-year contract with Rohrer Bus Sales for the purchase and delivery of cutaway type ADA accessible buses for paratransit service. To date sixteen (16) vehicles have been ordered under this contract.

The current price for new cutaway buses with the options required, including air ride, is \$77,932. Funds are available for seven (7) of these vehicles, which will replace buses built in 2011 with an average of over 370,000 miles in service.

The price is in keeping with contract language, which allows for an increase from the contract price in keeping with the Producer Price Index (PPI) measure of inflation. The contract language is as follows:

“The price of the Option Vehicles shall be the unit price of the base order vehicles, (“Base Order Price”) adjusted by multiplying the base order price by the following fraction: “Latest Published Preliminary Index Number Prior to Notice of Exercise of Option / Index Number on Effective Date of the Contract The Index shall be the Producer Price Index for Truck and Vehicle Bodies, Series No. 1413, published by the United States Department of Labor Bureau of Labor Statistics, or if such Index is no longer in use, then such replacement that is most comparable to the Index as may be designated by the Bureau of Labor Statistics, or as agreed by the parties.”

Attached to this memo is a resolution requesting the authority to order seven (7) cutaway type ADA accessible buses for paratransit service from the Rohrer company at a Not-To-Exceed total amount of \$560,000.

Please contact me at 561-5100 if you have any questions. Thank you.



## **RESOLUTION 2021-35**

### **Acquisition of ADA Accessible Paratransit Vehicles**

A Resolution authorizing the Executive Director to purchase seven (7) cutaway type ADA accessible buses through contract P-2617 with Rohrer Bus Sales, for a not to exceed total of amount of \$560,000:

**WHEREAS**, in March of 2017 TARC's Board of Directors approved a resolution authorizing the Executive Director to enter into a contract with Rohrer Bus Sales for the purchase of paratransit buses; and

**WHEREAS**, TARC seeks to replace seven (7) cutaway buses that were built in 2011 and have an average of over 370,000 miles in service; and

**WHEREAS**, the terms of our contract provide that price of Option Vehicles shall be increased in keeping with the Producer Price Index (PPI) measure of inflation; and

**WHEREAS**, Rohrer Bus calculated and TARC staff confirmed that the price of \$77,932 for new buses is in keeping with the terms of our contract; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that:

The Executive Director is hereby authorized to purchase seven (7) cutaway type ADA accessible buses through contract P-2617 with Rohrer Bus Sales, for a not to exceed total amount of \$560,000.

**ADOPTED THIS 28<sup>th</sup> DAY OF SEPTEMBER 2021**

---

**John Launius, Chair of the Board of Directors**



# MEMORANDUM

**To:** TARC Board of Directors

**From:** TARC Finance Committee

**Date:** September 28, 2021

**Re:** Resolution 2021 – 36 FY 2021 TARC Audited Financial Statement Report

---

The TARC Finance Committee met on September 21, 2021 at 1:30 p.m. for their monthly meeting. During this meeting TARC's Audit Firm Crowe, LLC participated via Zoom meeting to discuss TARC's Audited Financial Statement report.

The Audited Financial Statement report was reviewed by the members of the Finance Committee, which includes the Chair of the Board of Directors, the Vice Chair, the Chief Financial Officer, who serves as the Secretary/Treasurer of the Board, and the Executive Director during this meeting. Specific review included the: Management Discussion and Analysis; Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and the Schedule of Revenues, Expenditures and Changes in Net Position – Budget to Actual. TARC received a clean opinion with no material misstatements.

The Finance Committee would like to recommend accepting the Audited Financial Statement report as presented. Each of you should have received a copy in your packet to review and we are available for any questions you may have concerning the audited financial statements.





## **RESOLUTION 2021 - 36**

### **Approval of the FY 2021 TARC Audited Financial Statement report as presented**

A resolution approving the FY 2021 TARC Audited Financial Statement report as presented.

**WHEREAS**, the Finance Committee met and discussed in detail on September 21, 2021, and

**WHEREAS**, TARC received a clean opinion; and

**WHEREAS**, TARC had no material misstatements; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that the Board accepts the FY2021 TARC Audited Financial Statement report as presented.

**ADOPTED THIS 28<sup>TH</sup> DAY OF SEPTEMBER 2021**

---

**John Launius**  
**Chair of the Board of Directors**

**TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON  
COUNTY METRO GOVERNMENT)**  
Louisville, Kentucky

**FINANCIAL STATEMENTS**  
June 30, 2021

DRAFT

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON  
COUNTY METRO GOVERNMENT)

FINANCIAL STATEMENTS  
June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Transit Authority of River City  
Louisville, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Transit Authority of River City (TARC), a component unit of Louisville/Jefferson County Metro Government, as of and for the year ended June 30, 2021, and the fiduciary activities as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise TARC's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of TARC as of June 30, 2021, and the fiduciary activities as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in TARC's net pension liability, schedule of TARC's contributions, and the schedule money-weighted rates of return on for the Employees' Amended Retirement Plan, the schedule of TARC's proportionate share of the net pension liability and schedule of TARC's contributions for the County Employees' Retirement System – Non-hazardous, and the schedule of TARC's proportionate share of the net OPEB liability and schedule of TARC's OPEB contributions for the County Employees' Retirement System – Non-hazardous as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 TARC's basic financial statements. The schedule of revenues, expenditures and changes in net position – budget to actual as listed in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenditures and changes in net position – budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures and changes in net position – budget to actual 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 \_\_\_\_\_, 2021 on our consideration of TARC'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 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 TARC'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 TARC's internal control over financial reporting and compliance.

Crowe LLP

Louisville, Kentucky  
<>, 2021

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

---

**Financial Highlights and Current Known Facts, Decisions and Conditions Impacting Future Periods**

The management of the Transit Authority of River City (TARC) presents this narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2021.

High points for the fiscal year included new leadership at the executive level, completion of a new rapid bus line, and efforts to improve efficiencies in the delivery of public transit. The agency was also challenged by continued uncertainties related to the COVID-19 pandemic and a subsequent worker shortage across virtually all departments.

In FY 2021, TARC continued to face financial challenges due primarily to limited operating revenue. Significant adjustments to levels of service instituted in the previous fiscal year continued into FY2021 to address this challenge. It is important to note that ongoing pandemic uncertainties and the associated reduction in ridership make it difficult to accurately project the long-term financial impact on our agency or when pre-pandemic levels of travel and commuting would return. Even prior to the effects of COVID-19, sources of operations funding were not keeping pace with overall expenses of the continued increasing costs of fixed-route service, paratransit, maintenance needs, health insurance and pensions, much less to be able to leverage federal dollars with the required non-federal match.

Nonetheless, TARC completed FY2021 in a fairly stable position. Critical support from the federal sources, including Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) Act funds allowed TARC to survive the unique challenges of the pandemic. The relative stability of the Jefferson County Occupational License Fee, or Mass Transit Trust Fund, means that TARC's ending balances are at a reasonable level, and expected support from the Kentucky Transportation Cabinet places TARC in a secure near-term position.

Total occupational tax revenue, the major source of TARC operating funds, was budgeted at \$53.1 million for FY2021. The actual amount of receipts for FY 2021 was \$63.73 million, a 20.02% increase.

Even prior to the effects of COVID-19, sources of operations funding were not keeping pace with overall expenses to cover the required shares of federal grants, and the continued increasing costs of fixed-route service, paratransit, maintenance needs, health insurance and pensions.

In September of FY 2021, after an extensive national search, Carrie Butler was appointed as TARC's new Executive Director, bringing with her a broad base of experience in the transit field, a great knowledge about TARC operations, and a solid reputation in management of transit operations. With over 20 years in the field of transit and public service, most recently as General Manager of Lextran — Lexington, Kentucky's public transit agency (2014-2020), as well as previous experience as the Director of Planning for TARC (2002 to 2010), Butler has an extensive background at all levels of the transit industry, as well as a dedication to community engagement, and collaborative work with local, state, and federal funding agencies.

Regardless of the ongoing financial challenges preceded by COVID-19, TARC, for the eighth fiscal year in a row, did not raise fares in FY2020 and service levels were, overall, maintained. There were service adjustments made for lower performing local routes, suspension of express bus routes with low ridership, and the removal of duplicated non-revenue service in the downtown area. In the long term, this service adjustment was made to respond to the changes in commuting patterns brought about by COVID-19, and will prepare TARC for future service restructuring with the goal of improved service reliability and efficiency.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

---

**Financial Highlights and Current Known Facts, Decisions and Conditions Impacting Future Periods** (Continued)

TARC completed a Comprehensive Operations Analysis to evaluate the current system and develop a range of improvements to help meet the changing transit needs in the greater Louisville region. This analysis examined existing transit services and identified opportunities for improving system efficiency and effectiveness. It is a planning level tool used to develop potential near-term operational changes to help deliver more effective and useful service to the community. The COA project was completed by TARC with partnership support from key agencies including Metro Louisville, the Kentucky Transportation Cabinet (KYTC), and the Kentuckiana Regional Planning and Development Agency (KIPDA).

The set of challenges of the past year and our team's resiliency and success in response leave us energized and optimistic for the road ahead. In the coming year, our team will continue efforts to increase and lock in increased funding; complete a long-range plan, ensure the highest efficiency in our routes and schedules, attract and retain a highly skilled workforce, continue to implement a low or no emissions bus fleet, and reaffirm our important role in the region's post-COVID economy. TARC remains focused on its mission to deliver transportation services that enhance the Greater Louisville community.

**Overview of the Financial Statements**

This annual report consists of three parts: Management Discussion and Analysis (this section), Financial Statements and Supplementary Information. The Financial Statements include notes that provide additional information relating to TARC's financial condition. Readers are encouraged to read the notes to better understand the financial statements.

**Required Financial Statements**

*Statement of Net Position*

The statement of net position includes all of TARC's assets, deferred outflows, liabilities, deferred inflows and the resulting net position, and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure of TARC and assessing the liquidity and financial flexibility of the organization.

*Statement of Revenues, Expenses and Changes in Net Position*

The statement of revenues, expenses and changes in net position identifies the revenues generated and the expenses incurred and the resulting change in net position during the fiscal year. This statement helps the user to assess TARC's financial performance during the fiscal years covered by the Statement.

*Statement of Cash Flows*

The statement of cash flows provides information relating to TARC's cash receipts and cash expenditures during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash, resulting from operating, non-capital, capital and financing activities, and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

*Budgetary Controls*

TARC operates its general activities in accordance with a budget adopted by the Board and approved by the Metro Louisville Council.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

**Financial**

**Table 1**  
**Condensed Statements of Net Position**

|  | <u>2021</u>           | <u>2020</u>           | <u>Change</u>       |
|--|-----------------------|-----------------------|---------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                              |                       |                       |                     |
| Current assets   | \$ 24,310,204         | \$ 20,331,038         | \$ 3,979,166        |
| Capital assets, net  | 76,166,345            | 77,318,967            | (1,152,622)         |
| Other investments  | 31,000                | 31,000                | -                   |
| Total assets   | <u>100,507,549</u>    | <u>97,681,005</u>     | <u>2,826,544</u>    |
| Deferred outflows of resources                                   | <u>29,017,202</u>     | <u>27,776,190</u>     | <u>1,241,012</u>    |
| Total assets and deferred outflows of resources                  | <u>\$ 129,524,751</u> | <u>\$ 125,457,195</u> | <u>\$ 4,067,556</u> |
| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>            |                       |                       |                     |
| Current liabilities  | \$ 19,256,798         | \$ 19,305,664         | \$ (48,866)         |
| Long-term liabilities  | <u>133,053,760</u>    | <u>118,220,734</u>    | <u>14,833,026</u>   |
| Total liabilities  | <u>152,310,558</u>    | <u>137,526,398</u>    | <u>14,784,160</u>   |
| Deferred inflows of resources                                    | <u>9,141,960</u>      | <u>9,851,103</u>      | <u>(709,143)</u>    |
| Total liabilities and deferred inflows of resources              | <u>161,452,518</u>    | <u>147,377,501</u>    | <u>14,075,017</u>   |
| Net Position:  |                       |                       |                     |
| Net investment in capital assets                                 | 75,903,807            | 76,866,829            | (963,022)           |
| Unrestricted net position  | <u>(107,831,574)</u>  | <u>(98,787,135)</u>   | <u>(9,044,439)</u>  |
| Total net position   | <u>(31,927,767)</u>   | <u>(21,920,306)</u>   | <u>(10,007,461)</u> |
| Total liabilities, deferred inflow of resources and net position | <u>\$ 129,524,751</u> | <u>\$ 125,457,195</u> | <u>\$ 4,067,556</u> |

**Assets and Deferred Outflows of Resources**

TARC's total assets and deferred outflows of resources increased \$4,067,556 from FY 2020. The statement of net position indicates the most significant changes were an increase in grant receivables, decreases in prepaid expenses and capital assets, as well a net increase and deferred outflows. TARC's accounts receivables increased in large part due to a receivable from the Federal Department of Transportation totaling \$10,679,617. Deferred outflows of resources are comprised of deferred outflows for both pension and Other Post-Employment Benefits (OPEB). Deferred amounts, which are employer pension and OPEB contributions subsequent to the measurement date of the net pension and net OPEB liabilities increased \$1,241,012 from FY 2020.

(Continued)



TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

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Liabilities and Deferred Inflows of Resources

TARC's total liabilities and deferred inflows of resources increased \$14,075,017 from FY 2020 due primarily to increases in the CERS pension liability and OPEB-related deferred inflows of resources, offset by a decrease in accounts payable.

Net Position

TARC's liabilities and deferred inflows exceeded its assets and deferred outflows by \$31,927,767 at the end of FY 2021. This represents a decrease of \$10,007,461 from net position at the end of FY 2020.

**Capital Assets**

**Table 2**  
**Summary of changes in capital assets**

|                               | Balance at<br>July 1, 2020 | Additions           | Retirements<br>(Adjustments) | Balance at<br>June 30, 2021 |
|-------------------------------|----------------------------|---------------------|------------------------------|-----------------------------|
| Land                          | \$ 3,177,782               | \$ 9,842            | \$ -                         | \$ 3,187,624                |
| Buildings                     | 49,094,438                 | 58,009              | -                            | 49,152,447                  |
| Coaches                       | 115,378,686                | 8,282,763           | (1,805,412)                  | 121,856,037                 |
| Office and computer equipment | 10,135,863                 | 543,903             | (362,598)                    | 10,317,168                  |
| Other equipment               | <u>21,940,655</u>          | <u>1,277,976</u>    | <u>(1,515,015)</u>           | <u>21,703,616</u>           |
|                               | 199,727,424                | 10,172,493          | (3,683,025)                  | 206,216,892                 |
| Accumulated depreciation      | <u>(122,408,457)</u>       | <u>(10,839,898)</u> | <u>3,197,808</u>             | <u>(130,050,547)</u>        |
| Capital assets, net           | <u>\$ 77,318,967</u>       | <u>\$ (667,405)</u> | <u>\$ (485,217)</u>          | <u>\$ 76,166,345</u>        |

TARC's investment in capital assets, net of depreciation, decreased by \$1,152,622. The decrease is primarily due to current year depreciation of existing assets exceeding current year additions. Depreciation expense for FY 2021 was \$10,916,707. Generally, capital asset purchases are completed with federal, state and/or local funding.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

**Revenues**

**Table 3**  
**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

|  | <u>2021</u>            | <u>2020</u>            | <u>Dollar</u><br><u>Change</u> | <u>Percent</u><br><u>Change</u> |
|--|------------------------|------------------------|--------------------------------|---------------------------------|
| <b>OPERATING REVENUES</b>                                  |                        |                        |                                |                                 |
| Passenger transportation                                   | \$ 5,408,087           | \$ 7,228,489           | \$ (1,820,402)                 | (25.18%)                        |
| Special fares  | 1,717,095              | 1,771,409              | (54,314)                       | (3.07)                          |
| Interest, advertising, and other income                    | <u>1,138,975</u>       | <u>2,132,654</u>       | <u>(993,679)</u>               | <u>(46.59)</u>                  |
| Total operating revenues                                   | 8,264,157              | 11,132,552             | (2,868,395)                    | (25.77)                         |
| <b>OPERATING EXPENSES</b>                                  |                        |                        |                                |                                 |
| Labor, pension and OPEB                                    | 66,545,301             | 65,760,010             | 785,291                        | 1.19                            |
| Depreciation   | 10,916,707             | 10,929,918             | (13,211)                       | (0.12)                          |
| Other operating expenses                                   | <u>31,174,042</u>      | <u>33,649,931</u>      | <u>(2,475,889)</u>             | <u>(7.36)</u>                   |
| Total operating expenses                                   | 108,636,050            | 110,339,859            | (1,703,809)                    | (1.54)                          |
| <b>NONOPERATING REVENUES AND<br/>CAPITAL CONTRIBUTIONS</b> |                        |                        |                                |                                 |
| Mass Transit Trust Fund resources                          | 49,943,984             | 56,533,645             | (6,589,661)                    | (11.66)                         |
| Federal Transit Administration                             | 37,747,311             | 23,220,616             | 14,526,695                     | 62.56                           |
| Indiana Department of Transportation                       | 988,400                | 1,759,447              | (771,047)                      | (43.82)                         |
| KIPDA, KTC, and Other                                      | <u>1,684,737</u>       | <u>270,567</u>         | <u>1,414,170</u>               | <u>522.67</u>                   |
| Total non-operating revenues<br>and capital contributions  | <u>90,364,432</u>      | <u>81,784,275</u>      | <u>8,580,157</u>               | <u>10.49</u>                    |
| Change in net position                                     | <u>(10,007,461)</u>    | <u>(17,423,032)</u>    | <u>7,415,571</u>               | <u>(42.56%)</u>                 |
| Net position, beginning of year                            | <u>(21,920,306)</u>    | <u>(4,497,274)</u>     |                                |                                 |
| Net position, end of year                                  | <u>\$ (31,927,767)</u> | <u>\$ (21,920,306)</u> |                                |                                 |

TARC's operating revenues decreased 25.8% from FY 2020. TARC receives funding from sources other than operating revenue. TARC has a dedicated funding source through the Mass Transit Trust Fund ("MTTF") and also receives federal and state funding (Kentucky and Indiana). The MTTF contributed \$49,069,249 for FY 2021 and \$52,986,245 for FY 2020 for TARC's operating expenses and \$874,735 for FY 2021 and \$3,554,041 for FY 2020 for capital related purchases. The federal funding included funding for operations and capital purchases of \$37,747,311 for FY 2021 and \$23,220,627 for FY 2020.

(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended June 30, 2021

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***Expenses***

Expenses excluding depreciation were \$99,810,336 for FY 2021 and \$99,409,941 for FY 2020. This change represents an increase of 0.004%.

TARC is a labor-intensive industry and the cost of labor and benefits comprise the bulk of TARC's expenses. Labor and fringe benefits costs, including pension and OPEB expense, were \$66,545,301 in FY 2021 and \$65,760,010 in FY 2020. TARC experienced increases in both labor and health care costs. Materials and supplies expenses decreased 11.6% in FY 2021 compared to FY 2020. Casualty and insurance expenses increased by 6.3% in FY 2021 compared to FY 2020. Purchased Transportation decreased 7.5%, from \$14,817,237 in FY 2021 to \$16,023,819 in FY 2020. The bulk of purchased transportation is utilized to supply TARC 3 service, a service required by the Americans with Disabilities Act.

***Results of Operations***

TARC has made a commitment to taxpayers of this community to provide reliable and safe transportation. The economy has a direct effect on TARC's funding sources. TARC has made every effort to streamline its administrative staff. Also, the hiring and training of bus drivers is paramount in keeping operating costs at a manageable level. While there are no government-imposed limits on the balance of the MTTF, TARC's Board of Directors passed a motion that requires Board approval for the balance to go below \$10,000,000. Currently, the MTTF balance, including accruals, is \$27,844,858.

***Requests for Additional Information***

This report is intended to provide readers with a general overview of TARC's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in the report or need additional information, please contact the Transit Authority of River City, Attention: Finance Department, 1000 West Broadway, Louisville, Kentucky 40203.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2021

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**ASSETS**

Current assets:

|                                       |                |
|---------------------------------------|----------------|
| Cash and cash equivalents             | \$ 8,583,711   |
| Accounts and grants receivable, net   |                |
| Trade receivables                     | 3,061,012      |
| Grant receivables                     | 10,679,617     |
| Materials and supplies inventory, net | 1,708,613      |
| Prepaid expenses                      | <u>277,251</u> |
| Total current assets                  | 24,310,204     |

Noncurrent assets:

|                                      |                    |
|--------------------------------------|--------------------|
| Capital assets not being depreciated | 3,187,624          |
| Depreciable capital assets, net      | <u>72,978,721</u>  |
| Total capital assets                 | 76,166,345         |
| Other investments                    | <u>31,000</u>      |
| Total noncurrent assets              | <u>76,197,345</u>  |
| Total assets                         | <u>100,507,549</u> |

**DEFERRED OUTFLOWS OF RESOURCES**

|                                      |                   |
|--------------------------------------|-------------------|
| Pension related                      | 15,359,677        |
| OPEB related                         | <u>13,657,525</u> |
| Total deferred outflows or resources | <u>29,017,202</u> |

**Total assets and deferred outflows of resources** \$ 129,524,751

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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2021

---

**LIABILITIES**

Current liabilities:

|  |                  |
|--|------------------|
| Current portion of capital lease obligation                    | \$ 140,841       |
| Accounts payable and other liabilities                         | 14,506,489       |
| Compensated absences   | 1,923,017        |
| Estimated liability for uninsured liability claims             | 784,033          |
| Estimated liability for uninsured workers' compensation claims | 345,525          |
| Unearned revenue   | <u>1,556,893</u> |
| Total current liabilities                                      | 19,256,798       |

Noncurrent liabilities:

|  |                    |
|--|--------------------|
| Capital lease, less current portion                            | 121,697            |
| Compensated absences   | 1,697,365          |
| Estimated liability for uninsured liability claims             | 1,230,667          |
| Estimated liability for uninsured workers' compensation claims | 2,952,163          |
| Net pension liability:   |                    |
| County Employee Retirement System                              | 95,946,369         |
| TARC Pension Plan  | 907,047            |
| Net OPEB liability   | <u>30,198,452</u>  |
| Total net pension liability and net OPEB liability             | <u>127,051,868</u> |
| Total noncurrent liabilities                                   | <u>133,053,760</u> |

Total liabilities 152,310,558

Deferred inflows of resources

|                                     |                  |
|-------------------------------------|------------------|
| Pension related                     | 2,905,567        |
| OPEB related                        | <u>6,236,393</u> |
| Total deferred inflows of resources | <u>9,141,960</u> |

Total liabilities and deferred inflows of resources 161,452,518

**NET POSITION**

|                                  |                      |
|----------------------------------|----------------------|
| Net investment in capital assets | 75,903,807           |
| Unrestricted                     | <u>(107,831,574)</u> |
| Total net position               | <u>(31,927,767)</u>  |

**Total liabilities, deferred inflows of resources and net position** \$ 129,524,751

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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
Year ended June 30, 2021

|  |                        |
|--|------------------------|
| <b>Operating revenues</b>                                |                        |
| Passenger fares  | \$ 5,408,087           |
| Special transit fares                                    | 1,717,095              |
| Advertising  | 634,167                |
| Interest   | 2,303                  |
| Charter service  | 118,000                |
| Other revenue  | 274,085                |
| Recoveries   | 110,420                |
| Total operating revenues                                 | <u>8,264,157</u>       |
| <b>Operating expenses</b>                                |                        |
| Labor  | 28,968,059             |
| Fringe benefits, budget basis                            | 28,751,527             |
| Plus: annual pension adjustments                         | 7,422,545              |
| Plus: annual OPEB adjustments                            | 1,403,170              |
| Total labor, fringe benefits, pension and OPEB           | <u>66,545,301</u>      |
| Services   | 4,865,766              |
| Development costs  | 900,225                |
| Materials and supplies                                   | 6,054,166              |
| Utilities  | 943,600                |
| Casualty and insurance                                   | 3,200,840              |
| Miscellaneous  | 350,325                |
| Rentals and purchased transportation                     | 14,817,237             |
| Interest   | 32,468                 |
| Depreciation   | 10,916,707             |
| Loss on disposal   | 9,415                  |
| Total operating expenses                                 | <u>108,636,050</u>     |
| <b>Loss from operations</b>                              | (100,371,893)          |
| <b>Non-operating revenues</b>                            |                        |
| Mass Transit Trust Fund and interest                     | 49,069,249             |
| Mass Transit Trust Fund capital assistance for operating | 598,497                |
| Federal Transit Administration                           | 29,020,560             |
| Indiana Department of Transportation                     | 972,337                |
| Kentucky Regional Planning and Development Agency/Other  | 59,188                 |
| Total non-operating revenues                             | <u>79,719,831</u>      |
| <b>Loss before capital contributions</b>                 | (20,652,062)           |
| <b>Capital contributions:</b>                            |                        |
| Mass Transit Trust Fund and interest                     | 276,238                |
| Federal Transit Administration and Pass-Through Entities | 8,726,751              |
| KIPDA and other  | 1,641,612              |
| Total capital contributions                              | <u>10,644,601</u>      |
| <b>Change in net position</b>                            | (10,007,461)           |
| Net position, beginning of year                          | <u>(21,920,306)</u>    |
| <b>Net position, end of year</b>                         | <u>\$ (31,927,767)</u> |

See accompanying notes to financial statements.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year Ended June 30, 2021

|   |                  |
|---|------------------|
| <b>Cash flows from operating activities</b>   |                  |
| Receipts from passengers and service contracts  | \$ 7,536,657     |
| Payments to suppliers   | (19,055,684)     |
| Payments to employees   | (57,356,058)     |
| Net cash used in operating activities   | (68,875,085)     |
| <b>Cash flows from non-capital financing activities</b>                                 |                  |
| Federal assistance  | 24,496,862       |
| State assistance  | 1,031,525        |
| Mass Transit Trust Fund operational receipts  | 43,119,168       |
| Net cash provided by non-capital financing activities                                   | 68,647,555       |
| <b>Cash flows from capital and related financing activities</b>                         |                  |
| Payments on capital lease obligation  | 148,700          |
| Government Federal subsidies  | 10,368,363       |
| Mass transit trust fund capital subsidies   | 708,370          |
| Proceeds from disposal of capital assets  | 152,648          |
| Purchases of capital assets   | (11,058,540)     |
| Net cash used in capital and related financing activities                               | 319,541          |
| <b>Cash flows from investing activities</b>   |                  |
| Interest activity   | 2,303            |
| <b>Net increase in cash and cash equivalents</b>  | 94,314           |
| <b>Cash and cash equivalents, beginning of year</b>                                     | 8,489,397        |
| <b>Cash and cash equivalents, end of year</b>   | \$ 8,583,711     |
| <b>Reconciliation of loss from operations to net cash used in operating activities:</b> |                  |
| Loss from operations  | \$ (100,371,893) |
| Adjustments to reconcile loss from operations to net cash used in operating activities  |                  |
| Depreciation and development costs  | 11,816,932       |
| Net pension liability, deferred outflows and deferred inflows                           | 7,422,545        |
| Net OPEB liability, deferred outflows and deferred inflows                              | 1,403,170        |
| (Increase) decrease in:   |                  |
| Trade accounts receivable   | (231,688)        |
| Inventories   | (187,340)        |
| Prepaid expenses  | 1,057,874        |
| Accounts payable and other liabilities  | 9,316,667        |
| Accrued compensated absences  | 96,400           |
| Estimated liability for uninsured liability claims                                      | 551,900          |
| Estimated liability for uninsured workers' compensation claims                          | 746,160          |
| Unearned revenue  | (495,812)        |
| Net cash used in operating activities   | \$ (68,875,085)  |

See accompanying notes to financial statements.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND -PENSION TRUST FUND  
December 31, 2020

---

**ASSETS**

|                            |                     |
|----------------------------|---------------------|
| Investments, at fair value | \$ 1,059,054        |
| Other receivables          | <u>563</u>          |
| Total assets               | <u>\$ 1,059,617</u> |

**LIABILITIES**

|                                 |              |
|---------------------------------|--------------|
| Administrative expenses payable | <u>4,920</u> |
| Total liabilities               | <u>4,920</u> |

**NET POSITION**

|                                      |                     |
|--------------------------------------|---------------------|
| Net position restricted for pensions | <u>\$ 1,054,697</u> |
|--------------------------------------|---------------------|

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See accompanying notes to financial statements.



TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND – PENSION TRUST FUND  
Year ended December 31, 2020

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**Additions**

Investment income:

|   |               |
|---|---------------|
| Net appreciation in fair value of investments | \$ 90,577     |
| Interest and dividends                        | <u>18,582</u> |
|   | 109,159       |

|                        |                |
|------------------------|----------------|
| Employer contributions | <u>289,128</u> |
| Total additions        | <u>398,287</u> |

**Deductions**

|                              |                |
|------------------------------|----------------|
| Benefit paid to participants | 414,905        |
| Administrative expenses      | <u>32,762</u>  |
| Total deductions             | <u>447,667</u> |

|                                     |          |
|-------------------------------------|----------|
| <b>Net decrease in net position</b> | (49,380) |
|-------------------------------------|----------|

|  |                  |
|--|------------------|
| Plan fiduciary net position, beginning of year | <u>1,104,077</u> |
|--|------------------|

|   |                            |
|---|----------------------------|
| <b>Plan fiduciary net position, end of year</b> | <u><u>\$ 1,054,697</u></u> |
|---|----------------------------|

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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - NATURE OF ORGANIZATION**

The Transit Authority of River City ("TARC" or the "Authority") is a public corporation created by joint proceedings of the City of Louisville and Jefferson County Fiscal Court pursuant to KRS Chapter 96A of the Commonwealth of Kentucky to provide public transportation for Louisville, Kentucky and its metro areas. TARC is considered a discretely presented component unit of Louisville/Jefferson County Metro Government for financial statement reporting purposes. In order to measure the costs of providing mass transportation services, the revenues from those services and required subsidies, TARC has adopted the accounting methods appropriate for a governmental enterprise fund. TARC is a government entity and exempt from federal and state income taxes.

Budgetary Controls: Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that the budget omits depreciation expense and accounts for the principal portion of the capitalized lease payments as an expense. Appropriated budgets are adopted on an annual basis. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects. Legal budgetary control is established at the fund level (i.e. expenditures for a fund may not exceed the total appropriation amount). TARC is authorized to transfer budgeted amounts within the fund; however, any revisions that alter the total expenditures must be approved by Louisville/Jefferson County Metro Government Council. TARC's management prepares the annual budget and submits it to the Board of Directors (the "Board") for approval. This has historically been performed in April or May of each year. The Board-approved budgets for the 2021 fiscal year were submitted to and approved by Louisville/Jefferson County Metro Government Council in June 2020.

Concentration of Funding: TARC relied on local funding from the Mass Transit Trust Fund ("MTTF" or the "Fund") for 50.64% of total revenue in 2021. The Fund administers the proceeds of the Louisville-Jefferson County Metro Government ("Metro Government") occupational license tax authorized by the electorate to finance a mass transportation program in Metro Louisville. The assets of the Fund are restricted to finance the operating deficits and capital expenditures approved in the Annual Budget by the Metro Government Council for TARC. TARC also relies on federal assistance for operations and capital acquisitions. Federal revenues represented approximately 38.27% of total revenues in 2021.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The financial statements of TARC have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units by the Governmental Accounting Standards Board ("GASB"). TARC operates as an enterprise fund and all activities are accounted for using the economic resources measurement focus and the accrual basis of accounting.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary Fund: The Authority is a single-enterprise proprietary fund and uses the accrual basis of accounting. Proprietary funds are used to account for operations that are financed in a manner similar to a private business enterprise and that a periodic determination of revenues earned, expenses incurred and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Authority activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities for the benefits provided. Proprietary funds distinguish operating revenues and expenses from non-operating items:

- Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Authority are charges to customers in the form of bus fares and reimbursement by sponsors of subsidized routes.
- Operating expenses include the cost of providing transit service, administrative expenses and depreciation and amortization on capital assets.
- Property taxes, federal, state, and local assistance used to finance operations and expenses not related to the provision of transit service are reported as non-operating revenues and expenses.

It is the Authority's policy to apply restricted resources first when an obligation is incurred for which both restricted and unrestricted net position are available for use.

Fiduciary Fund: The Authority's defined benefit pension trust fund is presented in a fiduciary fund in the accompanying financial statements. These assets are being held for the benefit of pension participants and cannot be used for the activities or obligations of the Authority. The Fiduciary Fund has been presented as of its fiscal year end December 31, 2020.

Implementation of Accounting Standards: The Authority adopted the following accounting standard during the year, which was determined to be relevant to the Authority's financial reporting:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Adoption of this standard resulted in the inclusion of the Statement of Fiduciary Net Position (Fiduciary Fund) and the Statement of Changes in Fiduciary Net Position (Fiduciary Fund) in the Authority's financial statements, which report the activity of the Authority's defined benefit pension trust fund.

The Authority adopted the following accounting standard during the year, which was determined to have no impact on the Authority's financial position or results of operations:

- GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*. The objective of the Statement is to establish criteria for reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents: TARC considers all highly liquid investments (including restricted investments) purchased with an original maturity of three months or less to be cash equivalents.

Prepaid Expenses: Prepaid expenses consist of normal operating expenses for which payment is due in advance such as insurance and are expensed when the benefit is received.

Accounts Receivable: TARC uses the allowance for bad debts method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables. Management has recorded an allowance for doubtful accounts of \$3,956 at June 30, 2021.

Materials and Supplies Inventory: Inventory consists of fuel, tires, repair parts and supplies. No general administrative expenses are included in the inventory valuation. Expenses are recorded as the materials are consumed. Inventory is valued at the lower of cost or market using the first-in, first-out method.

Capital Assets: Capital assets are stated at cost and depreciated over their estimated useful lives using the straight-line method. TARC's depreciation policy requires that all qualifying assets with costs in excess of \$500 to be capitalized. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are five to forty years for land improvements, forty years for buildings, ten to twenty years for building repairs and improvements, twelve years for coaches and capitalized vehicles, five years for other equipment, and five years for office equipment. TARC has acquired certain assets with funding provided by federal assistance from the FTA grant programs. TARC holds title to these assets; however, the federal government retains an interest in these assets should TARC no longer use the assets for mass transit purposes. TARC periodically reviews the carrying values of property and equipment for impairment whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

Net Position: GASB requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These net position classifications are defined as follows:

- Net investment in capital assets - This component consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – This component consists of any externally restricted funds or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Self-Insurance: TARC is self-insured for workers' compensation and liability claims up to varying deductible amounts per occurrence for workers' compensation and liability claims. Other liability claims incurred prior to January 1, 1987 and workers' compensation claims in excess of the self-insured amounts are covered by varying amounts of insurance.

TARC is self-insured for cyber property and liability claims per occurrence for third party liability coverages and data breach crisis management, first party network business interruption and extra expenses property coverages, and first party data breach crisis management property coverages to replace, recreate, restore or repair damaged programs, software or electronic data.

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Changes in TARC's liability for uninsured workers' compensation and uninsured liability claims for the year ended June 30, 2021 are as follows:

|                                 | <u>Beginning<br/>Balance</u> | <u>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claim<br/>Payments</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|------------------------------|--|---------------------------|---------------------------|--------------------------------|
| Uninsured worker's compensation | \$ 2,551,528                 | \$ 1,273,206                                   | \$ 527,046                | \$ 3,297,688              | \$ 345,525                     |
| Uninsured liability claims      | \$ 1,462,800                 | \$ 1,653,700                                   | \$ 1,101,800              | \$ 2,014,700              | \$ 784,033                     |

Excess coverage can be purchased through Louisville Area Governmental Self-Insurance Trust. TARC participates in the Louisville Area Governmental Self Insurance Trust (the "Trust"). The Trust provides insurance coverage on liability claims made in excess of each member's deductible amount. The amount of coverage available to TARC could be limited by the total assets of the Trust.

There have been no significant reductions in insurance coverage from the previous year. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years for uninsured worker's compensation and uninsured liability claims at the TARC level.

**Compensated Absences:** Accrued compensated absences represent vested or accumulated sick time and vacation leave that is expected to be liquidated with expendable available financial resources. Full-time employees who have a continuous service record of one year or longer are entitled to an annual vacation from one to six weeks, based on a predetermined schedule. TARC's policy permits employees to accumulate earned but unused vacation. Employees can receive payment for earned, but unused vacation leave up to 240 hours. For bargaining employees, if the employee's predetermined schedule is changed by TARC's management, TARC is required to reschedule the employee's vacation time, which may carry the time over to the following year. In the event the non-bargaining employee has not taken his or her vacation by the end of the calendar year then his or her vacation time can be taken, paid or lost as deemed prudent by TARC's management. All full-time active employees earn sick days at the rate of 5/6 of a day per month, 10 days per year, up to a maximum of 145 days. Upon retirement, the following two options are available for the unused sick day accumulation:

- a. TARC will buy back all accumulated sick days at 100% of the employee's current pay rate, or
- b. If the employee is a member of TARC's retirement plan, the unused sick days can be considered as time worked to either advance a normal retirement date and increase service credits.

Changes in TARC's liability for compensated absences for the year ended June 30, 2021 are as follows:

|                      | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|----------------------|------------------------------|------------------|------------------|---------------------------|--------------------------------|
| Compensated absences | \$ 3,523,982                 | \$ 5,107,395     | \$ 5,010,995     | \$ 3,620,382              | \$ 1,923,017                   |

**Unearned Revenue:** Advance fare media that have not been redeemed through the fare box are shown as unearned revenue. Unearned revenue at June 30, 2021 was \$1,556,893.

(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Pension Liability:** TARC has recorded a net pension liability reflecting the difference between the total pension liabilities and the fiduciary net positions of the single employer defined benefit plan and the County Employees Retirement System plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the single employer defined benefit plan and the County Employees Retirement System (CERS) plan and additions to deductions from the single employer defined benefit plan and the CERS plan fiduciary net position have been determined on the same basis as they are reported by the single employer defined benefit plan and the CERS plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

|                       | <u>Beginning<br/>Balance</u> | <u>Net Change</u>   | <u>Ending<br/>Balance</u> |
|-----------------------|------------------------------|---------------------|---------------------------|
| At June 30, 2021:     |                              |                     |                           |
| TARC Pension Plan     | \$ 1,200,456                 | \$ (293,409)        | \$ 907,047                |
| CERS                  | <u>92,870,861</u>            | <u>3,075,508</u>    | <u>95,946,369</u>         |
| Net pension liability | <u>\$ 94,071,317</u>         | <u>\$ 2,782,099</u> | <u>\$ 96,853,416</u>      |

**Net OPEB Liability:** TARC has recorded a net OPEB liability reflecting the difference between the total OPEB liability and the fiduciary net positions of the County Employees Retirement System plan. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CERS plan and additions to deductions from the CERS plan fiduciary net position have been determined on the same basis as they are reported by the CERS plan. For this purpose, benefit payments recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

|                    | <u>Beginning<br/>Balance</u> | <u>Net Change</u>   | <u>Ending<br/>Balance</u> |
|--------------------|------------------------------|---------------------|---------------------------|
| At June 30, 2021:  |                              |                     |                           |
| Net OPEB liability | <u>\$ 22,204,681</u>         | <u>\$ 7,993,771</u> | <u>\$ 30,198,452</u>      |

**Deferred Outflows of Resources and Deferred Inflows of Resources:** These deferred amounts represent a consumption (outflow) or acquisition (inflow) of net position that applies to future periods. TARC's activities are related to recognition of changes in its defined benefit plans' net pension liability and net OPEB liability totaling \$9,141,960 of deferred inflows of resources and \$29,017,202 of deferred outflows of resources that will be amortized to expense in future periods.

**Operating Revenues and Expenses:** Operating revenues and expenses generally result from providing services in connection with ongoing operations. Revenues are recorded as income in a manner consistent with the timing of the provided service. Operating expenses include the cost of delivering services, administrative expenses and depreciation expenses on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fare Revenues:** Passenger fares are recorded as revenue at the time such services are performed, and revenues pass through the fare box. Sales of Stored Rides, Period Passes, and Pay as you go are recorded initially as unredeemed fares and recognized as income upon passage through the fare box. All other fare products are considered revenue when purchased.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital and Operating Grants: Certain expenditures for capital acquisitions, improvements and development of an urban mass transportation system have received significant federal funding through the Federal Transit Administration (FTA). The balance of such expenditures is funded through various grants and receipts from MTTF. Funds provided by governmental authorities for capital and operating assistance are recorded when earned.

Risks and Uncertainties: In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and spread around the world, with resulting business and social disruption. Coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response, governments and businesses worldwide have restricted access to public facing institutions, those deemed non-essential. These closures have led to significant, adverse changes in macroeconomic conditions – constraints on supply chain, sourcing of inputs and workforce availability. The extent to which the coronavirus impacts results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact; among others.

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

A summary of cash, certificate of deposit and investments at June 30, 2021 is as follows:

|  | Cash and Cash<br>Equivalents |
|--|------------------------------|
| Operating accounts:                        |                              |
| Cash in bank and on hand                   | \$ 1,497,473                 |
| U.S. Government money market               | <u>7,086,238</u>             |
| Total cash and cash equivalents            | 8,583,711                    |
| Certificate of deposit (Other Investments) | <u>31,000</u>                |
| Total                                      | <u>\$ 8,614,711</u>          |

The bank balance of cash, cash equivalents and certificate of deposit as of June 30, 2021 was \$8,734,562. The difference represents outstanding checks and deposits.

Custodial Credit Risk: Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, TARC may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. TARC's investment policy dictates that all cash and investments maintained in any financial institution named as a depository be collateralized and the collateral held in the name of TARC. TARC's cash deposits at June 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by TARC's agent bank in TARC's name.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. TARC's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are made based upon prevailing market conditions at the time of the transaction. TARC reviews its cash and investment needs in order to maintain adequate liquidity to meet its cash flow needs. Assets categorized as short-term operating funds will be invested in investments maturing in 12 months or less.

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**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are made under the 'prudent investor' standard to ensure that (a) due diligence is exercised in accordance with State law, (b) any negative deviations are reported timely and (c) reasonable action is taken to control any adverse developments. TARC's investment policy requires investment in instruments authorized in KRS 66.480(a)-(d).

**Concentration of Credit Risk:** TARC's investment policy requires diversification of the overall portfolio to eliminate the risk of loss from an over-concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer.

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. TARC is not exposed to this risk and its investment policy does not provide for investments in foreign currency denominated securities.

**NOTE 4 - CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2021 are summarized as follows:

|                                 | <u>Balance at<br/>July 1, 2020</u> | <u>Additions</u>    | <u>Retirements<br/>(Adjustments)</u> | <u>Balance at<br/>June 30, 2021</u> |
|---------------------------------|------------------------------------|---------------------|--------------------------------------|-------------------------------------|
| Capital Assets, Not Being       |                                    |                     |                                      |                                     |
| Depreciated                     |                                    |                     |                                      |                                     |
| Land                            | \$ 3,177,782                       | \$ 9,842            | \$ -                                 | \$ 3,187,624                        |
| Depreciable Capital Assets, Net |                                    |                     |                                      |                                     |
| Buildings                       | 49,094,438                         | 58,009              | -                                    | 49,152,447                          |
| Coaches                         | 115,378,686                        | 8,282,763           | (1,805,412)                          | 121,856,037                         |
| Office and computer equipment   | 10,135,863                         | 543,903             | (362,598)                            | 10,561,745                          |
| Other equipment                 | 21,940,655                         | 1,277,976           | (1,515,015)                          | 21,459,039                          |
|                                 | <u>196,549,642</u>                 | <u>10,162,651</u>   | <u>(3,683,025)</u>                   | <u>203,029,268</u>                  |
| Accumulated depreciation for:   |                                    |                     |                                      |                                     |
| Buildings                       | (26,291,502)                       | (1,547,794)         | -                                    | (27,839,296)                        |
| Coaches                         | (71,793,534)                       | (7,007,674)         | 1,805,412                            | (76,995,796)                        |
| Office and computer             |                                    |                     |                                      |                                     |
| equipment                       | (7,412,701)                        | (907,943)           | 362,598                              | (7,958,046)                         |
| Other equipment                 | (16,910,720)                       | (1,376,487)         | 1,029,798                            | (17,257,409)                        |
|                                 | <u>(122,408,457)</u>               | <u>(10,839,898)</u> | <u>3,197,808</u>                     | <u>(130,050,547)</u>                |
| Total                           | <u>74,141,185</u>                  | <u>(677,247)</u>    | <u>(485,217)</u>                     | <u>72,978,721</u>                   |
| Capital assets, net             | \$ 77,318,967                      | \$ (667,405)        | \$ (485,217)                         | \$ 76,166,345                       |

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**NOTE 5 – LINE OF CREDIT BORROWINGS**

TARC entered into a direct borrowing agreement with Fifth Third Bank that established an unsecured line-of-credit whereby TARC had available borrowings up to \$15,000,000 for the period July 1, 2020 to November 30, 2020. Effective December 1, 2020, TARC amended the borrowing agreement which provides for available borrowings up to \$6,000,000 through its maturity date on November 30, 2021. The interest rate is the 30-day LIBOR rate plus 1.50% (1.60% at June 30, 2021). There was no outstanding balance on the line of credit as of June 30, 2021.

**NOTE 6 - LOUISVILLE METRO GOVERNMENT - MASS TRANSIT TRUST FUND**

The majority of TARC's funding is from an occupational tax levied on residents of Jefferson County, Kentucky. A tax of 0.2% of taxable income is levied annually. The taxes are collected by the Revenue Commission of the Louisville Metro Government and deposited into MTTF. TARC is authorized to draw MTTF funds for operating and capital expenditures.

For the year ended June 30, 2021, TARC recorded nonoperating revenues of \$49,069,249 and \$874,735 for capital assistance for operations and capital contributions from MTTF. TARC may receive authorization to draw amounts in excess of originally authorized amounts in order to manage cash flow during the year. Any such excess (or under) draws are recorded as a payable (receivable) to MTTF. At June 30, 2021, TARC recorded a receivable due from MTTF for \$153,663.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

TARC entered into a contract for purchased transportation service which expires on December 10, 2024. Purchased transportation services expense for the year ended June 30, 2021 was \$14,817,237. TARC has a contract that expires March 2023 with a vendor for the use of bus tires. The monthly charge to operations is based on mileage placed on the tires. Tire usage expense for the year ended June 30, 2021 was \$622,880.

TARC is dependent upon the availability of diesel fuel. Increases in the cost of fuel may, in the future, adversely affect the profitability of TARC. There is no assurance that diesel fuel prices will not increase. To alleviate possible fuel cost increases, TARC periodically enters into fixed unit cost fuel contracts with fuel suppliers to purchase fuel at or below current market prices. In February 2021, TARC entered into an agreement with a fuel supplier to provide diesel fuel to support the fleet operation for twenty-four (24) months at a fixed price of \$1.7887 per gallon of up to 2,000,000 gallons. The base amount of this contract is for \$7,152, 800.00, which is based on the estimated annual fuel usage of TARC of 2,000,000 gallons multiplied by the contractor's bid excluding taxes. The contract not to exceed amount is \$7,512,000 which allows for a 5% increase, if needed, to support any potential increase in the last year of the term.

Expenditures financed by federal and state grants are subject to audit by the granting agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although TARC expects such amounts, if any, to be immaterial.

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**NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)**

TARC is subject to various legal actions and general asserted and unasserted claims arising in the ordinary course of its business. Litigation is subject to many uncertainties; the outcome of individual litigated matters is not predictable with assurance. While it is reasonably possible that some of these foregoing matters may be decided unfavorably to TARC within the next year, it is the opinion of management that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of TARC.

**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS**

**General Information About the Pension and OPEB Plan:** All full-time and eligible part-time employees of TARC participate in County Employee Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System (KRS), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 78.520, the Board of Trustees (the Board) of KRS administers CERS, Kentucky Employee Retirement System, and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs.

The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances. Under the provisions of Kentucky Revised Statute Section 61.701, the Board of KRS also administers the Kentucky Retirement Systems Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS. The assets of the insurance fund are invested as a whole. KRS and the Commonwealth have statutory authority to determine Plan benefits and employer contributions.

KRS issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at [www.kyret.ky.gov](http://www.kyret.ky.gov).

**Basis of Accounting:** For purposes of measuring the net pension and other post-employment benefits plan (OPEB) liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Pension Benefits Provided:** The information below summarizes the major retirement benefit provisions of CERS-non-hazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

***Members whose participation began before 8/1/2004:***

***Age and Service Requirement:*** Age 65 with at least one month of non-hazardous duty service credit, or at any age with 27 or more years of service credit.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

**Benefit:** If a member has at least 48 months of service, the monthly benefit is 2.20% times final average compensation times years of service depending on participation and retirement dates. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

***Members whose participation began on or after 8/1/2004, but before 9/1/2008:***

***Age and Service Requirement:*** Age 65 with at least one month of non-hazardous duty service credit, or at any age with 27 or more years of service credit.

**Benefit:** If a member has at least 48 months of service, the monthly benefit is 2.00% multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

***Members whose participation began on or after 9/1/2008 but before 1/1/2014:***

***Age and Service Requirement:*** Age 65 with 60 months of non-hazardous duty service credit, or age 57 if age plus service equals at least 87.

**Benefit:** The monthly benefit is the following benefit factor based on service credit at retirement plus 2.00% for each year of service greater than 30 years, multiplied by final average compensation, multiplied by years of service.

| <u>Service Credit</u> | <u>Benefit Factor</u> |
|-----------------------|-----------------------|
| 10 years or less      | 1.10%                 |
| 10+ - 20 years        | 1.30%                 |
| 20+ - 26 years        | 1.50%                 |
| 26+ - 30 years        | 1.75%                 |

Final compensation is calculated by taking the average of the last (not highest) five (5) complete fiscal years of salary. Each fiscal year used to determine final compensation must contain twelve (12) months of service credit.

***Members whose participation began on or after 1/1/2014:***

***Age and Service Requirement:*** Age 65 with 60 months of non-hazardous duty service credit, or age 57 if age plus service equals at least 87.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

**Benefit:** Each year that a member is an active contributing member to the System, the member contributes 5.00% of creditable compensation, and the member's employer contributes 4.00% of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4.00%. If the System's geometric average net investment return for the previous five years exceeds 4.00%, then the hypothetical account will be credited with an additional amount of interest equal to 75.00% of the amount of the return which exceeds 4.00%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the System as a lump sum or annuitized into a single life annuity option.

**OPEB Benefits Provided:** The information below summarizes the major retirement benefit provisions of CERS-non-hazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

***Insurance Tier 1: Participation began before 7/1/2003***

**Benefit Eligibility:** Recipient of a retirement allowance

**Benefit:** The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

***Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008***

**Benefit Eligibility:** Recipient of a retirement allowance with at least 120 months of service at retirement

**Benefit:** The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

***Insurance Tier 3: Participation began on or after 9/1/2008***

**Benefit Eligibility:** Recipient of a retirement allowance with at least 180 months of service at retirement

**Benefit:** The system provides a monthly contribution subsidy of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

**Contributions:** TARC was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal year ended June 30, 2021, participating employers contributed 24.06% (19.30% allocated to pension and 4.76% allocated to OPEB) as set by KRS, respectively, of each Non-hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings.

TARC has met 100% of the contribution funding requirement for the fiscal year ended June 30, 2021. Total current year contributions recognized by the Plan were \$7,669,209 (\$6,151,942 related to pension and \$1,517,267 related to OPEB) for the year ended June 30, 2021. The OPEB contributions amount does not include the implicit subsidy reported in the amount of \$741,134.

***Members whose participation began before 9/1/2008:***

Non-hazardous member contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Members are entitled to a full refund of contributions with interest.

***Members whose participation began on or after 9/1/2008:***

Non-hazardous member contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Members are entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

***Members whose participation on or after 1/1/2014:***

Non-hazardous member contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Members are entitled to a full refund of contributions and interest on the member's portion of the hypothetical account, however, the 1% contributed to the insurance fund is non-refundable.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

**PENSION INFORMATION**

**Total Pension Liability:** The total pension liability ("TPL") was determined by an actuarial valuation performed as of June 30, 2019. An expected TPL was determined at June 30, 2020 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

|                            |  |
|----------------------------|--|
| Price inflation:           | 2.30%  |
| Salary increases:          | 3.30% to 10.30%, varying by service years, including inflation     |
| Investment rate of return: | 6.25%, net of pension plan investment expense, including inflation |

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 6.25%, which did not change from the prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.
- (c) **Long-Term Rate of Return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination does not use a municipal bond rate.
- (e) **Periods of Projected Benefit Payments:** The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

- (f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Growth:                     |                          |   |
| US equity                   | 18.75%                   | 4.30%   |
| Non-US equity               | 18.75                    | 4.80  |
| Private equity              | 10.00                    | 6.65  |
| Specialty credit/high yield | 15.00                    | 2.60  |
| Liquidity:                  |                          |   |
| Core bonds                  | 13.50                    | 1.35  |
| Cash                        | 1.00                     | 0.20  |
| Diversifying strategies:    |                          |   |
| Real estate                 | 5.00                     | 4.85  |
| Opportunistic               | 3.00                     | 2.97  |
| Real return                 | <u>15.00</u>             | 4.10  |
| Total                       | <u>100.00%</u>           |   |

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents TARC's allocated portion of the net pension liability ("NPL") of the System, calculated using the discount rate of 6.25%, as well as what TARC's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25%) or 1 percentage-point higher (7.25%) than the current rate:

|  | <u>1% Decrease<br/>(5.25%)</u> | <u>Current<br/>Discount Rate<br/>(6.25%)</u> | <u>1% Increase<br/>(7.25%)</u> |
|--|--------------------------------|--|--------------------------------|
| TARC's net position liability -<br>Non-hazardous | \$ 118,322,751                 | \$ 95,946,369                                | \$ 77,417,874                  |

**Employer's Portion of the Collective Net Pension Liability:** TARC's proportionate share of the net pension liability, as indicated in the prior table, is \$95,946,369, or approximately 1.25%. The net pension liability was distributed based on 2020 actual employer contributions to the plan. TARC's prior year proportionate share of the net pension liability was \$92,870,861, or approximately 1.32%.

**Measurement Date:** June 30, 2019 is the actuarial valuation date and June 30, 2020 is the measurement date upon which the total pension liability is based.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

**Changes in Assumptions and Benefit Terms:** Since the prior measurement date, there were no changes in assumptions, however benefit terms were updated as follows, which did not have a material impact on the total pension liability:

- The monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse was reduced.
- Benefits were increased for a small number of beneficiaries.

**Changes Since Measurement Date:** There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

**Pension Expense:** TARC was allocated pension expense of \$13,672,708 related to the CERS for the year ended June 30, 2021.

**Deferred Outflows and Deferred Inflows:** Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between expected and actual experience:  | \$ 2,392,599                                  | \$ -   |
| Change of assumptions:  | 3,746,544                                     | -  |
| Changes in proportion and differences between employer contributions and proportionate shares of contributions: | 391,615                                       | 2,828,991                                    |
| Differences between expected and actual investment earning on plan investments:                                 | <u>2,400,937</u>                              | <u>-</u>                                     |
|   | 8,931,695                                     | 2,828,991                                    |
| Contributions subsequent to the measurement date:   | <u>6,151,942</u>                              | <u>-</u>                                     |
| Total:  | <u>\$ 15,083,637</u>                          | <u>\$ 2,828,991</u>                          |

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(Continued)



TRANSIT AUTHORITY OF RIVER CITY  
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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$6,151,942 will be recognized as a reduction of net pension liability in the year ending June 30, 2022. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

|                      |                     |
|----------------------|---------------------|
| Year ending June 30: |                     |
| 2022                 | \$ 2,820,201        |
| 2023                 | 1,340,969           |
| 2024                 | 977,262             |
| 2025                 | <u>964,272</u>      |
|                      | <u>\$ 6,102,704</u> |

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plans' fiduciary net position is available in the separately issued CERS pension plan financial reports.

**OPEB INFORMATION**

**Total OPEB Liability:** The total other postemployment benefits plan ("OPEB") liability was determined by an actuarial valuation as of June 30, 2019. An expected total OPEB liability was determined at June 30, 2020 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

|                            |  |
|----------------------------|--|
| Price inflation:           | 2.30%  |
| Payroll growth rate:       | 2.00%  |
| Salary increases:          | 3.30% to 10.30%, varying by service years, including inflation   |
| Investment rate of return: | 6.25%, net of pension plan investment expense, including inflation   |
| Healthcare trend rates:    |  |
| Pre-65:                    | Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years |
| Post-65:                   | Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years |

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 5.34%, which decreased from the 5.68% discount rate used in the prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination used a municipal bond rate of 2.45% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2020.
- (e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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(Continued)

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

- (f) **Assumed Asset Allocations:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Growth:                     |                          |   |
| US equity                   | 18.75%                   | 4.30%   |
| Non-US equity               | 18.75                    | 4.80  |
| Private equity              | 10.00                    | 6.65  |
| Specialty credit/high yield | 15.00                    | 2.60  |
| Liquidity:                  |                          |   |
| Core bonds                  | 13.50                    | 1.35  |
| Cash                        | 1.00                     | 0.20  |
| Diversifying strategies:    |                          |   |
| Real estate                 | 5.00                     | 4.85  |
| Opportunistic               | 3.00                     | 2.97  |
| Real return                 | <u>15.00</u>             | 4.10  |
| Total                       | <u>100.00%</u>           |   |

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents TARC's allocated portion of the net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what TARC's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate for non-hazardous:

|                    | <u>1% Decrease<br/>(4.34%)</u> | <u>Current<br/>Discount Rate<br/>(5.34%)</u> | <u>1% Increase<br/>(6.34%)</u> |
|--------------------|--------------------------------|--|--------------------------------|
| Net OPEB liability | <u>\$ 38,796,146</u>           | <u>\$ 30,198,452</u>                         | <u>\$ 23,136,881</u>           |

The following presents TARC's allocated portion of the net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the TARC's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for non-hazardous:

(Continued)

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

|                    | <u>1% Decrease</u>   | <u>Current Healthcare<br/>Cost Trend Rate</u> | <u>1% Increase</u>   |
|--------------------|----------------------|---|----------------------|
| Net OPEB liability | <u>\$ 23,381,150</u> | <u>\$ 30,198,452</u>                          | <u>\$ 38,471,410</u> |

**Employer's Portion of the Collective OPEB Liability:** TARC's proportionate share of the net OPEB liability, as indicated in the prior table, is \$30,198,452 or approximately 1.25%. The net OPEB liability was distributed based on 2020 actual employer contributions to the plan. TARC's prior year proportionate share of the net OPEB liability was \$22,204,681, or approximately 1.32%.

**Measurement Date:** June 30, 2019 is the actuarial valuation date and June 30, 2020 is the measurement date upon which the total OPEB liability is based.

**Changes in Assumptions and Benefit Terms:** Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34%.
- The assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.
- Actuarial information has been updated to reflect anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019.

**Changes Since Measurement Date:** There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

**OPEB Expense:** TARC was allocated OPEB expense of \$3,811,170 related to the CERS for the year ended June 30, 2021.

**Deferred Outflows and Deferred Inflows:** Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

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(Continued)

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**NOTE 8 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING - CERS (Continued)**

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience:  | \$ 5,045,528                         | \$ 5,049,468                        |
| Change of assumptions:  | 5,252,746                            | 31,943                              |
| Changes in proportion and differences between employer contributions and proportionate shares of contributions: | 97,124                               | 1,154,982                           |
| Differences between expected and actual investment earnings on plan investments:                                | 1,003,726                            | -                                   |
|   | 11,399,124                           | 6,236,393                           |
| Contributions subsequent to the measurement date:   | 2,258,401                            | -                                   |
| Total:  | <u>\$ 13,657,525</u>                 | <u>\$ 6,236,393</u>                 |

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$2,258,401, which includes the implicit subsidy reported of \$741,134 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

|                      |                     |
|----------------------|---------------------|
| Year ending June 30: |                     |
| 2022                 | \$ 1,376,635        |
| 2023                 | 1,673,679           |
| 2024                 | 1,105,108           |
| 2025                 | 1,074,117           |
| 2026                 | <u>(66,808)</u>     |
|                      | <u>\$ 5,162,731</u> |

**OPEB Plan Fiduciary Net Position:** Detailed information about the OPEB plans' fiduciary net position is available in the separately issued CERS OPEB plan financial reports.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER**

**Benefits Provided:** At June 30, 2021, the following employees were covered by the benefit terms:

|   |    |
|---|----|
| Retirees and beneficiaries currently receiving benefits | 41 |
|---|----|

All full-time employees, who were employed by TARC prior to September 1, 1991, were eligible to participate in the Plan beginning with the first full month of service. Benefits vested after five years of service and are based on a monthly rate per year of service with monthly maximum benefits ranging from \$710 to \$890 based on retirement or termination date. Benefit payments are established or may be amended by the TARC Pension Board. The Plan also provides death and disability benefits. Effective September 1, 2019, the Plan elected no annual cost of living increases in monthly benefit payments for fiscal years 2020 through 2022.

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**NOTE 9 – DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER (Continued)**

**Contributions:** TARC contributes to the Plan an amount needed to maintain the Plan in a sound condition as determined periodically on the basis of an actuarial valuation. Contribution requirements are established or may be amended by the TARC Pension Board. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The actuarially determined contribution amount is based upon the sum of gross normal cost plus funding of past service costs over 10 years, less anticipated employee contributions. The actuarially determined contribution amount for the 2020 Plan year was \$274,110. The Plan recognized \$289,128 of employer contributions as of December 31, 2020. During their employment with TARC, eligible employees were required to contribute an amount per hour that was agreed to in the bargaining agreement.

Employee contributions were determined using the following amounts per hour:

|                                  |          |
|----------------------------------|----------|
| March 1990 to August 1991:       | \$ 0.375 |
| September 1991 to December 2004: | \$ 0.425 |

The final employee eligible to contribute into this Plan retired in 2004; therefore, there were no employee contributions to the Plan after that time.

**Net Pension Liability:** TARC's net pension liability was measured as of January 1, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |      |
|----------------------------|------|
| Cost of living adjustment: | 0.0% |
| Investment rate of return: | 7.0% |

- Mortality rates were based on RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with projected improvements after year 2006 under Projection Scale MP-2020 (male and female scales).
- The actuarial valuation method was based on the Entry Age Normal Cost Method, with the unfunded actuarial liability amortized over 10 years and a future liability changes amortized over average expected future lifetime.
- The asset valuation method based on the market value adjusted for accruals.
- The provision for expenses based on the replacement of prior year's expenses paid from the trust.

**Changes in Assumptions:** Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described in the summary of actuarial assumptions. The changes are noted below:

- The mortality table changed from the RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with projected mortality improvements after year 2006 under Projection Scale MP-2019 (male and female scales) to the RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with projected mortality improvements after year 2006 under Projection Scale MP-2020 (male and female scales).

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(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
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**NOTE 9 – DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Assumed Asset Allocations:** The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|--------------------|--------------------------|---|
| Equities:          | 60%                      | 4.2%  |
| Fixed income:      | <u>40</u>                | 2.8%  |
| Total:             | <u>100%</u>              |   |

**Discount Rate:** The discount rate used to measure the total pension liability was 7.00%. Based on projected future contributions, benefit payments and investment returns, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The projection of cash flows used to determine the discount rate assumed that TARC would contribute the actuarially determined contribution rate of projected compensation over the remaining 10-year amortization period of the unfunded actuarial accrued liability.

**Changes in the Net Pension Liability:**

|  | <u>Increase (Decrease)</u>                 |  |  |
|--|--|--|--|
|  | <u>Total Pension<br/>Liability<br/>(a)</u> | <u>Plan Fiduciary<br/>Net Position<br/>(b)</u> | <u>Net Pension<br/>Liability<br/>(a) – (b)</u> |
| <b>Balances at January 1, 2020</b>                               | \$ 2,304,533                               | \$ 1,104,077                                   | \$ 1,200,456                                   |
| Changes for the year:  |  |  |  |
| Interest   | 148,006                                    | -  | 148,006  |
| Differences between expected and<br>actual experience            | (55,835)                                   | -  | (55,835)                                       |
| Contributions – employer   | -  | 289,128  | (289,128)                                      |
| Net investment income  | -  | 109,159  | (109,159)                                      |
| Benefit payments, including refunds<br>of employee contributions | (414,905)                                  | (414,905)                                      | -  |
| Assumption changes   | (20,055)                                   | -  | (20,055)                                       |
| Administrative expenses  | -  | (32,762)                                       | 32,762   |
| Net changes  | <u>(342,789)</u>                           | <u>(49,380)</u>                                | <u>(293,409)</u>                               |
| <b>Balances at December 31, 2020</b>                             | <u>\$ 1,961,744</u>                        | <u>\$ 1,054,697</u>                            | <u>\$ 907,047</u>                              |

(Continued)

TRANSIT AUTHORITY OF RIVER CITY  
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**NOTE 9 – DEFINED BENEFIT PENSION PLAN – SINGLE EMPLOYER (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** The following presents the net pension liability of TARC, calculated using the discount rate of 7.00%, as well as what TARC's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

|                               | 1% Decrease<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| TARC's net pension liability: | \$ 993,951             | \$ 907,047                          | \$ 827,394             |

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources:** For the year ended June 30, 2021, TARC recognized a pension benefit of \$106,916 related to the Plan.

At June 30, 2021, TARC reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual investment earnings on plan investments: | \$ -                                 | \$ 76,576                           |
| Total:   | \$ -                                 | \$ 76,576                           |

The deferred outflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period with remaining amortization as follows:

|                          |             |
|--------------------------|-------------|
| Year ending December 31: |             |
| 2021                     | \$ (26,929) |
| 2022                     | (28,018)    |
| 2023                     | (15,052)    |
| 2024                     | (24,902)    |
| 2025                     | 18,325      |
| Total:                   | \$ (76,576) |

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plans' fiduciary net position is available in the separately issued audited pension plan financial reports. A copy of the separately issued audit report may be requested from the Chief Financial Officer, 1000 W. Broadway, Louisville, KY 40203.



**REQUIRED SUPPLEMENTARY INFORMATION**

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REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TARC'S NET PENSION LIABILITY –  
EMPLOYEES' AMENDED RETIREMENT PLAN  
Plan year ended December 31, 2020

|   | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                | <u>2017</u>                | <u>2016</u>                | <u>2015</u>                | <u>2014</u>                |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total pension liability</b>  |                            |                            |                            |                            |                            |                            |                            |
| Interest  | \$ 148,006                 | \$ 193,057                 | \$ 226,086                 | \$ 250,828                 | \$ 270,473                 | \$ 286,547                 | \$ 322,907                 |
| Differences between expected and experience                                       | (55,835)                   | (189,015)                  | (170,890)                  | 30,844                     | 9,170                      | (192,112)                  | (116,612)                  |
| Changes of assumptions  | (20,055)                   | (201,128)                  | (7,517)                    | (48,849)                   | 87,324                     | 356,697                    | 9,687                      |
| Benefit payments, including refunds   | <u>(414,905)</u>           | <u>(473,229)</u>           | <u>(558,697)</u>           | <u>(609,620)</u>           | <u>(679,756)</u>           | <u>(738,404)</u>           | <u>(799,005)</u>           |
| Net change in total pension liability   | (342,789)                  | (670,315)                  | (511,018)                  | (376,797)                  | (312,789)                  | (287,272)                  | (583,023)                  |
| Total pension liability, beginning  | <u>2,304,533</u>           | <u>2,974,848</u>           | <u>3,485,866</u>           | <u>3,862,663</u>           | <u>4,175,452</u>           | <u>4,462,724</u>           | <u>5,045,747</u>           |
| <b>Total pension liability, ending</b>  | <b><u>\$ 1,961,744</u></b> | <b><u>\$ 2,304,533</u></b> | <b><u>\$ 2,974,848</u></b> | <b><u>\$ 3,485,866</u></b> | <b><u>\$ 3,862,663</u></b> | <b><u>\$ 4,175,452</u></b> | <b><u>\$ 4,462,724</u></b> |
| <b>Plan fiduciary net position</b>  |                            |                            |                            |                            |                            |                            |                            |
| Contributions – employer  | \$ 289,128                 | \$ 595,256                 | \$ 461,850                 | \$ 438,954                 | \$ 438,660                 | \$ 419,912                 | \$ 468,338                 |
| Net investment income   | 109,159                    | 132,004                    | 3,683                      | 127,536                    | 77,165                     | (19,825)                   | 171,041                    |
| Benefit payments, including refunds of employee                                   | (414,905)                  | (473,229)                  | (558,697)                  | (609,620)                  | (679,756)                  | (738,404)                  | (799,005)                  |
| Administrative expense  | <u>(32,762)</u>            | <u>(21,602)</u>            | <u>(56,761)</u>            | <u>(63,697)</u>            | <u>(45,405)</u>            | <u>(44,274)</u>            | <u>(59,466)</u>            |
| Net change in plan fiduciary net position   | (49,380)                   | 232,429                    | (149,925)                  | (106,827)                  | (209,336)                  | (382,591)                  | (219,092)                  |
| Plan fiduciary net position, beginning  | <u>1,104,077</u>           | <u>871,648</u>             | <u>1,021,573</u>           | <u>1,128,400</u>           | <u>1,337,736</u>           | <u>1,720,327</u>           | <u>1,939,419</u>           |
| Plan fiduciary net position, ending   | <u>1,054,697</u>           | <u>1,104,077</u>           | <u>871,648</u>             | <u>1,021,573</u>           | <u>1,128,400</u>           | <u>1,337,736</u>           | <u>1,720,327</u>           |
| <b>TARC's net pension liability, ending</b>                                       | <b><u>\$ 907,047</u></b>   | <b><u>\$ 1,200,456</u></b> | <b><u>\$ 2,103,200</u></b> | <b><u>\$ 2,464,293</u></b> | <b><u>\$ 2,734,263</u></b> | <b><u>\$ 2,837,716</u></b> | <b><u>\$ 2,742,397</u></b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 53.76%                     | 47.91%                     | 29.30%                     | 29.31%                     | 29.21%                     | 32.04%                     | 38.55%                     |

**Notes to Schedule**

The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

There was no covered employee payroll during the ten-year period, so the net pension liability as a percentage of covered employee payroll is not applicable.

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REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TARC'S NET PENSION LIABILITY –  
EMPLOYEES' AMENDED RETIREMENT PLAN  
Plan year ended December 31, 2020

|   | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         |
|---|---------------------|---------------------|---------------------|
| <b>Total Pension Liability</b>                                    |                     |                     |                     |
| Interest  | \$ 358,885          | \$ 410,170          | \$ 460,070          |
| Changes in benefit terms  | 230,905             | 110,129             | 125,388             |
| Difference between expected<br>and actual experience              | (267,436)           | (322,677)           | (288,142)           |
| Changes in assumptions  | 10,794              | 12,274              | 14,270              |
| Benefit payments  | <u>(903,997)</u>    | <u>(988,096)</u>    | <u>(1,067,381)</u>  |
| <b>Net change in total pension liability</b>                      | (570,849)           | (778,200)           | (755,795)           |
| Total pension liability – beginning (a)                           | <u>5,616,596</u>    | <u>6,394,796</u>    | <u>7,150,591</u>    |
| <b>Total pension liability – ending (b)</b>                       | <u>\$ 5,045,747</u> | <u>\$ 5,616,596</u> | <u>\$ 6,394,796</u> |
| <b>Plan Fiduciary Net Position</b>                                |                     |                     |                     |
| Employer contributions  | \$ 239,000          | \$ 50,000           | \$ -                |
| Net investment income   | 373,829             | 316,859             | 184,767             |
| Benefit payments  | (903,997)           | (988,096)           | (1,067,381)         |
| Administrative expense  | <u>(49,656)</u>     | <u>(63,177)</u>     | <u>(66,707)</u>     |
| <b>Net change in plan fiduciary net position</b>                  | (340,824)           | (684,414)           | (949,321)           |
| Plan fiduciary net position – beginning (c)                       | <u>2,280,243</u>    | <u>2,964,657</u>    | <u>3,913,978</u>    |
| <b>Plan fiduciary net position – ending (d)</b>                   | <u>\$ 1,939,419</u> | <u>\$ 2,280,243</u> | <u>\$ 2,964,657</u> |
| <b>Net pension liability – beginning (a-c)</b>                    | <u>\$ 3,336,353</u> | <u>\$ 3,430,139</u> | <u>\$ 3,236,613</u> |
| <b>Net pension liability – ending (d-b)</b>                       | <u>\$ 3,106,328</u> | <u>\$ 3,336,353</u> | <u>\$ 3,430,139</u> |
| Fiduciary net position as a percentage of total pension liability | 38.44%              | 40.60%              | 46.36%              |

**Notes to Schedule**

The amounts presented for each fiscal year were determined as of the December 31 year-end that occurred within the fiscal year.

There was no covered employee payroll during the ten-year period, so the net pension liability as a percentage of covered employee payroll is not applicable.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S CONTRIBUTIONS –  
EMPLOYEES' AMENDED RETIREMENT PLAN  
Plan year ended December 31, 2020

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|   | <u>2020</u>        | <u>2019</u>         | <u>2018</u>        | <u>2017</u>    | <u>2016</u>        | <u>2015</u>    | <u>2014</u>    |
|---|--------------------|---------------------|--------------------|----------------|--------------------|----------------|----------------|
| Actuarially determined contribution                                     | \$ 274,110         | \$ 423,330          | \$ 437,941         | \$ 438,954     | \$ 426,241         | \$ 419,912     | \$ 468,337     |
| Contributions in relation to the<br>actuarially determined contribution | <u>289,128</u>     | <u>595,256</u>      | <u>461,850</u>     | <u>438,954</u> | <u>438,660</u>     | <u>419,912</u> | <u>468,338</u> |
| Annual contribution deficiency (excess)                                 | <u>\$ (15,018)</u> | <u>\$ (171,926)</u> | <u>\$ (23,909)</u> | <u>\$ -</u>    | <u>\$ (12,419)</u> | <u>\$ -</u>    | <u>\$ (1)</u>  |

**Notes to Schedule**

There was no covered employee payroll during the ten-year period, so amounts of contributions recognized by the pension plan in relation to the actuarially determined contribution as a percentage of covered employee payroll is not applicable.

|                                |  |
|--------------------------------|--|
| Valuation Date:                | January 1, 2020  |
| Actuarial Cost Method:         | Entry age normal cost method   |
| Amortization Method:           | Level Dollar   |
| Remaining Amortization Period: | 10 years   |
| Asset Valuation Method:        | Market value less accrued expenses   |
| Inflation:                     | 2.00%  |
| Salary Increases:              | Not applicable, as all beneficiaries are retired, and the plan is closed to new entrants.  |
| Investment Rate of Return:     | 7.00%  |
| Retirement Age:                | Not applicable, as all beneficiaries are retired and the plan is closed to new entrants.   |
| Mortality:                     | RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with protected mortality improvements after year 2006 under protection scale MP-2019 (male and female scales) |

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S CONTRIBUTIONS –  
EMPLOYEES' AMENDED RETIREMENT PLAN  
Plan year ended December 31, 2020

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|   | <u>2013</u>       | <u>2012</u>       | <u>2011</u>       |
|---|-------------------|-------------------|-------------------|
| Actuarially determined contribution                                     | \$ 359,326        | \$ 377,600        | \$ 360,528        |
| Contributions in relation to the actuarially<br>determined contribution | <u>239,000</u>    | <u>50,000</u>     | <u>-</u>          |
| Contribution deficiency (excess)  | <u>\$ 120,326</u> | <u>\$ 327,600</u> | <u>\$ 360,528</u> |

**Notes to Schedule**

There was no covered employee payroll during the ten-year period, so amounts of contributions recognized by the pension plan in relation to the actuarially determined contribution as a percentage of covered-employee payroll is not applicable.

|                                |  |
|--------------------------------|--|
| Valuation Date:                | January 1, 2020  |
| Actuarial Cost Method:         | Entry age normal cost method   |
| Amortization Method:           | Level Dollar   |
| Remaining Amortization Period: | 10 years   |
| Asset Valuation Method:        | Market value less accrued expenses   |
| Inflation:                     | 2.00%  |
| Salary Increases:              | Not applicable, as all beneficiaries are retired, and the plan is closed to new entrants.  |
| Investment Rate of Return:     | 7.00%  |
| Retirement Age:                | Not applicable, as all beneficiaries are retired and the plan is closed to new entrants.   |
| Mortality:                     | RP-2014 Generational Mortality Tables (Blue Collar) adjusted to 2006 with protected mortality improvements after year 2006 under protection scale MP-2019 (male and female scales) |

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF MONEY-WEIGHTED RATES OF RETURN –  
EMPLOYEES' AMENDED RETIREMENT PLAN  
Plan year ended December 31, 2020

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|   | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of<br>return, net of investment expenses | 11.54%      | 18.20%      | (0.44%)     | 13.45%      | 7.03%       | (3.66%)     | 9.71%       | 19.07%      | 11.74%      | 4.76%       |

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
COUNTY EMPLOYEES RETIREMENT SYSTEM - NON-HAZARDOUS  
June 30, 2021

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|   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| TARC's proportion of the net pension liability  | 1.251%        | 1.320%        | 1.307%        | 1.309%        | 1.311%        | 1.280%        | 1.250%        |
| TARC's proportionate share of the net pension   | \$ 95,946,369 | \$ 92,870,861 | \$ 79,592,001 | \$ 76,614,117 | \$ 64,540,703 | \$ 55,052,957 | \$ 40,406,000 |
| TARC's covered payroll  | \$ 32,008,931 | \$ 33,820,338 | \$ 32,758,156 | \$ 32,089,620 | \$ 31,443,315 | \$ 30,004,788 | \$ 30,655,572 |
| TARC's proportion of the net pension liability as a percentage on its covered payroll | 299.749%      | 274.601%      | 242.969%      | 238.750%      | 205.260%      | 183.481%      | 131.806%      |
| Plan fiduciary net position as a percentage of the total pension liability            | 47.814%       | 50.447%       | 53.542%       | 53.325%       | 55.503%       | 59.968%       | 66.801%       |

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

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

Changes in Assumptions and Benefit Terms from 2020 to 2021: Since the prior measurement date, there were no changes in assumptions, however benefit terms were updated, which did not have a material impact on the total pension liability. The monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse was reduced. Benefits were increased for a small number of beneficiaries.

Changes in Assumptions and Benefit Terms from 2019 to 2020: Since the prior measurement date, annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous members; the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for non-Medicare retirees who became participants prior to July 1, 2003

Changes in Assumptions and Benefit Terms from 2018 to 2019: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The TPL as of June 30, 2018 was determined using these updated benefit provisions.

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
COUNTY EMPLOYEES RETIREMENT SYSTEM - NON-HAZARDOUS  
June 30, 2021

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Changes in Assumptions and Benefit Terms from 2017 to 2018: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.50% to 6.25%, (ii) the assumed rate of inflation was reduced from 3.25% to 2.30%, and (iii) payroll growth assumption was reduced from 4.00% to 2.00%.

Note: There were no changes from 2016 to 2017.

Changes in Assumptions and Benefit Terms from 2015 to 2016: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described: (i) the assumed investment rate of return was decreased from 7.75% to 7.50%, (ii) the assumed rate of inflation was reduced from 3.50% to 3.25%, (iii) the assumed rate of wage inflation was reduced from 1.00% to 0.75%, (iv) payroll growth assumption was reduced from 4.50% to 4.00%, (v) the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted, and (vi) the assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.



TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S CONTRIBUTIONS –  
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS  
June 30, 2021

|   | <u>2021</u>      | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        |
|---|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution   | \$ 6,151,942     | \$ 6,192,956       | \$ 5,416,203       | \$ 4,720,629       | \$ 4,476,502       | \$ 3,905,260       | \$ 3,825,610       |
| Contributions in relation to the<br>statutorily required contribution                       | <u>6,151,942</u> | <u>(6,192,956)</u> | <u>(5,416,203)</u> | <u>(4,720,629)</u> | <u>(4,476,502)</u> | <u>(3,905,260)</u> | <u>(3,825,610)</u> |
| Annual contribution deficiency (excess)   | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| TARC's contributions as a percentage<br>of statutorily required contribution for<br>pension | 100%             | 100%               | 100%               | 100%               | 100%               | 100%               | 100%               |
| TARC's covered payroll  | \$ 31,768,572    | \$ 32,008,931      | \$ 33,820,338      | \$ 32,758,156      | \$ 32,089,620      | \$ 31,443,315      | \$ 30,004,788      |
| Contributions as a percentage<br>of its covered payroll                                     | 19.365%          | 19.348%            | 16.015%            | 14.411%            | 13.950%            | 12.420%            | 12.750%            |

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

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –  
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS  
June 30, 2021

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|   | 2021          | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   |
|---|---------------|---------------|---------------|---------------|
| TARC's proportion of the net OPEB liability<br>Non-hazardous                          | 1.251%        | 1.320%        | 1.307%        | 1.309%        |
| TARC's proportionate share of<br>the net OPEB liability                               | \$ 30,198,452 | \$ 22,204,681 | \$ 23,202,276 | \$ 26,313,427 |
| TARC's covered payroll  | \$ 32,008,931 | \$ 33,820,338 | \$ 32,758,156 | \$ 32,089,620 |
| TARC's proportion of the net OPEB liability<br>as a percentage of its covered payroll | 94.344%       | 65.655%       | 70.829%       | 82.000%       |
| Plan fiduciary net position<br>as a percentage of the total OPEB liability            | 51.670%       | 60.438%       | 57.622%       | 52.400%       |

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes in Assumptions and Benefit Terms from 2020 to 2021: Since the prior measurement date, the discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34%, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs, and the actuarial information has been updated to reflect anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019

Changes in Assumptions and Benefit Terms from 2019 to 2020: Since the prior measurement date, annual salary increases were updated based on the 2018 Experience Study; annual rates of retirement, disability, withdrawal, and mortality were updated based on the 2018 Experience Study; the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members and 50% for hazardous members; the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees; and the assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for non-Medicare retirees who became participants prior to July 1, 2003

Changes in Assumptions and Benefit Terms from 2018 to 2019: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The TPL as of June 30, 2018 was determined using these updated benefit provisions.

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/  
JEFFERSON COUNTY METRO GOVERNMENT)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TARC'S OPEB CONTRIBUTIONS –  
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS  
June 30, 2021

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|  | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        |
|--|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution  | \$ 1,517,267       | \$ 1,527,382       | \$ 1,756,426       | \$ 1,532,248       |
| Contributions in relation to the<br>statutorily required contribution                    | <u>(1,517,267)</u> | <u>(1,527,382)</u> | <u>(1,756,426)</u> | <u>(1,532,248)</u> |
| Annual contribution deficiency (excess)  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| TARC's contributions as a percentage of<br>statutorily required contribution for pension | 100%               | 100%               | 100%               | 100%               |
| TARC's covered payroll   | \$ 31,768,572      | \$ 32,008,931      | \$ 33,820,338      | \$ 32,758,156      |
| Contributions as a percentage of<br>its covered payroll                                  | 4.776%             | 4.772%             | 5.193%             | 4.677%             |

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

**SUPPLEMENTARY INFORMATION**

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION –  
BUDGET TO ACTUAL  
Year ended June 30, 2021

|   | <u>Budget</u>       | <u>Actual</u>         | <u>Actual to<br/>GAAP<br/>Differences</u> | <u>Actual<br/>Amounts<br/>GAAP Basis</u> |
|---|---------------------|-----------------------|---|--|
| <b>Operating revenues</b>                                   |                     |                       |   |  |
| Passenger transportation                                    | \$ 8,356,711        | \$ 5,408,087          | \$ -                                      | \$ 5,408,087                             |
| Special fares   | 2,087,100           | 1,717,095             | -   | 1,717,095                                |
| Advertising   | 634,165             | 634,167               | -   | 634,167                                  |
| Interest  | -                   | 2,303                 | -   | 2,303                                    |
| Charter service   | 290,700             | 118,000               | -   | 118,000                                  |
| Other revenue   | 183,300             | 274,085               | -   | 274,085                                  |
| Recoveries  | 70,000              | 110,420               | -   | 110,420                                  |
| Total operating revenues                                    | 11,621,976          | 8,264,157             | -   | 8,264,157                                |
| <b>Operating expenditures</b>                               |                     |                       |   |  |
| Labor   | 28,539,806          | 28,968,059            | -   | 28,968,059                               |
| Fringe benefits   | 27,029,658          | 28,751,527            | -   | 28,751,527                               |
| Plus: pension adjustments                                   | -                   | -                     | 7,422,545                                 | 7,422,545                                |
| Plus: OPEB adjustments                                      | -                   | -                     | 1,403,170                                 | 1,403,170                                |
| Total labor, fringe benefits<br>pension and OPEB            | 55,569,464          | 57,719,586            | 8,825,715                                 | 66,545,301                               |
| Services  | 5,336,874           | 4,865,766             | -   | 4,865,766                                |
| Development costs   | 853,590             | 900,225               | -   | 900,225                                  |
| Materials and supplies                                      | 6,843,550           | 6,054,166             | -   | 6,054,166                                |
| Utilities   | 958,796             | 943,600               | -   | 943,600                                  |
| Casualty and insurance                                      | 2,646,356           | 3,200,840             | -   | 3,200,840                                |
| Miscellaneous   | 715,070             | 350,325               | -   | 350,325                                  |
| Rentals and purchase<br>transportation                      | 19,597,253          | 14,817,237            | -   | 14,817,237                               |
| Interest  | 15,568              | 32,468                | -   | 32,468                                   |
| Depreciation  | 12,303,726          | 10,916,707            | -   | 10,916,707                               |
| Loss on disposal  | -                   | 9,415                 | -   | 9,415                                    |
| Total operating expenditures                                | 104,840,247         | 99,810,335            | 8,825,715                                 | 108,636,050                              |
| <b>Operating loss before subsidies</b>                      | (93,218,271)        | (91,546,178)          | (8,825,715)                               | (100,371,893)                            |
| <b>Subsidies</b>  |                     |                       |   |  |
| Mass Transit Trust Fund and interest                        | 54,434,910          | 49,943,984            | -   | 49,943,984                               |
| Federal Transit Administration<br>and Pass-Through entities | 44,948,131          | 37,747,311            | -   | 37,747,311                               |
| KIPDA and other   | 1,702,666           | 2,673,137             | -   | 2,673,137                                |
| Total subsidies   | 101,085,707         | 90,364,432            | -   | 90,364,432                               |
| <b>Change in net position</b>                               | <u>\$ 7,867,436</u> | <u>\$ (1,181,746)</u> | <u>\$ (8,825,715)</u>                     | <u>\$ (10,007,461)</u>                   |

The operating budget for 2021, as shown above, represents the originally adopted budget for TARC. No amendments were made to the budget during the year ended June 30, 2021.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2021

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| <u>Federal Grantor/Program or Cluster Title</u>                      | <u>CFDA<br/>Number</u> | <u>Grant Number for<br/>Pass-Through</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------|--|---------------------------------|
| <b>Department of Transportation</b>                                  |                        |  |                                 |
| <b>Federal Transit Administration</b>                                |                        |  |                                 |
| <b>Direct Programs:</b>  |                        |  |                                 |
| Federal Transit Cluster:   |                        |  |                                 |
| Capital and Operating Assistance                                     |                        |  |                                 |
| Formula Grants   | 20.507                 |  | \$ 9,903,923                    |
| Formula Grants – COVID 19 – CARES Act                                | 20.507                 |  | 26,960,709                      |
| Bus and Bus Facilities Formula Program                               | 20.526                 |  | <u>107,311</u>                  |
| Total Federal Transit Cluster  |                        |  | <u>36,971,943</u>               |
| Transit Services Cluster:  |                        |  |                                 |
| Enhanced Mobility of Seniors and<br>Individuals with Disabilities    | 20.513                 |  | 539,202                         |
| Public Transportation Research,<br>Technical Assistance and Training | 20.514                 |  | <u>5,986</u>                    |
| <b>Total Expenditures of Federal Awards</b>                          |                        |  | <u>\$ 37,517,131</u>            |

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See accompanying notes to schedule of expenditures of federal awards.

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2021

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs received by the Transit Authority of River City (TARC). TARC's reporting entity is defined in Note 1 to the audited financial statements.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of TARC under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). TARC has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of TARC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TARC.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the Cost Principles for State and Local Governments or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S 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

Board of Directors  
Transit Authority of River City  
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Transit Authority of River City (TARC), a component unit of Louisville/Jefferson County Metro Government, as of and for the year ended June 30, 2021 and the fiduciary activities as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise TARC's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TARC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TARC's internal control. Accordingly, we do not express an opinion on the effectiveness of TARC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Louisville, Kentucky  
<>, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Transit Authority of River City  
Louisville, Kentucky

### **Report on Compliance for Each Major Federal Program**

We have audited Transit Authority of River City's (TARC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TARC's major federal programs for the year ended June 30, 2021. TARC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of TARC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TARC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of TARC's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, TARC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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(Continued)

## **Report on Internal Control Over Compliance**

Management of TARC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TARC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TARC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of TARC as of and for the year ended June 30, 2021, the fiduciary activities of TARC as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise TARC's basic financial statements. We issued our report thereon dated \_\_\_\_\_, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Louisville, Kentucky  
<>, 2021

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TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

|   |                       |                                |  |
|---|-----------------------|--------------------------------|--|
| Type of auditors’ report issued   | <u>Unmodified</u>     |                                |  |
| Internal control over financial reporting:                                  |                       |                                |  |
| Material weakness(es) identified?   | <u>          </u> Yes | <u>    X    </u> No            |  |
| Significant deficiency identified not considered to be material weaknesses? | <u>          </u> Yes | <u>    X    </u> None Reported |  |
| Noncompliance material to financial statements noted?                       | <u>          </u> Yes | <u>    X    </u> No            |  |

**Federal Awards**

|   |                       |                                |  |
|---|-----------------------|--------------------------------|--|
| Internal control over major programs:   |                       |                                |  |
| Material weakness(es) identified?   | <u>          </u> Yes | <u>    X    </u> No            |  |
| Significant deficiency identified not considered to be material weakness(es)? | <u>          </u> Yes | <u>    X    </u> None Reported |  |

|  |                       |                     |  |
|--|-----------------------|---------------------|--|
| Type of auditors’ report issued on compliance for major programs                                 | <u>Unmodified</u>     |                     |  |
| Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)? | <u>          </u> Yes | <u>    X    </u> No |  |

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster Number</u> |
|-----------------------|--|
| 20.507                | Total Federal Transit Cluster consisting of:     |
| 20.526                | Formula Grants                                   |
|                       | Bus and Bus Facilities Formula Program           |
| 20.205                | Highway Planning and Construction Cluster        |

|   |                      |                      |
|---|----------------------|----------------------|
| Dollar threshold used to distinguish between Type A and Type B programs | <u>\$ 750,000</u>    |                      |
| Auditee qualified as low-risk auditee?                                  | <u>    X    </u> Yes | <u>          </u> No |

TRANSIT AUTHORITY OF RIVER CITY  
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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

There were no findings for the year ended June 30, 2021.

**SECTION 3 – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no findings for the year ended June 30, 2021.

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