## 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 at:

**TARC's Headquarters, Board Room**
**1000 W. Broadway, Louisville, KY 40203**

**Tuesday, September 27, 2022 at 2:30 p.m.**

This meeting is also being held via teleconference as permitted by KRS 61.826.

Members of the public and/or TARC staff may watch a livestream of the meeting by going to www.facebook.com/ridetarc; the livestream will be at the top of the page; No Facebook account is needed. Public comments may be submitted in the chat feature, please include your name in the chat.

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.

# TARC BOARD OF DIRECTORS MEETING

**Agenda – September 27, 2022**

| | | | |
|---|---|---|---|
| I. | Quorum Call/Call to Order | John Launius | 2:30 |
| | a. Approval of August Meeting Minutes | Board of Directors | 2:35 – 1:40 |
| II. | Staff Reports and Presentations | | 2:40 – 3:10 |
| | a. June 2022 Financials | Tonya Carter | |
| | b. TARC monthly performance report<br>o Update from MV | Carrie Butler/Staff | |
| | c. Presentation of Fleet Transition Plan<br>Presented by WSP | Tim Reynolds | |
| | d. Presentation of Audited End-of-Year Financial Statement<br>Presented by Crowe, LLC. | Scott Nickerson | |
| III. | Action Items | | 3:10 – 3:45 |
| | a. Resolution 2022 - 24<br>TARC Audited Financial Statements for Fiscal Year 2022 | Tonya Carter | |
| | b. Presentation of Audited End-of-Year Financial Statement<br>Presented by Crowe LLC. | Scott Nickerson | |
| | c. Resolution 2022 – 25<br>Award of Enhanced Mobility of Seniors and Individuals With Disabilities Section 5310 Program Funds | Geoffrey Hobin | |
| | d. Resolution 2021–08 Amendment No.1<br>Banking and Financial Services Change Order. 'Expert AP' | Matt Abner | |
| | e. Resolution 2022 – 09 Amendment No.1<br>Ellipse Hosting and Support Services/ Fine Interface | Dwight Maddox Jr. | |
| | f. Resolution 2021-43 Amendment No.2<br>Management Consulting Services | Carrie Butler | |
| IV. | Old Business | | 3:45 - 4:00 |
| | a. CLOSED SESSION | TARC Board | |
| V. | New Business | | |
| VI. | Chair's Report and Subcommittee Reports | John Launius | 4:05 – 4:10 |
| | a. Finance | Carla Dearing | |
| | b. Strategic Planning and Technology | Ted Smith | |
| | c. Customer Service | Jan Day | |
| | d. Human Resources | Tawanda Owsley | |
| VII. | Public Comment | Pat Mulvihill | 4:10 - 4:25 |

# TARC BOARD OF DIRECTORS MEETING

| | | | |
|---|---|---|---|
| VIII. | Proposed Agenda / Procurements | Carrie Butler | 4:25 - 4:30 |

a. On Board Technology Request for Information
b. Architecture, Engineering and Planning Request for Qualifications
c. Marketing, Advertising and Public Relations Professional Services
d. Assorted Capital Projects
e. Employee Handbook Update to HR Committee
f. Board Bylaws to HR Committee
g. Advertising Policy to Customer Service Committee
h. TARC Pension Committee members
i. Active Procurements:
    i. Compensation and Classification Study
    ii. Renovation of Diesel Floor Trenches
    iii. Facility Wide Printing Services
    iv. Facility Wide Building Maintenance and Construction IDIQ

| | | | |
|---|---|---|---|
| IX. | Adjournment | John Launius | 4:30 |

# TARC BOARD OF DIRECTORS MEETING

**August 2022 Board Meeting Minutes**

The Board of Directors of Transit Authority of River City (TARC) met on August 23, 2022 at 1:30 P.M. in person at TARC Board Room, 1000 West Broadway.

## Board Members Present

| **In person:** | **Virtual:** |
|---|---|
| John Launius | Bonita Black |
| Carla Dearing | Gary Dryden |
| Dave Christopher | |
| Jan Day | |
| Tawanda Owsley | |
| Ted Smith | |

## Quorum Call

Vice Chair Dearing called the meeting to order at 1:34 P.M.

## Adoption of Minutes

The motion was duly moved for the July 2022 Board Meeting minutes by Jan Day and seconded by Tawanda Owsley. The Board of Directors unanimously accepted the July 2022 Board Meeting minutes.

## Staff Reports-

## Update on Financials

Presented By: Matt Abner

Mr. Abner gave an update on Audit and end of year financials

## Operational Update

Presented By: Carrie Butler

- Welcomed 11 new Coach Operators into service in August
- New CMAQ routes went into service August 7
- TARC awarded a competitive $7.4 million grant from the FTA for extended-range electric buses, infrastructure, and workforce development

## TARC3 Update

See PDF of MV Performance

# TARC BOARD OF DIRECTORS MEETING

**Action Items**

**Resolution 2022-20 Adoption of TARC Strategic Plan**
Presented by: Carrie Butler

A Resolution approving TARC's Strategic Plan

The motion was duly moved by Bonita Black seconded by Carla Dearing and opposed by Ted Smith

**Resolution 2022-22 Excess Workers' Compensation and Employers Liability Insurance Policy**
Presented by: Carrie Butler

A resolution authorizing the Executive Director to enter into an excess insurance policy for Workers' Compensation with Arch Insurance Company for the 2022/2023 policy year with a premium of $298,373, which will commence on September 1, 2022 and end on September 1, 2023.

The motion was duly moved by Carla Dearing and seconded by Tawanda Owsley

**Resolution 2020-37 Amendment No. 1 Contract 2822 TransTrack Annual Support**
Presented by: Geoffrey Hobin

A Resolution authorizing the Executive Director to amend TARC's contract 2822 with TransTrack Systems Inc. for an amount not to exceed $297,000.

The motion was duly moved by Carla Dearing and seconded by Tawanda Owsley

**Resolution 2022 – 23 Microsoft Licensing with Insight Public Sector**
Presented by: Dwight Maddox

A resolution authorizing the Executive Director to renew the Microsoft Enterprise Licensing agreement with Insight Public Sector.

The motion was duly moved by Jan Day and seconded by Ted Smith

**Chair's Report**
Presented By: John Launius

**Public Comment**
Presented by: Pat Mulvihill

Good job on keiling bus purchases interested in buying.

**Josh Caplinger (In Person)**

Mr. Caplinger stated that he lives off of St. Andrews church road. There is no TARC 3 service in his area available for him. Mr. Caplinger stated that he is having problems getting to Doctor's appointments, grocery or to visit friends. In order for Mr. Caplinger to get places he has been having to use uber and is costing him a fortune. Mr. Caplinger stated please consider that.

**George Mayes Jr. (In Person)**

Mr. Mayes still has questions. What is going on with TARC? Mr. Mayes stated he was at the protest with bus drivers where they spoke on the safety issues with TARC. While at protest Mr. Mayes was able to speak with some disabled folks which he found out that TARC 3 is still sending out vans that are not accessible for individuals using a walker due to not having a ramp on most vehicles. Mr. Mayes also states that TARC 3 also has safety issues. And still has one question who checks statistics being put out?

**Lillian Brents (In Person)**

We also heard from ATU, Lillian Brents, regarding safety concerns. Ms. Brents expressed concerns that TARC needs to be more proactive then reactive. Ms. Brents continues to express concerns about gun safety. Ms. Brents also stated that there is lack of accountability and that employees are not valued. Ms. Brents expressed we will not stop and we will get louder and louder.

**<u>Proposed Agenda Items</u>**

- Third Party Administration of Workers Compensation Services
- Recycling Services/ Hazardous Waste and Materials
- On Board Technology Request for Information
- Facility Wide Printing
- Facility Wide Building Maintenance
- Rehabilitation of Garage Floor

**<u>Closed Session</u>**

Chair John Launius makes a motion to move into closed session pursuant to KRS 61.810 to discuss the Collective Bargaining at 3:03 p.m.

The motion to move into closed session was moved by John Launius and seconded by Carla Dearing and accepted.

Chair John Launius made a motion to reconvene from closed session at 3:43 p.m. approved by Tawanda Owsley and seconded by Jan Day.

**Adjournment**

Chair John Launius made a motion to adjourn at 3:48 p.m. This motion was duly moved by Carla Dearing and seconded by Dave Christopher and approved by the Board.

__________________________________ _______________
John Launius, Chair Date

# TARC Board of Directors
# Financial Summary
# June 2022, Fiscal Year 2022

## Current Month Revenues Compared to Budget

Total Operating Revenues are over budget $296,916 (pg. 2, line 9) mainly due to Passenger and Paratransit fares being over budget. Total Non-Operating Revenues (Subsidies) are under budget $1,751,014 (pg. 2, line 16) mainly due to Operating Expenses being under budget. Total Capital Contributions are under budget $333,794 (pg. 2, line 25) due to timing of capital purchases. Total Revenues with Capital are under budget $1,787,892 (pg. 2, line 27) mainly due to timing of capital projects and Operating Expenses being under budget.

## Current Month Expenses Compared to Budget

Total Operating Expenses are under budget $1,501,966 (pg. 2, line 41) mainly due to Labor, Fringes & Benefits, Casualty & Liability, and Purchased Transportation being under budget. Total Capital Expenses are over budget $17,171 (pg. 2, line 48) compared to budget. Total Expenses with Capital are under budget $1,484,795 (pg. 2, line 50) mainly due to Operating Expenses being under budget and timing of Capital purchases.

## Current Month Actual Summary

Total Operating Revenues are $769,858 (pg. 2, line 9) and Total Operating Expenses are $7,130,895 (pg. 2, line 41) bringing the net to an unfavorable balance of $6,361,037 before Subsidies are applied. After applying Subsidies of $6,408,906 (pg. 2, line 16) TARC has a favorable balance of $47,869 (pg. 2, line 53) for the current month before Capital Contributions and Capital Expenses are applied.

## YTD Revenues Compared to Budget

Total Operating Revenues are under budget $518,934 (pg. 2 line 9) mainly due to Passenger Fares, Special fares, and Comp Specials being under budget. Total Non-Operating Revenues (Subsidies) are under budget $10,065,552 (pg. 2, line 16) mainly due to applying less Federal Reimbursement Funds-FTA due to Operating Expenses being under budget. Total Capital Contributions are under budget $8,017,498 (pg. 2, line 25) mainly due to timing of capital formula and 5339 fund purchases. Total Revenues with Capital are under budget $18,601,985 (pg. 2, line 27) mainly due to applying less subsidies because Operating Expenses are under budget and timing of capital purchases.

## YTD Expenses Compared to Budget

Total Operating Expenses are under budget $10,584,487 (pg. 2, line 41) mainly due to Labor, Fringes & Benefits, Materials, and Purchased Transportation being under budget. Total Capital Expenses are over budget $37,019 (pg. 2, line 48) compared to budget. Total Expenses with Capital are under budget $10,547,468 (pg. 2, line 50) due to Operating Expenses being under budget and offset by Total Capital Expenses.

**YTD Actual Summary**

Total Operating Revenues are $7,862,568 (pg. 2, line 9) and Total Operating Expenses are $89,371,657 (pg. 2, line 41) bringing the net to an unfavorable balance of $81,509,090 (pg.7, YTD Balance tab) before Subsidies are applied. After applying Subsidies $81,509,090 (pg. 2, line 16) TARC is balanced for the year (pg.2, line 53) before Capital Contributions and Capital Expenses are applied. This can also be seen on the bottom half of page 7 in your Financial Statement packet.

**Operating Summary**

Overall after applying the Subsidies the Statement of Revenues – Expenses shows a zero balance (pg.2, line 53) before applying the MTTF Revenue receipts or Capital year-to-date. June MTTF budgeted receipts for revenue deposits is over budget $1,108,411 (pg. 8) for current month. We currently have a favorable balance before capital year-to-date of $17,011,230 (pg. 7) due to the MTTF revenue deposits being over budget, mainly due to one capital gains tax in April. MTTF Net Profit Fees are up $3,582,028 (pg.8) and Employee Withholdings are up $3,688,864 (pg.8) year-to-date compared to last year. After applying capital items TARC has a favorable balance of $3,731,178 (pg.2, line 55) mainly due to having more capital assets than depreciation expenses during the fiscal year.

## Statement of Revenue - Expenses - with Capital Contributions

June 2022, Fiscal Year 2022

tarc

| # | Description | FY22 Total Budget | Current Month Actual | Current Month Budget | Current Month Over budget (Under budget) | Fiscal Year-to-date Actual | Fiscal Year-to-date Budget | Fiscal Year-to-date Over budget (Under budget) | Percentage Remaining |
|---|---|---|---|---|---|---|---|---|---|
| | Revenues | | | | | | | | |
| 1 | Passenger Fares | 4,757,097 | 429,071 | 328,119 | 100,952 | 4,381,713 | 4,757,097 | (375,384) | 7.89% |
| 2 | Paratransit Fares | 805,500 | 71,482 | (89,000) | 160,482 | 871,236 | 805,500 | 65,736 | -8.16% |
| 3 | Special Fare Revenues (UofL, UPS and etc) | 1,796,605 | 189,815 | 161,135 | 28,680 | 1,553,207 | 1,796,605 | (243,398) | 13.55% |
| 4 | Comp Specials | 150,000 | 0 | 0 | 0 | 0 | 150,000 | (150,000) | 100.00% |
| 5 | Advertising Revenue | 624,000 | 54,167 | 52,000 | 2,167 | 644,167 | 624,000 | 20,167 | -3.23% |
| 6 | Other Agency Revenues | 183,300 | 24,644 | 15,275 | 9,369 | 205,548 | 183,300 | 22,248 | -12.14% |
| 7 | Total Recoveries-Insurance | 65,000 | 679 | 5,413 | (4,734) | 206,697 | 65,000 | 141,697 | -218.00% |
| 8 | | | | | | | | | |
| 9 | Operating Revenues | 8,381,502 | 769,858 | 472,942 | 296,916 | 7,862,568 | 8,381,502 | (518,934) | 6.19% |
| 10 | | | | | | | | | |
| 11 | MTTF Contributions- Federated | 50,865,563 | 4,078,808 | 4,078,808 | 0 | 50,865,563 | 50,865,563 | 0 | 0.00% |
| 12 | Local Government Funds - MTTF | 1,146,453 | 91,670 | 95,535 | (3,865) | 1,186,156 | 1,146,453 | 39,703 | -3.46% |
| 13 | Federal Reimbursement Funds - FTA | 38,008,770 | 1,886,924 | 3,720,395 | (1,833,471) | 25,469,263 | 38,008,770 | (12,539,507) | 32.99% |
| 14 | State Government Funds | 1,553,856 | 351,504 | 265,182 | 86,322 | 3,988,108 | 1,553,856 | 2,434,252 | -156.66% |
| 15 | | | | | | | | | |
| 16 | Total Non-Operating Revenues | 91,574,642 | 6,408,906 | 8,159,920 | (1,751,014) | 81,509,090 | 91,574,642 | (10,065,552) | 10.99% |
| 17 | | | | | | | | | |
| 18 | Total Revenues Before Cap Contributions | 99,956,144 | 7,178,764 | 8,632,862 | (1,454,098) | 89,371,657 | 99,956,144 | (10,584,487) | 10.59% |
| 19 | | | | | | | | | |
| 20 | Local Government Funds - MTTF, Cap | 2,188,232 | 196,865 | 112,156 | 84,709 | 519,707 | 2,188,232 | (1,668,525) | 76.25% |
| 21 | Federal Reimbursement Funds - FTA, Cap | 22,218,487 | 68,950 | 487,453 | (418,503) | 12,652,213 | 19,091,936 | (6,439,723) | 43.06% |
| 22 | State Goverenment Funds, Cap | 0 | 0 | 0 | 0 | 3,217,301 | 3,126,551 | 90,750 | 0.00% |
| 23 | Other Agencies Revenue, Cap | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 24 | | | | | | | | | |
| 25 | Total Capital Contributions | 24,406,719 | 265,815 | 599,609 | (333,794) | 16,389,220 | 24,406,719 | (8,017,498) | 32.85% |
| 26 | | | | | | | | | |
| 27 | Total Revenues | 124,362,863 | 7,444,580 | 9,232,471 | (1,787,892) | 105,760,877 | 124,362,863 | (18,601,985) | 14.96% |
| 28 | | | | | | | | | |
| 29 | | | | | | | | | |
| 30 | Expenses | | | | | | | | |
| 31 | | | | | | | | | |
| 32 | Labor | 32,000,848 | 2,469,113 | 2,890,696 | (421,583) | 30,701,505 | 32,000,848 | (1,299,343) | 4.06% |
| 33 | Fringes & Benefits | 31,734,057 | 2,093,631 | 2,567,711 | (474,080) | 28,888,796 | 31,734,057 | (2,845,261) | 8.97% |
| 34 | Services | 5,639,222 | 504,873 | 471,264 | 33,609 | 5,705,776 | 5,639,222 | 66,554 | -1.18% |
| 35 | Materials | 7,458,185 | 594,840 | 619,345 | (24,505) | 6,370,931 | 7,458,185 | (1,087,254) | 14.58% |
| 36 | Utilities | 1,016,796 | 44,324 | 84,733 | (40,409) | 1,035,703 | 1,016,796 | 18,907 | -1.86% |
| 37 | Casualty & Liability | 2,736,426 | 113,889 | 228,041 | (114,152) | 2,928,897 | 2,736,426 | 192,471 | -7.03% |
| 38 | Purchased Transportation | 18,740,930 | 1,253,603 | 1,716,997 | (463,394) | 13,264,507 | 18,740,930 | (5,476,423) | 29.22% |
| 39 | Interest Expense | 7,860 | 441 | 441 | 0 | 7,858 | 7,860 | (2) | 0.03% |
| 40 | Other Expenses | 621,820 | 56,182 | 53,634 | 2,548 | 467,683 | 621,820 | (154,137) | 24.79% |
| 41 | Operating Expenses | 99,956,144 | 7,130,895 | 8,632,862 | (1,501,966) | 89,371,657 | 99,956,144 | (10,584,487) | 10.59% |
| 42 | | | | | | | | | |
| 43 | | | | | | | | | |
| 44 | | | | | | | | | |
| 45 | Development Cost & Loss on Disposal | 426,467 | 374,061 | 236,635 | 137,426 | 693,423 | 426,467 | 266,956 | -62.60% |
| 46 | Depreciation Expenses | 12,194,557 | 981,420 | 1,102,109 | (120,689) | 11,961,040 | 12,194,557 | (233,517) | 1.91% |
| 47 | Loss on Disposal of Assets | 0 | 434 | 0 | 434 | 3,580 | 0 | 3,580 | 0.00% |
| 48 | Total Capital Expenses | 12,621,024 | 1,355,915 | 1,338,744 | 17,171 | 12,658,043 | 12,621,024 | 37,019 | -0.29% |
| 49 | | | | | | | | | |
| 50 | Total Expenses | 112,577,168 | 8,486,810 | 9,971,606 | (1,484,795) | 102,029,700 | 112,577,168 | (10,547,468) | 9.37% |
| 51 | | | | | | | | | |
| 52 | | | | | | | | | |
| 53 | Revenue / Expense Difference Before Capital | 0 | 47,869 | 0 | 47,868 | 0 | 0 | 0 | 0.00% |
| 54 | | | | | | | | | |
| 55 | Revenue / Expense Difference After Capital | 11,785,695 | (1,042,230) | (739,135) | (303,097) | 3,731,178 | 11,785,695 | (8,054,517) | 68.34% |

**Total Labor**

**June 2022, Fiscal Year 2022**

| | Description | FY22 Total Budget | Current Month Actual | Current Month Budget | Current Month Over budget (Under budget) | Fiscal Year-to-date Actual | Fiscal Year-to-date Budget | Fiscal Year-to-date Over budget (Under budget) | Percentage Remaining |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Direct Labor | 32,000,848 | 2,469,113 | 2,890,696 | (421,583) | 30,701,505 | 32,000,848 | (1,299,343) | 4.06% |
| 2 | Sick Leave | 1,651,183 | 28,407 | 114,205 | (85,798) | 1,124,632 | 1,651,183 | (526,551) | 31.89% |
| 3 | Holiday | 1,252,323 | 113,508 | 0 | 113,508 | 994,238 | 1,252,323 | (258,085) | 20.61% |
| 4 | Vacation | 2,088,175 | (28,763) | 175,028 | (203,791) | 1,865,146 | 2,088,175 | (223,029) | 10.68% |
| 5 | Other Paid Absences | 240,381 | 12,875 | 16,210 | (3,335) | 172,871 | 240,381 | (67,510) | 28.08% |
| 6 | | | | | | | | | |
| 7 | Total | 37,232,910 | 2,595,140 | 3,196,139 | (600,999) | 34,858,392 | 37,232,910 | (2,374,518) | 6.38% |
| 8 | | | | | | | | | |
| 9 | Difference compared to Budget | | | (600,999) | | | (2,374,518) | | |

| | Description | FY21 Total Budget | Current Month Actual | Current Month Budget | Current Month Over budget (Under budget) | Year to Date Actual | Year to Date Budget | Year to Date Over budget (Under budget) | Percentage Remaining |
|---|---|---|---|---|---|---|---|---|---|
| 10 | FICA | 2,848,318 | 211,039 | 244,506 | (33,467) | 2,625,895 | 2,848,318 | (222,423) | 7.81% |
| 11 | Pension | 10,262,221 | 811,982 | 861,358 | (49,376) | 9,017,352 | 10,262,221 | (1,244,869) | 12.13% |
| 12 | Hospital Medical & Surgical | 10,509,847 | 748,204 | 932,430 | (184,226) | 9,138,179 | 10,509,847 | (1,371,668) | 13.05% |
| 13 | Vision Care Insurance | 101,537 | 4,395 | 8,389 | (3,994) | 58,246 | 101,537 | (43,291) | 42.64% |
| 14 | Dental Plans | 353,988 | 27,600 | 29,499 | (1,899) | 294,713 | 353,988 | (59,275) | 16.74% |
| 15 | Life Insurance | 101,040 | 7,352 | 8,420 | (1,068) | 87,450 | 101,040 | (13,590) | 13.45% |
| 16 | Disability Insurance | 155,544 | 10,595 | 12,962 | (2,367) | 124,967 | 155,544 | (30,577) | 19.66% |
| 17 | Kentucky Unemployment | 40,000 | (19,470) | 0 | (19,470) | 29,896 | 40,000 | (10,104) | 25.26% |
| 18 | Worker's Compensation | 1,850,000 | 155,467 | 154,163 | 1,304 | 3,064,983 | 1,850,000 | 1,214,983 | -65.67% |
| 19 | Uniform & Work Clothing Allowance | 277,000 | 10,440 | 10,337 | 103 | 288,483 | 277,000 | 11,483 | -4.15% |
| 20 | Other Fringes | 2,500 | 0 | 204 | (204) | 1,745 | 2,500 | (755) | 30.20% |
| 21 | Total Fringe & Benefits | 26,501,995 | 1,967,604 | 2,262,268 | (294,664) | 24,731,909 | 26,501,995 | (1,770,086) | 6.68% |
| 22 | | | | | | | | | |
| 23 | | | | | | | | | |
| 24 | Sick Leave | 1,651,183 | 28,407 | 114,205 | (85,798) | 1,124,632 | 1,651,183 | (526,551) | 31.89% |
| 25 | Holiday | 1,252,323 | 113,508 | 0 | 113,508 | 994,238 | 1,252,323 | (258,085) | 20.61% |
| 26 | Vacation | 2,088,175 | (28,763) | 175,028 | (203,791) | 1,865,146 | 2,088,175 | (223,029) | 10.68% |
| 27 | Other Paid Absences | 240,381 | 12,875 | 16,210 | (3,335) | 172,871 | 240,381 | (67,510) | 28.08% |
| 28 | Total Compensation Benefits | 5,232,062 | 126,027 | 305,443 | (179,416) | 4,156,887 | 5,232,062 | (1,075,175) | 20.55% |
| 29 | | | | | | | | | |
| 30 | Total | 31,734,057 | 2,093,631 | 2,567,711 | (474,080) | 28,888,796 | 31,734,057 | (2,845,261) | 8.97% |
| 31 | | | | | | | | | |
| 32 | Difference compared to Budget | | | (474,080) | | | (2,845,261) | | |

# Balance Sheet

## June 2022, Fiscal Year 2022

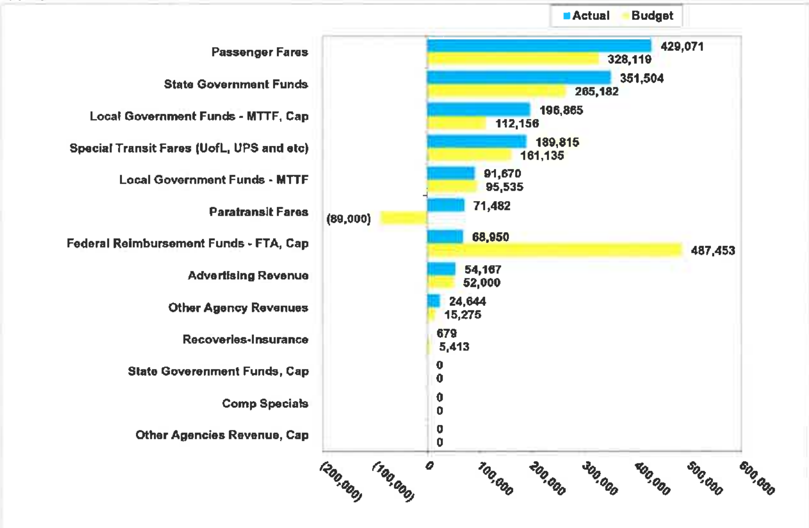
| Assets | FY 22 | FY 21 |
|---|---|---|
| **Current Assets** | | |
| Cash & Cash Items | 2,294,982 | 2,142,459 |
| Short Term Investments | 7,610,784 | 7,062,282 |
| Accounts Recievable | 94,177,538 | 47,297,821 |
| Interest Recievable | 41 | 0 |
| Due From Grant | 80,000 | 80,000 |
| Materials & Supplies | 1,837,542 | 1,708,613 |
| **Total Current Assets** | **106,000,887** | **58,291,174** |
| **Other Assets** | | |
| Prepaid Insurance & Dues & WIP | 184,180 | 277,252 |
| **Total Other Assets** | **184,180** | **277,252** |
| **Fixed Assets** | | |
| Land | 3,187,624 | 3,187,624 |
| Buildings | 49,486,992 | 49,152,447 |
| Coaches | 129,428,769 | 120,435,632 |
| Office Equipment | 10,489,592 | 10,317,168 |
| Other Equipment | 22,429,980 | 21,548,707 |
| Development Costs | 0 | 0 |
| Vehicle Exp - Operating | 1,420,405 | 1,420,405 |
| Other Equipment -Operating | 189,242 | 154,908 |
| **Total Fixed Assets** | **216,632,603** | **206,216,891** |
| **Less Accumulated Depreciation** | | |
| Accumulated Depr Land | 750,600 | 716,662 |
| Accumulated Depr Buildings | 28,646,115 | 27,122,633 |
| Accumulated Depr Coaches | 78,720,283 | 76,071,172 |
| Accumulated Depr Office Equipment | 8,823,437 | 7,958,046 |
| Accumulated Depr Other Equipment | 18,589,256 | 17,138,317 |
| Accumulated Depr Development Cost | 0 | - |
| Accumulated Depr Vehicle Exp - Opr | 980,750 | 924,624 |
| Accumulated Depr Other Equipment Op | 134,598 | 119,092 |
| Total Depreciation | **136,645,039** | **130,050,546** |
| Net Fixed Assets | **79,987,564** | **76,166,345** |
| Total Assets | **186,172,631** | **134,734,771** |

| Liabilities, Reserves & Capital | FY 22 | FY 21 |
|---|---|---|
| **Current Liabilites** | | |
| Long Term Debt | 121,697 | 262,538 |
| Short Term Debt | 0 | 0 |
| Trade Payables | 5,006,022 | 13,766,680 |
| Accrued Payroll Liabilities | 3,847,139 | 4,573,281 |
| Estimated Workmans Compensation | 3,731,273 | 3,297,688 |
| Accrued Tax Liabilities | 0 | 0 |
| Unreedemed Tickets & Tokens | 1,645,001 | 1,556,893 |
| Reserves - Injury & Damages | 1,279,400 | 2,014,700 |
| Due To Operations | 80,000 | 8,000 |
| Unearned Capital Contributions | 89,005,382 | 33,557,192 |
| Other Current Liabilities (Health Ins.) | 2,476,680 | 376,941 |
| **Total Current Liabilities** | **107,192,594** | **59,413,912** |
| **Equity** | | |
| Retained Earnings | 3,731,178 | (1,181,747) |
| Prior Year Retained Earning | 75,248,859 | 76,430,607 |
| **Total Equity** | **78,980,037** | **75,248,860** |
| **Total Liabilities & Equity** | **186,172,631** | **134,662,771** |

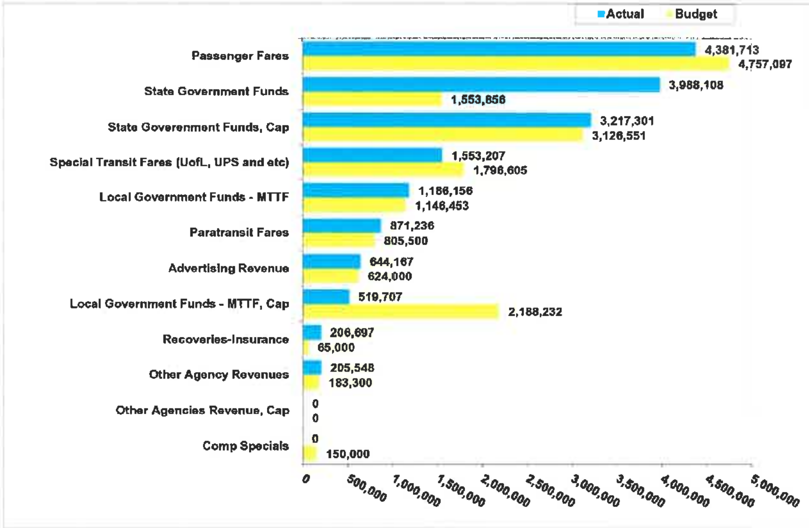
## Actual Revenue vs. Budget

### June 2022, Fiscal Year 2022

**Current Month Revenues**




**Year to Date Revenues**




**MTTF $4,078,808 Actual = $4,078,808 Budget**

**Federal Reimbursement Funds - FTA $1,886,924 Actual < $3,720,395 Budget**

Passenger fares $100,952

Paratransit fares $160,482

Federal Reimbursement Funds - FTA $1,833,471

Federal Reimbursement Funds - FTA, Cap $418,503

**MTTF $50,865,563 Actual = $50,865,563 Budget**

**Federal Reimbursement Funds - FTA $25,469,263 Actual < $38,008,770 Budget**

**Federal Reimbursement Funds - FTA, Cap $12,652,213 Actual < $19,091,936 Budget**

Passenger fares $375,384

Paratransit fares $65,736

Special fares $243,398

Federal Reimbursement Funds - FTA $12,539,507

State Government Funds - $2,434,252

Federal Reimbursement Funds - FTA, Cap $6,439,723

**CM**

* Federal Reimbursement Funds - FTA is under budget $1,833,471 mainly due to expenses being under budget
* Federal Reimbursement Funds - FTA, CAP is under budget $418,503 mainly due to timing of capital expenses

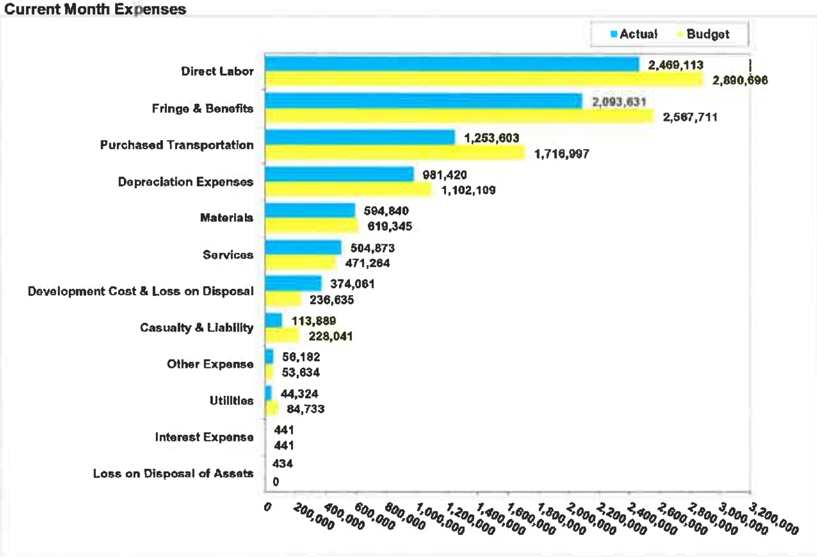
**YTD**

* Special Fares is under budget $243,398 mainly due to contract renewals.
* Federal Reimbursement Funds - FTA is under budget $12,539,507 mainly due to receiving State match and operating expenses being under budget
* State Government Funds - is over budget $2,434,252 mainly due to receiving the State funds for local match in January
* Federal Reimbursement Funds - FTA, CAP is under budget $6,439,723 mainly due to timing of capital expenses for capital formula and 5339 funds (facility rehab, ITS equipment, electric power and security enhancements)

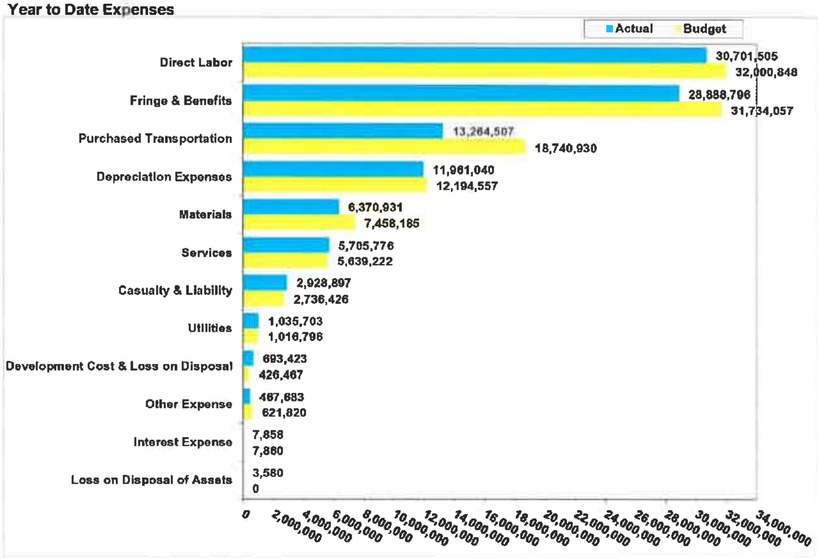
# Actual Expenses vs. Budget

## June 2022, Fiscal Year 2022

**Current Month Expenses**




**Year to Date Expenses**




Direct Labor $421,583 Total Labor $600,999

Fringe & Benefits $474,080

Services $33,609

Purchased Transportation $463,394

Direct Labor $1,299,343 Total Labor $2,374,518

Fringe & Benefits $2,845,261

Materials $1,087,254

Casualty & Liability $192,471

Purchased Transportation $5,476,423

Depreciation Expenses $233,517

**CM**

* Fringe & Benefits are under budget $474,080 mainly due to medical, sick and vacation
* Services is over budget $33,609 mainly due to temporary help for various departments
* Purchased Transportation is under budget $463,394 mainly due to revenue hours and penalties

**YTD**

* Fringe & Benefits are under budget $2,845,261 mainly due to pension, medical, sick leave, holiday all being under budget and offset by worker's compensation being over $1,214,983
* Materials are under budget $1,087,254 mainly due to diesel fuel and Maintenance materials and supplies
* Casualty & Liability is over budget $192,471 mainly due to settlements and reserve increases
* Purchased Transportation is under budget $5,476,423 mainly due to revenue hours and penalties
* Depreciation Expenses are under budget $233,517 mainly due to a timing of capital purchases

## Year to Date Summary

## June 2022, Fiscal Year 2022

### Actual Compared to Budget YTD

| | Good | In the Red | |
|---|---|---|---|
| Total Revenues before Capital are Over/**Under** by (pg. 2, line 18) | | $10,584,487 | |
| Total Expenses are Over/**Under** by (pg. 2, line 41) | $10,584,487 | | |
| MTTF Revenue Deposits are **Over**/Under by (pg. 8) | $17,011,230 | | |
| June has a favorable balance before Capital of | $27,595,717 | $10,584,487 | $17,011,230 |

### Actual Revenues over Expenses

| | |
|---|---|
| Operating Revenues | $7,862,568 |
| Operating Expenses | $89,371,657 |
| **Net Gain/(Loss) before MTTF** | **($81,509,090)** |
| MTTF Approved Contributions | $50,865,563 |
| **Net Gain/(Loss) before Subsidies** | **($30,643,527)** |
| **Subsidies** | |
| CARES | $11,087,177 |
| CRSSAA | $9,315,786 |
| 5307 Federal Formula dollars to be used as (CEER) | $5,066,300 |
| MTTF Local Share | $1,186,156 |
| State Contributions | $3,988,108 |
| **Total Subsidies** | **$30,643,527** |
| **Net Gain/(Loss) before Capital** | **$0** |

## MassTransit Trust Fund (MTTF) Revenue Deposits

## Deposit to Budget Difference FY 2022

| Month | FY 22 Actual Deposits | FY 22 Budget Deposits | Difference | YTD Total | Current Month | YTD |
|---|---|---|---|---|---|---|
| July | $4,416,524 | $4,263,320 | $153,204 | $153,204 | 3.59% | |
| August | $4,516,464 | $4,049,642 | $466,822 | $620,026 | 11.53% | 7.46% |
| September | $5,708,766 | $4,744,809 | $963,957 | $1,583,983 | 20.32% | 12.13% |
| October | $4,035,303 | $3,821,270 | $214,033 | $1,798,016 | 5.60% | 10.65% |
| November | $5,069,943 | $4,823,684 | $246,259 | $2,044,275 | 5.11% | 9.42% |
| December | $6,581,965 | $4,963,520 | $1,618,445 | $3,662,720 | 32.61% | 13.74% |
| January | $6,549,774 | $4,589,049 | $1,960,725 | $5,623,445 | 42.73% | 17.99% |
| February | $4,003,609 | $4,233,049 | ($229,440) | $5,394,005 | -5.42% | 15.20% |
| March | $5,323,468 | $4,173,450 | $1,150,018 | $6,544,023 | 27.56% | 16.50% |
| April | $13,687,504 | $5,781,232 | $7,906,272 | $14,450,295 | 136.76% | 31.80% |
| May | $5,354,175 | $3,901,651 | $1,452,524 | $15,902,819 | 37.23% | 32.23% |
| June | $5,855,841 | $4,747,430 | $1,108,411 | $17,011,230 | 23.35% | 31.45% |
| TOTAL | $71,103,336 | $54,092,106 | | | | |

## MTTF Revenue Deposits - Actuals

**LOUISVILLE METRO REVENUE COMMISSION**
**TARC LICENSE FEE TRANSACTIONS**

| | June 2022 | June 2021 | YTD FYE 2022 | YTD FYE 2021 | Difference Amount | Percent Change |
|---|---|---|---|---|---|---|
| **Receipts** | | | | | | |
| Employee Withholding | $ 3,816,454 | $ 3,591,282 | $ 52,969,045 | $ 49,280,181 | $ 3,668,864 | 7.49% |
| Individual Fees | (10) | 355 | 2,782 | 3,654 | (872) | -23.86% |
| Net Profit Fees | 2,075,128 | 1,847,027 | 18,401,213 | 14,819,185 | 3,582,028 | 24.17% |
| Interest & Penalty | 41,247 | 31,412 | 688,143 | 492,839 | 195,304 | 39.63% |
| Total Collections | $ 5,932,819 | $ 5,470,076 | $ 72,061,182 | $ 64,595,859 | $ 7,465,323 | 11.56% |
| Investment Income | $ 3,115 | $ 924 | $ 14,978 | $ 7,916 | $ 7,062 | 89.22% |
| **Total Receipts** | $ 5,935,934 | $ 5,471,000 | $ 72,076,161 | $ 64,603,775 | $ 7,472,386 | 11.57% |
| **Disbursements** | | | | | | |
| Collection Fee | $ 80,093 | $ 73,846 | $ 972,825 | $ 872,043 | $ 100,782 | 11.56% |
| **Total Disbursements** | $ 80,093 | $ 73,846 | $ 972,825 | $ 872,043 | $ 100,782 | 11.56% |
| **Due Mass Transit** | $ 5,855,841 | $ 5,397,154 | $ 71,103,336 | $ 63,731,732 | $ 7,371,604 | 11.57% |
| Less Previous Payments | | | 65,247,495 | 58,334,578 | 6,912,917 | 11.85% |
| **Payable To Trust Fund** | | | $ 5,855,841 | $ 5,397,154 | $ 458,687 | 8.50% |

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**Reimbursement Funds Only and a One Time Funding Source for TARC**

| | TARC Share | Actual FY 2020 | Actual FY 2021 | Actual YTD FY 2022 | Remaining Balance | Budget YTD FY 2022 | Delta Actual FY 2022 vs Budget FY 2022 |
|---|---|---|---|---|---|---|---|
| **CARES*** | 42,276,008 | 4,341,151 | 26,847,680 | 11,087,177 | - | 13,000,563 | (1,913,386) |
| **CRRSAA**** | 21,374,688 | | | $9,315,786 | 12,058,902 | 18,237,895 | (8,922,109) |
| **ARP***** | 48,293,376 | | | | 48,293,376 | 0 | |
| **Total** | 111,944,072 | 4,341,151 | 26,847,680 | 20,402,963 | 60,352,278 | 31,238,458 | (10,835,495) |

* KY-2020-012 was approved/Executed 5/27/2020 - KIPDA opted not to utilize so TARC will use

** KY-2021-020 was approved/Executed 7/1/2021

*** KY-2022-003 was approved/Executed 5/24/2022

EXHIBIT 1

| Budget By Object Class 7/29/2022 | FY21 ACTUAL | FY22 BUDGET | FY22 ESTIMATE | FY22 Actual | FY 22 Actual vs FY 22 Bud | FY 22 Actual vs FY 22 Bud | FY 22 Actual vs FY 22 Est |
|---|---|---|---|---|---|---|---|
| **Beginning MTTF Balance** | $14,038,469 | $14,038,469 | $27,844,858 | $27,844,858 | | | |
| **Operating Revenues** | | | | | | | |
| Farebox | $5,408,087 | $5,562,597 | $5,201,751 | $5,252,949 | -5.57% | ($309,648) | $51,198 |
| Special Fares | $1,717,095 | $1,796,605 | $1,466,695 | $1,553,207 | -13.55% | ($243,398) | $86,512 |
| Charter | $118,000 | $150,000 | $0 | $0 | 0.00% | ($150,000) | $0 |
| Advertising | $634,167 | $624,000 | $644,167 | $644,167 | 3.23% | $20,167 | $0 |
| Other Agency Revenues | $276,388 | $183,300 | $213,300 | $205,548 | 12.14% | $22,248 | ($7,752) |
| Total Recoveries - Insurance | $110,420 | $65,000 | $55,000 | $206,697 | 218.00% | $141,697 | $151,697 |
| MTTF Collections | $63,731,732 | $54,092,106 | $65,643,684 | $71,103,336 | 31.45% | $17,011,230 | $5,459,652 |
| MTTF Interest | $3,345 | $2,000 | $4,800 | $59,893 | 2894.65% | $57,893 | $55,093 |
| State Government Funds | $1,031,525 | $1,103,856 | $3,988,108 | $3,988,108 | 261.29% | $2,884,252 | $0 |
| Federal Reimb. Funds-Access To Jobs | $232,322 | $384,500 | $232,322 | $263,637 | -31.43% | ($120,863) | $31,315 |
| **MTTF Principal** | **($13,806,389)** | **$0** | **($12,817,090)** | **($18,591,804)** | | ($18,591,804) | ($5,774,714) |
| **Total Revenues** | **$59,456,692** | **$63,963,964** | **$64,632,737** | **$64,685,738** | 1.13% | $721,774 | $53,001 |
| **Operating Expenses** | | | | | | | |
| Direct Labor | $28,968,059 | $32,000,848 | $32,296,347 | $30,701,505 | -4.06% | ($1,299,343) | ($1,594,842) |
| Fringe Benefits: | | | | | | | |
| Vac/Hol/Sick/Bday | $5,107,394 | $5,232,062 | $5,296,430 | $4,156,887 | -20.55% | ($1,075,175) | ($1,139,543) |
| Health/Welfare/Pension | $23,644,133 | $26,501,995 | $26,650,780 | $24,731,909 | -6.68% | ($1,770,086) | ($1,918,871) |
| Services | $4,865,766 | $5,639,222 | $5,707,240 | $5,705,776 | 1.18% | $66,554 | ($1,464) |
| Material & Supplies | $6,054,166 | $7,458,185 | $7,116,110 | $6,370,931 | -14.58% | ($1,087,254) | ($745,179) |
| Utilities | $943,600 | $1,016,796 | $986,800 | $1,035,703 | 1.86% | $18,907 | $48,903 |
| Casualty&Liability | $3,200,840 | $2,736,426 | $2,926,430 | $2,928,897 | 7.03% | $192,471 | $2,467 |
| Purchased Transportation | $14,817,237 | $18,740,930 | $15,142,590 | $13,264,507 | -29.22% | ($5,476,423) | ($1,878,083) |
| Interest Expense | $32,468 | $7,860 | $7,860 | $7,858 | -0.03% | ($2) | ($2) |
| Other Expense | $350,325 | $621,820 | $572,570 | $467,683 | -24.79% | ($154,137) | ($104,887) |
| **Total Operating Expense** | **$87,983,988** | **$99,956,144** | **$96,703,157** | **$89,371,657** | -10.59% | ($10,584,487) | ($7,331,500) |
| Capital Eligible Expense Reimbursement | ($2,539,055) | ($7,982,265) | ($7,170,400) | ($5,988,819) | -24.97% | $1,993,446 | $1,181,581 |
| CARES Act Funding | ($26,847,680) | ($13,000,563) | ($10,387,177) | ($11,087,177) | 0.00% | $1,913,386 | ($700,000) |
| CRRSAA Funding | $0 | ($18,237,895) | ($16,478,674) | ($9,315,786) | 0.00% | $8,922,109 | $7,162,888 |
| SUBTOTAL | ($29,386,735) | ($39,220,723) | ($34,036,251) | ($26,391,782) | | | |
| **Net Operating Expense** | $58,597,253 | $60,735,421 | $62,666,906 | $62,979,875 | 3.70% | $2,244,454 | $312,969 |
| MTTF Capital Share | $859,439 | $3,228,543 | $1,965,831 | $1,705,863 | -47.16% | ($1,522,680) | ($259,968) |
| **Total Operating/Capital** | **$59,456,692** | **$63,963,964** | **$64,632,737** | **$64,685,738** | 1.13% | $721,774 | $53,001 |
| **Ending MTTF Balance** | **$27,844,858** | **$14,038,469** | **$40,661,948** | **$46,436,662** | | $32,398,193 | $5,774,714 |
| NEED FOR OPERATING DRAW FROM MTTF | $49,069,249 | $50,865,563 | $50,865,563 | $50,865,562 | | | |

| | | |
|---|---|---|
| $ | 52,571,425 | MTTF |
| $ | (1,705,863) | Capital local Match |
| $ | 50,865,562 | Operating needed subtotal |
| $ | 50,865,563 | Budgeted Amount |
| $ | (1) | |

| | Current Year Rev/Exp | Actual vs Budget | | |
|---|---|---|---|---|
| MTTF | ($71,163,229) | ($17,069,123) | over | |
| Revenues | ($11,850,676) | ($2,365,318) | over | |
| Expenses | $89,371,657 | ($10,584,487) | under | |
| Federal Subsidies | ($26,655,419) | $12,949,804 | under | |
| MTTF Captial | $1,705,863 | ($1,522,680) | under | |
| MTTF Principal | ($18,591,804) | ($18,591,804) | | $0 |
| Double check | ($18,591,804) | ($18,591,804) | | |
| Subtotal | $0 | $0 | | |
| Double check | $0 | | | |

EXHIBIT 2

# MTTF Balance For FY 2022 - Draft

| | Accrual Accounting | Actual Cash on Hand |
|---|---|---|
| June 30th Ending Balance in MTTF | $40,862,854 | $40,830,604 |
| CD & Interest | $100,041 | $100,041 |
| Capital Receivable on 20% Match | ($382,074) | |
| MTTF A/R due TARC | | |
| June Revenue Receipts received in July | $5,855,841 | |
| **Total Balance on Books as of 6/30/2022** | **$46,436,662** | **$40,930,645** |
| * Ties Back to Budget By Object Class | $46,436,662 | |
| rounding | - | |


# BOARD OF DIRECTORS
# SEPTEMBER 27, 2022

SEPTEMBER OPERATIONAL UPDATE

tarc

# HIGHLIGHTS

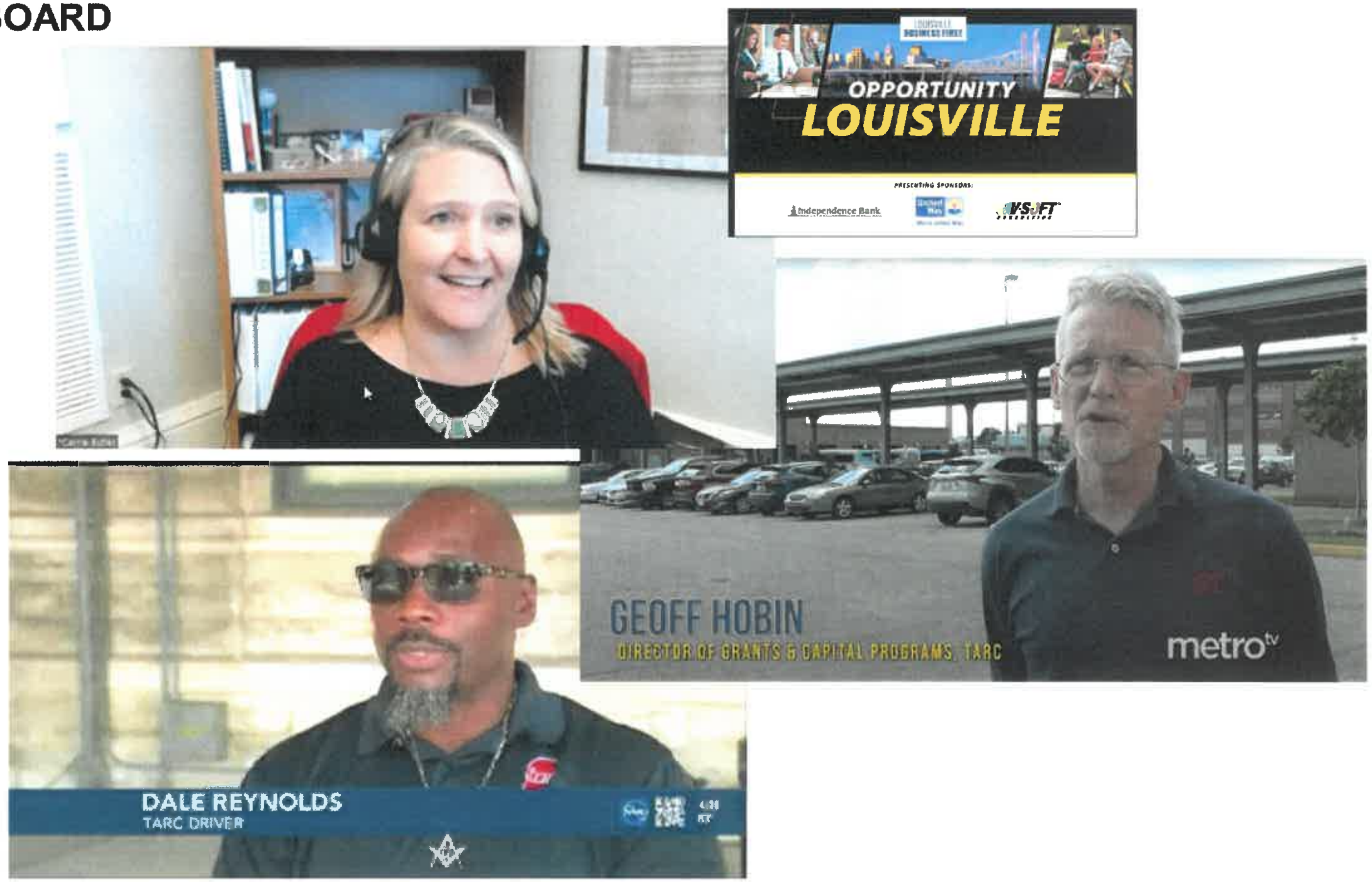
**SINCE THE LAST BOARD MEETING…..**

- Hosted the "TARC Tomorrow" Mobility Summit, received feedback from more than 50 participants
- Organized TARC Wellness Day attended by 1 in 3 employees, with over a dozen vendors, and 122 flu shots and 71 COVID vaccines administered
- Employee Activities Committee cookout held to celebrate the hard-working TARC staff
- Attended several community outreach events including Streets for People, JCTC resource fair, and District 5 Town Hall meeting

# HIGHLIGHTS

**SINCE THE LAST BOARD MEETING…..**

- Carrie Butler represented TARC in Business First's "Opportunity Louisville" webinar covering transit and transportation in Greater Louisville
- Recognized for Solar Project powering operations in TARC Training and Education Center
- Coach Operator Dale Reynolds nominated for Louisville Tourism's ROSE Award



# AUGUST RIDERSHIP

## FIXED ROUTE

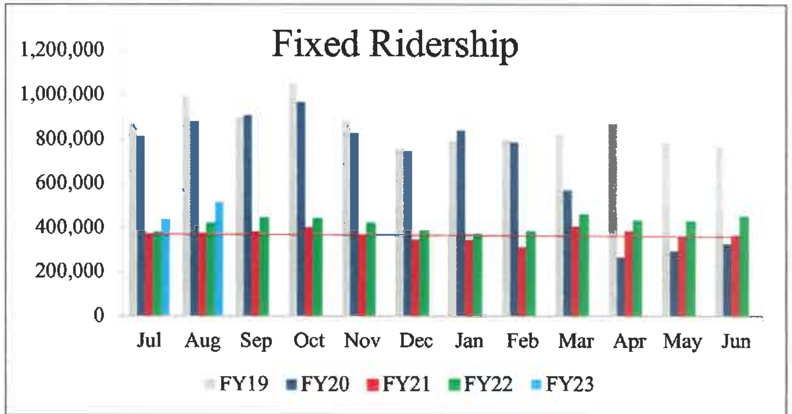
| Monthly | | YTD |
|---|---|---|
| 514K | + 18.1% VLM<br>+ 22.1% VLY | 950K |

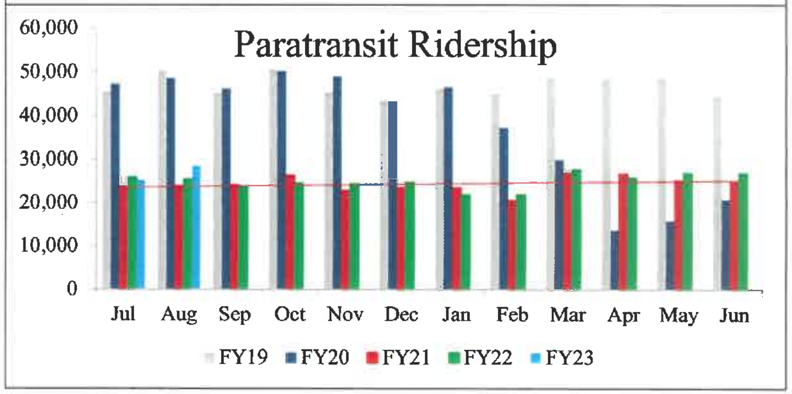
## PARATRANSIT

| Monthly | | YTD |
|---|---|---|
| 28.5K | 12.9% VLM<br>11.6% VLY | 53.7K |

## COMBINED

| This Month Last Year | This Month, This Year | |
|---|---|---|
| 446,740 | 542,706 | +21.5% VLY |



# SAFETY

## SAFETY PREVENTABLE ACCIDENTS

Monthly

10

-41%VLM
-33% VLY

YTD

27

-80% VLY

## SAFETY ACCIDENTS TOTAL

Monthly

26

-26% VLM
+18% VLY

YTD

61

-82% VLY

## PREVENTABLE ACCIDENTS / 100K MILES

Monthly

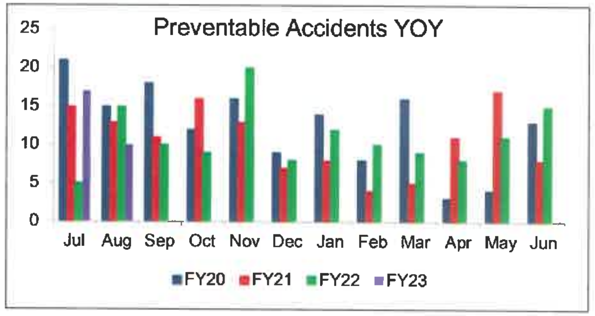
1.8

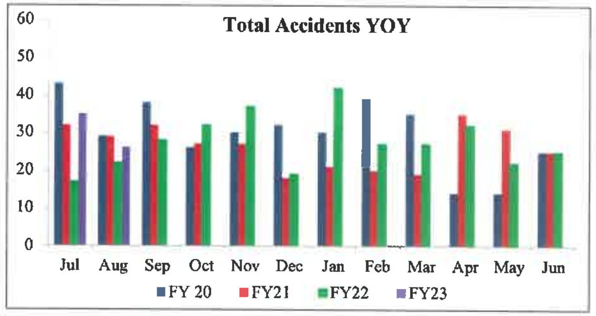
-42%VLM
-36% VLY

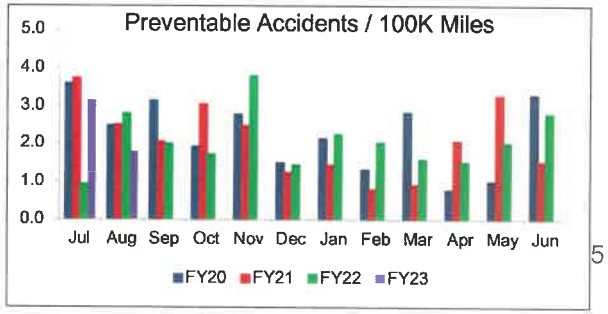
YTD

4.9

+133% VLY



# AUGUST ON-TIME PERFORMANCE

## FIXED ROUTE

Monthly

**75.5%** -1.8 VLM
-3.7% VLY

YTD

**78.4%**

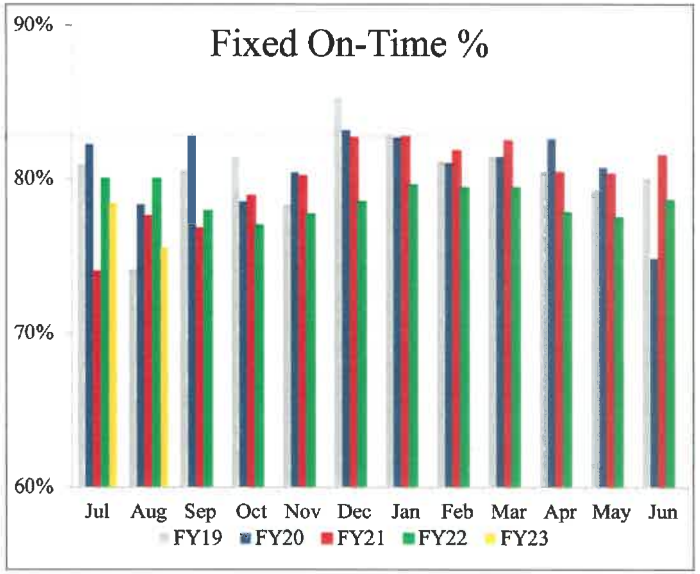
## PARATRANSIT

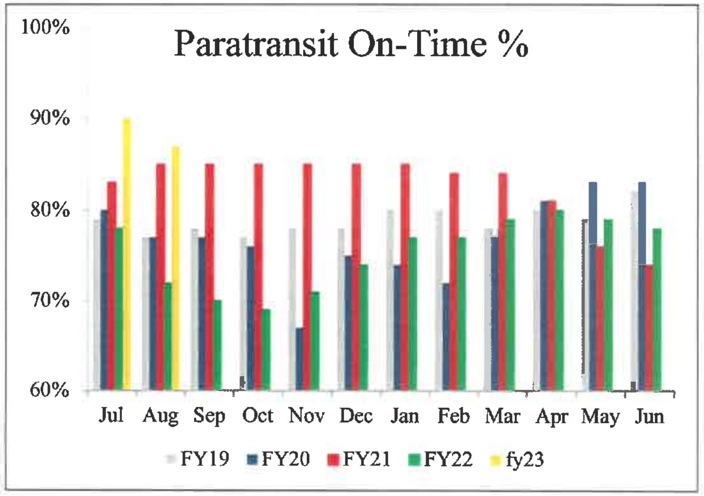
Monthly

**87%** -3.3% VLM
+2.6% VLY

YTD

**89%**

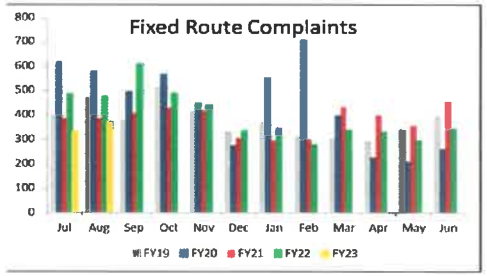


# AUGUST CUSTOMER SERVICE COMPLAINTS

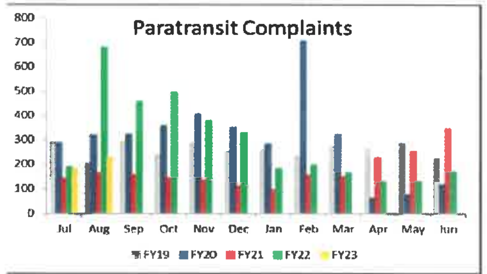
## FIXED ROUTE

| Monthly | | YTD | |
|---|---|---|---|
| 374 | +12% VLM<br>-21% VLY | 707 | -26% VLY |



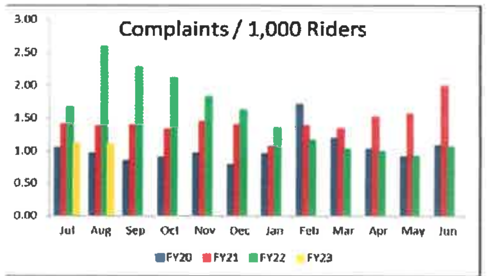

## PARATRANSIT

| Monthly | | YTD | |
|---|---|---|---|
| 229 | +26%VLM<br>-66% VLY | 411 | -53% VLY |

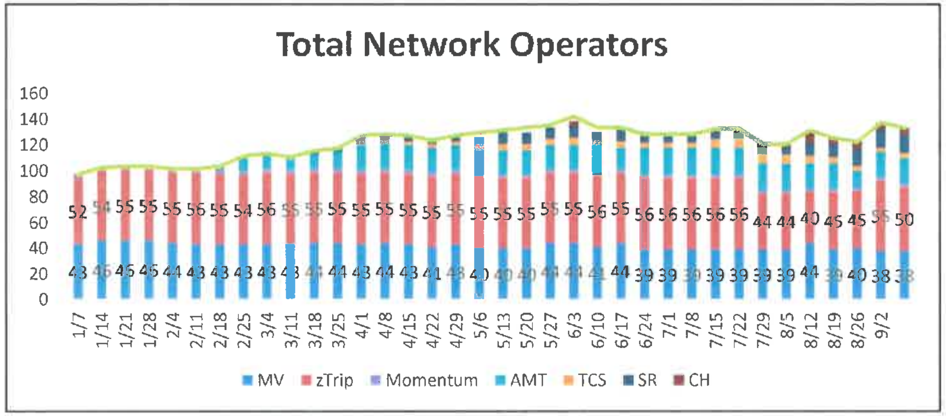



## COMPLAINTS / 1,000 RIDERS

| Monthly | | YTD | |
|---|---|---|---|
| 1.1 | -1% VLM<br>-20% VLY | 1.1 | -21% VLY |



# TARC3 (PARATRANSIT) OPERATOR STAFFING




Total Network Headcount to Date: 138 (+33% from January)

## Operator Updates

- 138 total operators
- New training classes began on 8/22 and 9/12

## Subcontractors

Diversity Medical Transportation:
- Began providing service week of 9/11
- Wheelchair accessible vehicles will be used as past of their fleet

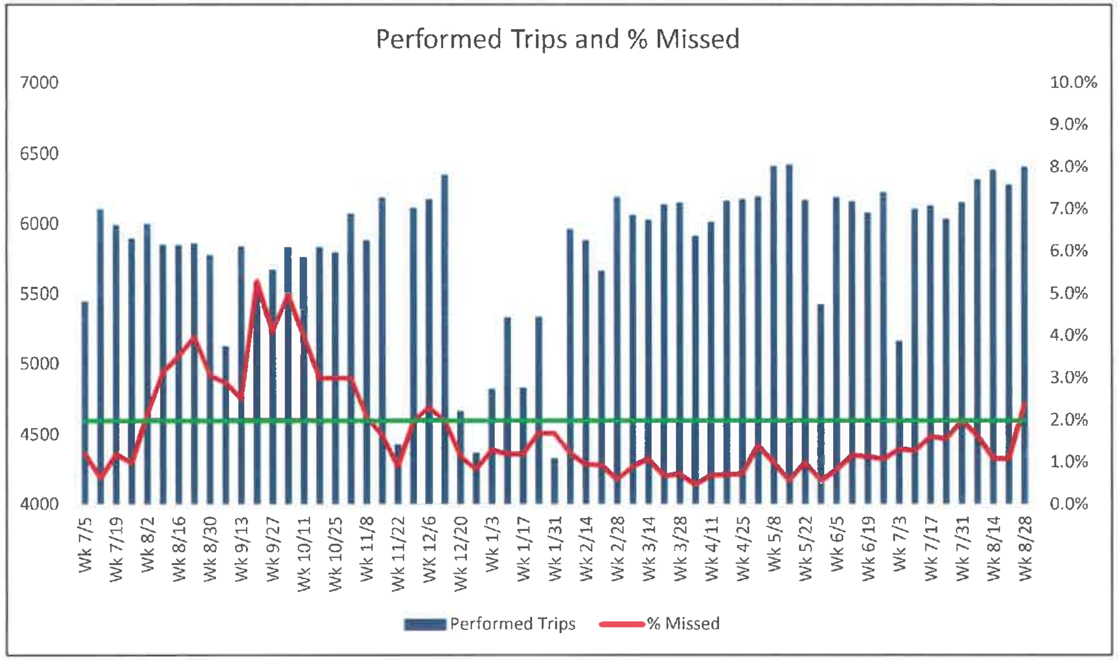
Transport Care Services:
- 4 operators completed training on 9/16

MV continues to recruit operators in anticipation of increased trip volume

## Week of 9/2 Recruiting Efforts

- Candidate outreach: 12
- Telephone screens from outreach: 5
- Interviews scheduled: 2
- Interviews conducted: 2

# MV WEEKLY PERFORMANCE




% Missed Trips

Wk 8/28: 2.39%*

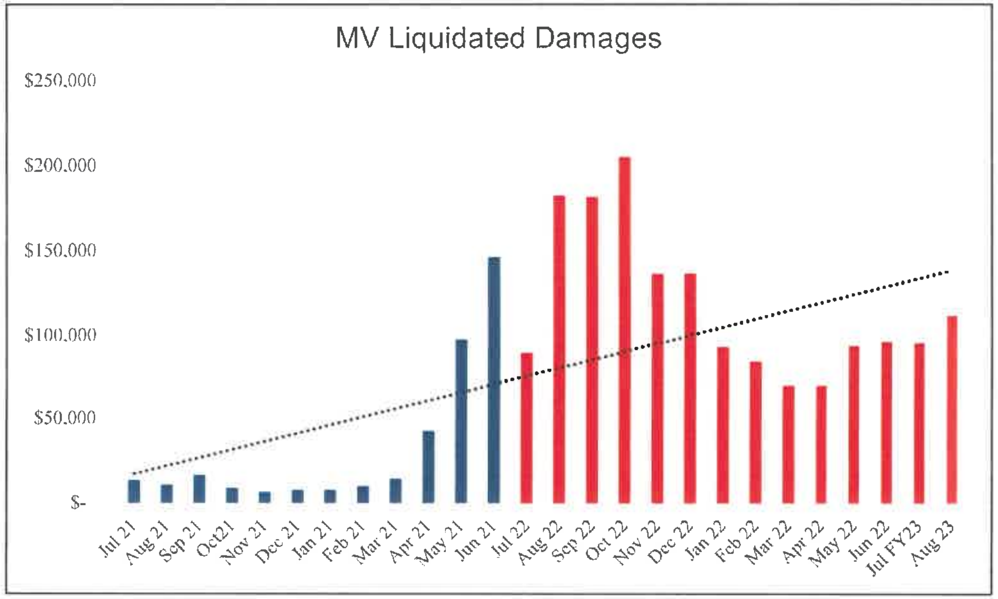
Previous 5 Wk Avg: 2.0%

*higher than normal % due to vehicle breakdowns and having to move trips around

# MV LIQUIDATED DAMAGES

## PARATRANSIT

| Monthly | | YTD | |
|---|---|---|---|
| $111.8K | +17% VLM<br>-39% VLY | $207.2K | -24% VLY |




Monthly Details

$47.5K (42%), Productivity, 1.8 trips/hr

$30.9K (28%), Late Trip, > 30 mins late

$18K (16%), On Time, < 93%

$11.4K (10%), Missed Trips

Types of Penalties:

Missed Trip

Late Trip

On-Time Performance

Excessive Trip Length

Customer Complaints

Compromised Safety

Maintenance


tarc
SEPTEMBER BOARD OF DIRECTORS UPDATE
September 27, 2022
1601
6 OUTER LOOP


# ZERO EMISSION FLEET TRANSITION PLAN

**Consulting Services to Provide a Strategic Plan**

**TARC Board**
**September 27, 2022**

# Objectives of the ZEB Transition Plan:

- Provide a roadmap for the conversion of TARC's fleet to zero emission buses over the next 15-20 years.
- Determine optimal ZEB technologies within context of TARC's infrastructure.
- Estimate costs.
- Meet federal requirements for ZEB funding.

# ZEB Technologies Analyzed:

## Battery Electric Buses (BEBs)

- Including range of charging infrastructure

## Fuel Cell Electric Buses (FCEBs) - Hydrogen

- Including on-site production and fueling

# Scope of Work:

## Financial Analysis

- Diesel baseline
- Electric & hydrogen
- Maintenance
- Operations
- Start-up and lifetime costs
- Payback period/NPV

## Implementation Analysis

- Operations & Maintenance during Transition
- Capital Needs (Infrastructure) & Costs
- Energy Storage & Solar
- ZEB Rollout Plan

# Assessment Focus Areas/Interim Deliverables:

## Technology

- Vehicle Fleet Cost Lifecycle Tech Memo
- Service Assessment Presentation

## Operations

- Vehicle Fleet Cost Lifecycle Tech Memo
- Service Assessment Presentation

## Facilities

- On-site Inspection
- Facility Considerations for FCEBs Tech Memo
- BEB Site Investigation Tech Memo

## Finance

- Vehicle Fleet Cost Lifecycle Tech Memo
- Federal Funding Presentation


Facilities
2900 W Broadway
1000 W Broadway


tarc
Clean Air Vehicle
5609
ZERO
Analysis & Results
wsp

# Technology: BEB

- TARC's experience with charging is on-route only; existing charging infrastructure outdated.
- On-route ("opportunity"/ "quick charge") facilities recommended only at ends of high frequency routes.
- Battery technology is improving but bus range still falls short of diesel; most of TARC's routes can be met with BEB technology, but some are too long.
- Overnight charging is required: approx. 4 hrs/bus.

# Technology: BEB

- Different charging infrastructure options: pantograph, in-ground induction, plug-in (dispenser).
- Requires expanded electrical service.
- Indoor charging preferred (cold weather battery performance); covered (canopy) structure can work.
- TARC's existing facility, with utility upgrades and equipment installation, can support the electrification of TARC's entire fleet.

# Technology: FCEB

- Applications nationally are far less than BEB but growing.
- Bus range 250 miles per fueling, similar to diesel.
- Fueling is much faster than BEB charging, approximately 8 minutes.
- Agencies must either produce or procure hydrogen.
  - Delivered hydrogen is the most expensive fuel type in terms of cost per mile, and comes with a high upfront capital cost for infrastructure.
  - Producing hydrogen via SMR or Electrolysis requires high cost equipment and raw fuel.

# Technology: FCEB

- Hydrogen is volatile with major safety issues: fueling facility must be separated from adjacent ROW and anything that could generate a spark.
- Hydrogen storage and setbacks take up space. TARC's existing facility only has space for up to 100 vehicles worth of infrastructure.

# Operations

- Impact on fleet size: vehicle range varies by technology
  - BEB range is improving but still less than diesel
  - FCEB range is better than BEB but still not equal to diesel
- Recovery/layover/staging is curbside; most shift changes are on-street
- Current longest TARC bus block range of 280 miles cannot be met with BEBs
- Assess current assignment for ZEB:
  - No blocking changes, minor blocking changes, major blocking changes

# Conclusions:

- Primary constraint to achieving 100% ZEB: physical limitations of existing facilities
- Charging/fueling of fleet at 2900 Broadway not recommended due to impact on operating costs and operating efficiency
- Can fully transition to 100% BEB fleet
- Can accommodate 50 FCEBs and expand to 100 FCEBs with some facility modifications

# Two Viable Scenarios:

**Scenario 1: 100% zero emission fleet with all BEBs**

**Scenario 2: 100% zero emission fleet with mix of BEBs and FCEBs- but with maximum of 100 FCEBs.**

**An FCEB-only scenario is not recommended- does not meet 100% zero emission goal.**


Lifecycle Cost Analysis
tarc
Clean Air Vehicle
5609
ZERO
wsp
15

# Lifecycle Cost Analysis Results (2021 $)

| | | NO BUILD | SCENARIO 1: 100% BEB | SCENARIO 2: MIXED BEB/HFCB |
|---|---|---|---|---|
| Capital | **VEHICLE PURCHASE PRICE** | $84.0 | $164.0 | $171.4 |
| | MODIFICATIONS & CONTINGENCY | $13.5 | $27.6 | $28.2 |
| | CHARGING/FUELING INFRASTRUCTURE | $1.5 | $18.6 | $31.7 |
| | TOTAL CAPITAL COSTS | $99.0 | $210.2 | $231.3 |
| Operating | **VEHICLE MAINTENANCE** | $63.1 | $128.0 | $103.5 |
| | VEHICLE TIRES | $4.8 | $5.3 | $5.2 |
| | VEHICLE FUEL COSTS | $38.1 | $21.2 | $36.7 |
| | CHARGING/FUELING INFRASTRUCTURE | $0.0 | $12.2 | $5.8 |
| | TOTAL OPERATING COSTS | $106.0 | $169.2 | $152.5 |
| Disposal | BATTERY DISPOSAL | $0.0 | $0.0 | $0.0 |
| | BUS DISPOSAL | -$0.3 | -$0.3 | -$0.4 |
| | TOTAL DISPOSAL COSTS | -$0.3 | -$0.3 | -$0.4 |
| Total Cash Costs | | **$204.8** | **$379.1** | **$383.4** |
| Comparison to Base | DOLLARS | $0.0 | $174.3 | $179 |
| | PERCENT | - | 85% | 87% |
| Total Cash Cost per Mile | | $1.13 | $2.08 | $2.11 |
| Environmental | EMISSIONS - TAILPIPE | $2.0 | $1.2 | $1.2 |
| | EMISSIONS - REFINING/UTILITY | $12.3 | $6.8 | $3.4 |
| | NOISE | $4.8 | $3.8 | $4.3 |
| | TOTAL ENVIRONMENTAL COSTS | $19.0 | $11.8 | $8.9 |
| Total Cash and Non-Cash Costs | | **$223.8** | **$390.9** | **$392.2** |
| Comparison to Base | DOLLARS | $0.0 | $167.0 | $168 |
| | PERCENT | - | 75% | 75% |
| Total Cash and Non-Cash Costs per Mile | | $1.23 | $2.15 | $2.16 |
| Total Mileage (million miles) | | 182 | 182 | 182 |

# Lifecycle Cost Analysis Results (Year of Expenditure $)

| | | NO BUILD | SCENARIO 1: 100% BEB | SCENARIO 2: MIXED BEB/HFCB |
|---|---|---|---|---|
| Capital | **VEHICLE PURCHASE PRICE** | $164 | $331 | $344 |
| | MODIFICATIONS & CONTINGENCY | $27 | $56 | $57 |
| | CHARGING/FUELING INFRASTRUCTURE | $2 | $20 | $36 |
| | TOTAL CAPITAL COSTS | *$192* | *$406* | *$436* |
| Operating | **VEHICLE MAINTENANCE** | $254 | $549 | $444 |
| | VEHICLE TIRES | $19 | $21 | $21 |
| | VEHICLE FUEL COSTS | $161 | $79 | $136 |
| | CHARGING/FUELING INFRASTRUCTURE | $0 | $10 | $5 |
| | TOTAL OPERATING COSTS | *$434* | *$671* | *$612* |
| Disposal | BATTERY DISPOSAL | $0 | $0 | $0 |
| | BUS DISPOSAL | -$2.2 | -$2.7 | -$3 |
| | TOTAL DISPOSAL COSTS | *-$2* | *-$3* | *-$3* |
| Total Cash Costs | | **$624** | **$1,075** | **$1,045** |
| Comparison to Base | DOLLARS | $0 | $452 | $422 |
| | PERCENT | - | 72% | 68% |
| Total Cash Cost per Mile | | $3.43 | $5.91 | $5.75 |
| Environmental | EMISSIONS - TAILPIPE | $7.9 | $4.7 | $5 |
| | EMISSIONS - REFINING/UTILITY | $45.0 | $28.0 | $15 |
| | NOISE | $19.0 | $15.0 | $17 |
| | TOTAL ENVIRONMENTAL COSTS | *$72* | *$48* | *$37* |
| Total Cash and Non-Cash Costs | | **$696** | **$1,123** | **$1,082** |
| Comparison to Base | DOLLARS | $0 | $427 | $386 |
| | PERCENT | - | 61% | 56% |
| **Total Cash and Non-Cash Costs per Mile** | | $3.83 | $6.18 | $5.95 |
| **Total Mileage (million miles)** | | *182* | *182* | *182* |

# Vehicle Replacement Schedule

| Vehicle Type | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **NO BUILD SCENARIO** | | | | | | | | | | | | | |
| 35ft Diesel | - | - | 6 | - | - | - | - | - | - | - | - | 7 | - | - |
| 40ft Diesel | 14 | - | 10 | 5 | 14 | 16 | 5 | 14 | 14 | 15 | 16 | 10 | 17 | 17 |
| 40ft HYB | - | 8 | - | 10 | - | - | 11 | - | 1 | - | - | - | - | 8 |
| | **SCENARIO 1: 100% BEB** | | | | | | | | | | | | | |
| 35ft BEB | - | - | 6 | - | - | - | - | - | - | - | - | 7 | - | - |
| 40ft BEB | 14 | 8 | 10 | 15 | 14 | 16 | 16 | 14 | 15 | 15 | 16 | 10 | 17 | 17 |
| | **SCENARIO 2: MIXED BEB/FCEB** | | | | | | | | | | | | | |
| 35ft BEB | - | - | 6 | - | - | - | - | - | - | - | - | 7 | - | - |
| 40ft BEB | 14 | 8 | 10 | - | - | - | - | - | - | 5 | 16 | 10 | 17 | 17 |
| 40ft FCEB | - | - | - | 15 | 14 | 16 | 16 | 14 | 15 | 10 | - | - | - | - |

# Capital Costs by Year (year of expenditure $)

| Scenario / Year | No-Build | Scenario 1: 100% BEB | Scenario 2: BEB/FCEB |
|---|---|---|---|
| 2022 | $8.76 | $20.67 | $21.38 |
| 2023 | $9.77 | $12.60 | $13.04 |
| 2024 | $11.02 | $24.50 | $25.34 |
| 2025 | $16.69 | $25.36 | $28.40 |
| 2026 | $10.39 | $24.52 | $27.46 |
| 2027 | $12.30 | $29.03 | $32.51 |
| 2028 | $20.01 | $30.08 | $33.68 |
| 2029 | $11.55 | $27.26 | $30.53 |
| 2030 | $13.53 | $30.26 | $33.89 |
| 2031 | $13.28 | $31.35 | $34.21 |
| 2032 | $14.68 | $34.64 | $35.83 |
| 2033 | $16.10 | $35.57 | $36.79 |
| 2034 | $16.77 | $39.58 | $40.93 |
| 2035 | $17.39 | $41.04 | $42.44 |
| Total | **$192.27** | **$406.47** | **$436.44** |

# Solar Potential (monthly output of rooftop solar array)

| Month | DC Array Output (MWh) |
|---|---|
| Jan | 203 |
| Feb | 220 |
| Mar | 299 |
| Apr | 337 |
| May | 370 |
| Jun | 369 |
| Jul | 367 |
| Aug | 361 |
| Sept | 311 |
| Oct | 288 |
| Nov | 215 |
| Dec | 184 |
| TOTAL | 3,528 |

**Solar as source of electricity requirements for 100% BEB fleet:**

**10%**

wsp

# Recommendation

# Recommendation: Scenario 1 - 100% BEB Fleet

- BEB technology can convert 100% of TARC's fleet with minimal disruption to existing facilities.
- BEB technology allows for a scalable approach that better aligns with TARC's procurement schedule.
- BEB technology can meet the majority of TARC's service needs and continued battery technology improvements are expected.
- BEB is the least expensive option for ZEB conversion.


# Thank you

wsp

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

**FINANCIAL STATEMENTS**
June 30, 2022

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

FINANCIAL STATEMENTS
June 30, 2022

CONTENTS

Crowe

Crowe LLP
Independent Member Crowe Global

# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Transit Authority of River City
Louisville, Kentucky

## Report on the Financial Statements

### *Opinions*

We have audited 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, 2022, and the fiduciary activities as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the TARC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of TARC as of June 30, 2022, and the fiduciary activities as of December 31, 2021, 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.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the TARC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that 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 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 on pages 5-9 and 42-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of 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 <date of report> 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
<>, 2022

## 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, 2022.

High points for the fiscal year included achieving modest increases in fare revenue and ridership following steep declines brought on by the pandemic, attracting the largest number of new Coach Operators in our 48-year history, modernizing our fleet with the arrival of 47 new cleaner emissions buses, and locking in a firm fixed price for fuel at $1.78 for the next year to keep this major commodity stable.

TARC completed Fiscal Year 2022 in a fairly stable position. The Jefferson County Occupational License Fee, or Mass Transit Trust Fund — the major source of TARC operating funds — was budgeted at $54.09 million for FY2022. The actual amount of receipts for FY 2022 was $71.2 million, a 31.5% increase, mainly due to a $5.0m one-time capital gain received in April 2022.

TARC also benefitted from the Bipartisan Infrastructure Law (BIL), which made funding available to public transit agencies for capital purchases including fleet replacement, preventive maintenance, and purchased transportation. Additional federal funds are included in competitive, discretionary programs, which TARC will apply for to further fleet electrification, facilities renovation, and the advancement and execution of corridor plans.

Additionally, the Commonwealth of Kentucky included general fund dollars for public transportation, while the state of Indiana provides funding through the Public Mass Transportation Fund. Both states are now supporting services provided by TARC.

TARC will continue to face financial challenges, as the costs of fixed-route and paratransit services, maintenance needs, health insurance, and pensions continue to rise while available funding and fare revenue remain relatively flat. To ensure a forward-looking perspective, TARC team members are developing a Long Range Plan, a Fleet Electrification Study, a Micro Mobility Study, and additional efforts to shape the future of the agency's operations, programs, and services for the future. In addition, staff will soon complete a review of TARC's organizational mission, vision, and values for a Strategic Outcomes Roadmap — dedicated to achieving important short-term successes and developing strategies with actionable and measurable outcomes for the next fiscal year.

In the coming year, our team will continue efforts to increase revenue and funding, ensure the highest efficiency in our routes and schedules, and solidify plans that ensure our long-term viability and sustainability. TARC remains focused on its mission to be the most trusted and reliable mobility choice in Greater Louisville.

## 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.

(Continued)

**Required Financial Statements (continued)**

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

The statement of revenues, expenses and changes in net position identifies the revenues generated, 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.

***Financial***

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

| | 2022 | 2021 | Change |
|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS** | | | |
| Current assets | $ 17,099,685 | $ 24,310,204 | $ (7,210,519) |
| Capital assets, net | 79,987,564 | 76,166,345 | 3,821,219 |
| Other investments | - | 31,000 | (31,000) |
| Total assets | 97,087,249 | 100,507,549 | (3,420,300) |
| Deferred outflows of resources | 21,869,296 | 29,017,202 | (7,147,906) |
| Total assets and deferred outflows of resources | $ 118,956,545 | $ 129,524,751 | $ (10,568,206) |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | | | |
| Current liabilities | $ 12,496,662 | $ 19,256,798 | $ (6,760,136) |
| Long-term liabilities | 109,725,967 | 133,053,760 | (23,327,793) |
| Total liabilities | 122,222,629 | 152,310,558 | (30,087,929) |
| Deferred inflows of resources | 24,882,903 | 9,141,960 | 15,740,943 |
| Total liabilities and deferred inflows of resources | 147,105,532 | 161,452,518 | (14,346,986) |
| Net Position: | | | |
| Net investment in capital assets | 79,865,867 | 75,903,807 | 3,962,060 |
| Unrestricted net position | (108,014,854) | (107,831,574) | (183,280) |
| Total net position | (28,148,987) | (31,927,767) | 3,778,780 |
| Total liabilities, deferred inflow of resources and net position | $ 118,956,545 | $ 129,524,751 | $ (10,568,206) |

(Continued)

Assets and Deferred Outflows of Resources

TARC's total assets and deferred outflows of resources decreased $10,568,206 from FY 2021. The statement of net position indicates the most significant changes were a decrease in federal grant receivables and a decrease in deferred outflows, which were offset by modest increases in capital assets cash and cash equivalents. TARC's federal grant receivables, due primarily from the Federal Department of Transportation, decreased $7,747,542 from FY 2021. Deferred outflows of resources are comprised of deferred amounts related to the TARC pension plan and the CERS pension and Other Post-Employment Benefits (OPEB) plans. Deferred outflows, which include employer pension and OPEB contributions subsequent to the measurement date of the net pension and net OPEB liabilities, decreased $7,147,906 from FY 2021.

Liabilities and Deferred Inflows of Resources

TARC's total liabilities and deferred inflows of resources decreased $14,346,986 from FY 2021 due primarily to a decrease in the TARC pension liability and the CERS pension and OPEB liabilities, a decrease in accounts payable and other liabilities, and an increase in deferred inflows. TARC pension liability and the CERS pension and OPEB liabilities decreased $22,936,452 from FY 2021. Accounts payable and other liabilities decreased $6,651,144 from FY 2021, due primarily to a significantly higher amount of capital asset purchases financed through accounts payable as of June 30, 2021. Deferred inflows of resources are comprised of deferred amounts related to the TARC pension plan and the CERS pension and OPEB plans. Deferred inflows increased $15,740,943 from FY 2021.

Net Position

TARC's liabilities and deferred inflows exceeded its assets and deferred outflows by $28,148,987 at the end of FY 2022. Net position increased $3,778,780 from FY 2021.

***Capital Assets***

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

| | Balance at July 1, 2021 | Additions | Retirements (Adjustments) | Balance at June 30, 2022 |
|---|---|---|---|---|
| Land | $ 3,187,624 | $ - | $ - | $ 3,187,624 |
| Buildings | 49,152,447 | 334,545 | - | 49,486,992 |
| Coaches | 121,856,037 | 14,316,898 | (5,323,761) | 130,849,174 |
| Office and computer equipment | 10,317,168 | 218,790 | (46,366) | 10,489,592 |
| Other equipment | 21,703,616 | 915,606 | - | 22,619,222 |
| | 206,216,892 | 15,785,839 | (5,370,127) | 216,632,604 |
| Accumulated depreciation | (130,050,547) | (11,961,040) | (5,366,547) | 136,645,040 |
| Capital assets, net | $ 76,166,345 | $ 3,824,799 | $ (3,580) | $ 79,987,564 |

TARC's capital assets, net of depreciation, increased by $3,821,219. This increase is the result of current year acquisitions of capital assets exceeding current year depreciation expense and retirements of capital assets. Acquisitions of capital assets were primarily purchases of coaches. Depreciation expense for FY 2022 was $11,961,040. Generally, capital asset purchases are completed with federal, state and/or local funding.

(Continued)

***Revenues***

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

| | 2022 | 2021 | Dollar Change | Percent Change |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Passenger transportation | $ 5,252,950 | $ 5,408,087 | $ (155,137) | (2.87%) |
| Special fares | 1,553,207 | 1,717,095 | (163,888) | (9.54) |
| Interest, advertising, and other income | 1,056,408 | 1,138,975 | (82,567) | (7.25) |
| Total operating revenues | 7,862,565 | 8,264,157 | (401,592) | (4.86) |
| **OPERATING EXPENSES** | | | | |
| Labor, pension and OPEB | 59,542,698 | 66,545,301 | (7,002,603) | (10.52) |
| Depreciation | 11,961,040 | 10,916,707 | 1,044,333 | 9.57 |
| Other operating expenses | 30,478,358 | 31,174,042 | (695,684) | (2.23) |
| Total operating expenses | 101,982,096 | 108,636,050 | (6,653,954) | (6.12) |
| **NONOPERATING REVENUES AND CAPITAL CONTRIBUTIONS** | | | | |
| Mass Transit Trust Fund resources | 52,571,426 | 49,943,984 | 2,627,442 | (5.26) |
| Federal Transit Administration | 38,059,566 | 37,747,311 | 312,255 | 0.83 |
| Indiana Department of Transportation | 970,336 | 988,400 | (18,064) | (1.83) |
| KIPDA, KTC, and Other | 6,296,983 | 1,684,737 | 4,612,246 | 273.77 |
| Total non-operating revenues and capital contributions | 97,898,311 | 90,364,432 | 7,533,879 | 8.34 |
| Change in net position | 3,778,780 | (10,007,461) | $ 13,786,241 | (137.76%) |
| Net position, beginning of year | (31,927,767) | (21,920,306) | | |
| Net position, end of year | $ (28,148,987) | $ (31,927,767) | | |

TARC's operating revenues decreased 4.86% from FY 2021. 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 $50,865,563 for FY 2022 and $49,069,249 for FY 2021 for TARC's operating expenses and $1,705,863 for FY 2022 and $874,735 for FY 2021 for capital related purchases. The federal funding included funding for operations and capital purchases of $38,059,566 for FY 2022 and $37,747,311 for FY 2021.

(Continued)

***Expenses***

Expenses excluding depreciation were $90,021,056 for FY 2022 and $97,719,343 for FY 2021. This change represents an decrease of 7.88%.

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 $59,542,698 in FY 2022 and $66,545,301 in FY 2021. TARC experienced increases in both labor and health care costs, however these increases were offset by a decrease in pension and OPEB expense of $8,873,318 from FY 2021. Purchased Transportation decreased 10.48%, from $13,264,507 in FY 2022 and $14,817,237 in FY 2021. 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 two months of operating reserves. Currently, the MTTF balance, including accruals, is $46,436,662. MTTF dollars are also required to leverage the use of reimbursement for Federal funds.

*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, 2022

| | |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and cash equivalents | $ 9,875,123 |
| Investments | 30,643 |
| Accounts and grants receivable, net | |
| Trade receivables | 2,240,122 |
| Grant receivables | 2,932,075 |
| Materials and supplies inventory, net | 1,837,542 |
| Prepaid expenses | 184,180 |
| Total current assets | 17,099,685 |
| | |
| Noncurrent assets: | |
| Capital assets not being depreciated | 3,187,624 |
| Depreciable capital assets, net | 76,799,940 |
| Total capital assets | 79,987,564 |
| | |
| Total assets | 97,087,249 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pension related | 9,105,375 |
| OPEB related | 12,763,921 |
| Total deferred outflows or resources | 21,869,296 |
| | |
| **Total assets and deferred outflows of resources** | $ 118,956,545 |



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, 2022

| | |
|---|---|
| **LIABILITIES** | |
| Current liabilities: | |
| Note payable | $ 121,697 |
| Accounts payable and other liabilities | 7,932,384 |
| Compensated absences | 1,698,729 |
| Estimated liability for uninsured liability claims | 405,500 |
| Estimated liability for uninsured workers' compensation claims | 693,351 |
| Unearned revenue | 1,645,001 |
| Total current liabilities | 12,496,662 |
| Noncurrent liabilities: | |
| Compensated absences | 1,698,729 |
| Estimated liability for uninsured liability claims | 873,900 |
| Estimated liability for uninsured workers' compensation claims | 3,037,922 |
| Net pension liability: | |
| County Employee Retirement System | 79,711,204 |
| TARC Pension Plan | 475,023 |
| Net OPEB liability | 23,929,189 |
| Total net pension liability and net OPEB liability | 104,115,416 |
| Total noncurrent liabilities | 109,725,967 |
| Total liabilities | 122,222,629 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pension related | 13,026,413 |
| OPEB related | 11,856,490 |
| Total deferred inflows of resources | 24,882,903 |
| Total liabilities and deferred inflows of resources | 147,105,532 |
| **NET POSITION** | |
| Net investment in capital assets | 79,865,867 |
| Unrestricted | (108,014,854) |
| Total net position | (28,148,987) |
| **Total liabilities, deferred inflows of resources and net position** | $ 118,956,545 |

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, 2022

| | |
|---|---|
| **Operating revenues** | |
| Passenger fares | $ 5,252,950 |
| Special transit fares | 1,553,207 |
| Advertising | 644,167 |
| Interest | 69,433 |
| Other revenue | 136,111 |
| Recoveries | 206,697 |
| Total operating revenues | 7,862,565 |
| **Operating expenses** | |
| Labor | 30,701,505 |
| Fringe benefits, budget basis | 28,888,796 |
| Plus: annual pension adjustments | (292,041) |
| Plus: annual OPEB adjustments | 244,438 |
| Total labor, fringe benefits, pension and OPEB | 28,841,193 |
| Services | 5,705,776 |
| Development costs | 693,423 |
| Materials and supplies | 6,370,931 |
| Utilities | 1,035,703 |
| Casualty and insurance | 2,928,897 |
| Miscellaneous | 467,683 |
| Rentals and purchased transportation | 13,264,507 |
| Interest | 7,858 |
| Depreciation | 11,961,040 |
| Loss on disposal | 3,580 |
| Total operating expenses | 101,982,096 |
| **Loss from operations** | (94,119,531) |
| **Non-operating revenues** | |
| Mass Transit Trust Fund and interest | 50,865,563 |
| Mass Transit Trust Fund capital assistance for operating | 1,186,156 |
| Federal Transit Administration | 25,469,263 |
| Indiana Department of Transportation | 970,336 |
| Kentucky Regional Planning and Development Agency/Other | 3,017,772 |
| Total non-operating revenues | 81,509,090 |
| **Loss before capital contributions** | (12,610,441) |
| **Capital contributions:** | |
| Mass Transit Trust Fund and interest | 519,707 |
| Federal Transit Administration and Pass-Through Entities | 12,590,303 |
| KIPDA and other | 3,279,211 |
| Total capital contributions | 16,389,221 |
| **Change in net position** | 3,778,780 |
| Net position, beginning of year | (31,927,767) |
| **Net position, end of year** | $ (28,148,987 |

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, 2022

| | |
|---|---|
| **Cash flows from operating activities** | |
| Receipts from passengers and service contracts | $ 8,999,973 |
| Payments to suppliers | (37,897,080) |
| Payments to employees | (59,302,601) |
| Net cash used in operating activities | (88,199,708) |
| **Cash flows from non-capital financing activities** | |
| Federal assistance | 33,216,805 |
| State assistance | 3,988,108 |
| Mass Transit Trust Fund operational receipts | 50,865,563 |
| Net cash provided by non-capital financing activities | 88,070,476 |
| **Cash flows from capital and related financing activities** | |
| Payments on notes payable | (148,699) |
| Government Federal subsidies | 15,869,514 |
| Mass transit trust fund capital subsidies | 1,477,453 |
| Proceeds from disposal of capital assets | 19,663 |
| Purchases of investments | (30,643) |
| Purchases of capital assets | (15,836,077) |
| Net cash provided by capital and related financing activities | 1,351,211 |
| **Cash flows from investing activities** | |
| Interest activity | 69,433 |
| **Net increase in cash and cash equivalents** | 1,291,412 |
| **Cash and cash equivalents, beginning of year** | 8,583,711 |
| **Cash and cash equivalents, end of year** | $ 9,875,123 |
| **Reconciliation of loss from operations to net cash used in operating activities:** | |
| Loss from operations | $ (94,119,531) |
| Adjustments to reconcile loss from operations to net cash used in operating activities | |
| Depreciation | 11,961,040 |
| Net pension liability | (16,667,189) |
| Pension related deferred outflows of resources | 6,254,302 |
| Pension related deferred inflows of resources | 10,120,846 |
| Net OPEB liability | (6,269,263) |
| OPEB related deferred outflows of resources | 893,604 |
| OPEB related deferred inflows of resources | 5,620,097 |
| (Increase) decrease in: | |
| Trade accounts receivable | 1,049,300 |
| Inventories | (128,929) |
| Prepaid expenses | 93,071 |
| Accounts payable and other liabilities | (6,570,525) |
| Accrued compensated absences | (222,924) |
| Estimated liability for uninsured liability claims | (735,300) |
| Estimated liability for uninsured workers' compensation claims | 433,585 |
| Unearned revenue | 88,108 |
| Net cash used in operating activities | $ (88,199,708) |

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, 2021

| | |
|---|---|
| **ASSETS** | |
| Investments, at fair value | |
| Mutual funds | $ 1,043,090 |
| Money market funds | 97,013 |
| Total investments, at fair value | 1,140,103 |
| Other receivables | 2,969 |
| Total assets | 1,143,072 |
| **LIABILITIES** | |
| Administrative expenses payable | 5,543 |
| Total liabilities | 5,543 |
| **NET POSITION** | |
| Net position restricted for pensions | $ 1,137,529 |



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, 2021

| | |
|---|---|
| **Additions** | |
| Investment income: | |
| Net appreciation in fair value of investments | $ 146,962 |
| Interest and dividends | 18,471 |
| | 165,433 |
| Employer contributions | 276,040 |
| Total additions | 441,473 |
| **Deductions** | |
| Benefit paid to participants | 323,551 |
| Administrative expenses | 35,090 |
| Total deductions | 358,641 |
| **Net increase in net position** | 82,832 |
| Plan fiduciary net position, beginning of year (as restated) | 1,054,697 |
| **Plan fiduciary net position, end of year** | $ 1,137,529 |

See accompanying notes to financial statements.

## 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 of each year and submitted to Metro Office of Management and Budget by May 1st. The Board-approved budgets for the 2022 fiscal year were submitted to and approved by Louisville/Jefferson County Metro Government Council in June 2021.

Concentration of Funding: TARC relied on local funding from the Mass Transit Trust Fund ("MTTF" or the "Fund") for 58% of total operating revenue in 2022 before capital contributions. 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 reimbursement assistance for operations and capital acquisitions. In 2022, federal revenues represented approximately 23% of total operating revenues before capital contributions due to the use of CARES and CRRSA funds, which were available to use at 100% or no non-federal (i.e. local match) share. For other federal formula or discretionary funds, the split between federal and local or state is 80 federal / 20 non-federal, which means that local or state funds must be kept in reserve in order to leverage federal funds.

## 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 fiduciary 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.

(Continued)

**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.

Component Unit/Fiduciary Fund: The Authority's defined benefit pension trust fund is presented as a pension trust fiduciary fund in the accompanying financial statements. The defined benefit plan is considered a pension plan under GASB 67 and it meets the GASB 14, as amended, and GASB 84 requirements for presentation as a fiduciary component unit. The plan's trust document authorizes a Board of Trustees consisting of three members appointed by the Authority's Board of Directors and three members of the Local Union, with one member being the person holding the office of Local Union President, as elected by Union membership, and the second and third member being selected by the Union President. The Authority reserves the right to amend, in whole or in part, any or all of the provisions of the plan. The Authority has assumed the obligation to make contributions to the plan. The plan's assets are being held exclusively 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, 2021.

Implementation of Accounting Standards: 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. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Adoption of this Statement did not impact the Authority's financial position or results of operations, however additional required disclosures of leasing activities have been included.

- GASB Statement No. 92, *Omnibus 2020*: The objective of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. Certain requirements of this Statement were previously adopted by TARC in the prior year, and all remaining requirements of this Statement were adopted during the year.

(Continued)

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

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate.

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). Certain requirements of this Statement were previously adopted by TARC in the prior year, and all remaining requirements of this Statement were adopted during the year.

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. No allowance for doubtful accounts was recorded at June 30, 2022.

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.

(Continued)

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

- 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.

Changes in TARC's liability for uninsured workers' compensation and uninsured liability claims for the year ended June 30, 2022 are as follows:

| | Beginning Balance | Claims and Changes in Estimates | Claim Payments | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Uninsured worker's compensation | \$ 3,297,688 | \$ 2,486,830 | (\$2,053,245) | \$ 4,043,848 | \$ 693,351 |
| Uninsured liability claims | \$ 2,014,700 | \$ 641,700 | (\$1,377,000) | \$ 4,770,200 | \$ 405,500 |

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

| | Beginning Balance | Claims and Changes in Estimates | Claim Payments | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| 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 for liability claims can be purchased through Louisville Area Governmental Self-Insurance Trust when available. 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.

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

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, 2022 are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 3,620,382 | $ 4,156,887 | ($4,379,811) | $ 3,397,458 | $ 1,698,729 |

Unearned Revenue: Advance fare media that have not been redeemed through the fare box are shown as unearned revenue. Unearned revenue at June 30, 2022 was $1,645,001.

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.

| | Beginning Balance | Net Change | Ending Balance |
|---|---|---|---|
| At June 30, 2022: | | | |
| TARC Pension Plan | $ 907,047 | $ (432,024) | $ 475,023 |
| CERS | 95,946,369 | (16,235,165) | 79,711,204 |
| Net pension liability | $ 96,853,416 | $ (16,667,189) | $ 80,186,227 |

(Continued)

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

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.

| | Beginning Balance | Net Change | Ending Balance |
|---|---|---|---|
| At June 30, 2022: | | | |
| Net OPEB liability | $ 30,198,452 | $ (6,269,263) | $ 23,929,189 |

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 $24,882,903 of deferred inflows of resources and $21,869,296 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.

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.

(Continued)

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

A summary of cash, cash equivalents and investments at June 30, 2022 is as follows:

| | Cash and Cash Equivalents |
|---|---|
| Operating accounts: | |
| Cash in bank and on hand | $ 2,295,262 |
| U.S. Government money market | 7,579,862 |
| Total cash and cash equivalents | 9,875,124 |
| Treasury note (investments) | 30,643 |
| Total | $ 9,905,767 |

The bank balance of cash, cash equivalents and investments as of June 30, 2022 was $11,818,523. The difference represents outstanding checks and deposits in transit.

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, 2022, 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.

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.

(Continued)

**NOTE 4 - CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2022 are summarized as follows:

| | Balance at July 1, 2021 | Additions | Retirements (Adjustments) | Balance at June 30, 2022 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated | | | | |
| Land | $ 3,187,624 | $ - | $ - | $ 3,187,624 |
| Depreciable Capital Assets, Net | | | | |
| Buildings | 49,152,447 | 334,545 | - | 49,486,992 |
| Coaches | 121,856,037 | 14,316,898 | (5,323,761) | 130,849,174 |
| Office and computer equipment | 10,317,168 | 218,790 | (46,366) | 10,489,592 |
| Other equipment | 21,703,616 | 915,606 | - | 22,619,603 |
| | 203,029,268 | 15,785,839 | (5,370,127) | 213,444,980 |
| Accumulated depreciation for: | | | | |
| Buildings | (27,839,296) | (1,557,419) | - | (29,396,715) |
| Coaches | (76,995,796) | (8,028,998) | (5,323,761) | (79,701,033) |
| Office and computer equipment | (7,958,046) | (908,177) | (42,786) | (8,823,437) |
| Other equipment | (17,257,409) | (1,466,446) | - | (18,723,855) |
| | (130,050,547) | 11,961,040 | (5,366,547) | (136,645,040) |
| Total | 72,978,721 | 3,824,799 | (3,580) | 76,799,940 |
| Capital assets, net | $ 76,166,345 | $ 3,824,799 | $ (3,580) | $ 79,987,564 |

**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 has available borrowings up to $6,000,000 through its maturity date on November 30, 2022. The interest rate is the SOFR rate plus 1.50% (3.00% at June 30, 2022). There was no outstanding balance on the line of credit as of June 30, 2022.

**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.

(Continued)

**NOTE 6 - LOUISVILLE METRO GOVERNMENT - MASS TRANSIT TRUST FUND** (Continued)

For the year ended June 30, 2022, TARC recorded nonoperating revenues of $50,865,563 and $1,705,863 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, 2022, TARC recorded a receivable due from MTTF for $382,073 for capital match.

**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, 2022 was $13,264,507. 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, 2022 was $651,830.

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, 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.

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 Public Pensions Authority (KPPA), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 78.520, the Board of Trustees (the Board) of KPPA 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.

(Continued)

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

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 KPPA 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 KPPA. The assets of the insurance fund are invested as a whole. KPPA and the Commonwealth have statutory authority to determine Plan benefits and employer contributions.

KPPA 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 KPPA website at 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.

*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.

**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 2.00% 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.

| Service Credit | Benefit Factor |
|---|---|
| 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.

*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.

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

**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.

**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 KPPA Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KPPA 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 KPPA Board.

For the fiscal year ended June 30, 2022, participating employers contributed 26.95% (21.17% allocated to pension and 5.78% allocated to OPEB) as set by KPPA, respectively, of each Non-hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KPPA are financed through employer contributions and investments earnings.

TARC has met 100% of the contribution funding requirement for the fiscal year ended June 30, 2022. Total current year contributions recognized by the Plan were $8,742,741 ($6,867,675 related to pension and $1,875,067 related to OPEB) for the year ended June 30, 2022. The OPEB contributions amount does not include the implicit subsidy reported in the amount of $707,521.

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

***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 KPPA 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 KPPA 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.

**PENSION INFORMATION**

**Total Pension Liability**: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2020. An expected TPL was determined at June 30, 2021 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.

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

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) 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 KPPA 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. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

(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.

(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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Growth: | | |
| US equity | 21.75% | 5.70% |
| Non-US equity | 21.75 | 6.35 |
| Private equity | 10.00 | 9.70 |
| Specialty credit/high yield | 15.00 | 2.80 |
| Liquidity: | | |
| Core bonds | 10.00 | 0.00 |
| Cash | 1.50 | -0.60 |
| Diversifying strategies: | | |
| Real estate | 10.00 | 5.40 |
| Opportunistic | 0.00 | N/A |
| Real return | 10.00 | 4.55 |
| Total | 100.00% | |

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

(Continued)

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

(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:

| | 1% Decrease (5.25%) | Current Discount Rate (6.25%) | 1% Increase (7.25%) |
|---|---|---|---|
| TARC's net position liability - Non-hazardous | $ 102,233,400 | $ 79,711,204 | $ 61,074,615 |

**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 $79,711,204, or approximately 1.250%. The net pension liability was distributed based on 2021 actual employer contributions to the plan. TARC's prior year proportionate share of the net pension liability was $95,946,369, or approximately 1.251%.

**Measurement Date:** The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2021 using generally accepted actuarial principles.

**Changes in Assumptions and Benefit Terms**: Since the prior measurement date, there were no changes in assumptions and benefit terms.

**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 benefit of $187,232 related to the CERS for the year ended June 30, 2022.

(Continued)

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

**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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience: | $ 915,329 | $ 773,651 |
| Change of assumptions: | 1,069,820 | - |
| Changes in proportion and differences between employer contributions and proportionate shares of contributions: | 252,551 | 1,500,844 |
| Differences between expected and actual investment earning on plan investments: | - | 10,624,167 |
| | 2,237,700 | 12,898,662 |
| Contributions subsequent to the measurement date: | 6,867,675 | - |
| Total | $ 9,105,375 | $12,898,662 |

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $6,867,675 will be recognized as a reduction of net pension liability in the year ending June 30, 2023. 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: | |
|---|---|
| 2023 | $ (2,293,242) |
| 2024 | (2,656,146) |
| 2025 | (2,384,633) |
| 2026 | (3,326,940) |
| | $(10,660,962) |

**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.

(Continued)

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

**OPEB INFORMATION**

**Total OPEB Liability**: The total other postemployment benefits plan ("OPEB") liability was determined by an actuarial valuation as of June 30, 2020. An expected total OPEB liability was determined at June 30, 2021 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 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years |
| Post-65: | Initial trend starting at 6.30% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 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.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 5.20%, which decreased from the 5.34% 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 for each future year calculated in accordance with the current funding policy.

(Continued)

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

(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 KPPA 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 1.92% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(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.

(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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Growth: | | |
| US equity | 21.75% | 5.70% |
| Non-US equity | 21.75 | 6.35 |
| Private equity | 10.00 | 9.70 |
| Specialty credit/high yield | 15.00 | 2.80 |
| Liquidity: | | |
| Core bonds | 10.00 | 0.00 |
| Cash | 1.50 | -0.60 |
| Diversifying strategies: | | |
| Real estate | 10.00 | 5.40 |
| Opportunistic | 0.00 | N/A |
| Real return | 10.00 | 4.55 |
| Total | 100.00% | |

(Continued)

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

The long-term expected rate of return on pension plan assets was established by the KPPA 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 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate for non-hazardous:

| | 1% Decrease (4.20%) | Current Discount Rate (5.20%) | 1% Increase (6.20%) |
|---|---|---|---|
| Net OPEB liability | $ 32,854,596 | $ 23,929,189 | $ 16,604,412 |

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:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Net OPEB liability | $ 17,226,172 | $ 23,929,189 | $ 32,019,835 |

**Employer's Portion of the Collective OPEB Liability:** TARC's proportionate share of the net OPEB liability, as indicated in the prior table, is $23,929,189 or approximately 1.250%. The net OPEB liability was distributed based on 2021 actual employer contributions to the plan. TARC's prior year proportionate share of the net OPEB liability was $30,198,452, or approximately 1.251%.

**Measurement Date:** The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

**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 5.34% to 5.20%.
- 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.

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

(Continued)

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

**OPEB Expense:** TARC was allocated OPEB expense of $244,438 related to the CERS for the year ended June 30, 2022.

**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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience: | $ 3,762,872 | $ 7,144,460 |
| Change of assumptions: | 6,344,083 | 22,251 |
| Changes in proportion and differences between employer contributions and proportionate shares of contributions: | 74,378 | 946,390 |
| Differences between expected and actual investment earnings on plan investments: | - | 3,743,389 |
| | 10,181,333 | 11,856,490 |
| Contributions subsequent to the measurement date: | 2,582,588 | - |
| Total: | $ 12,763,921 | $11,856,490 |

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $2,582,588, which includes the implicit subsidy reported of $707,521 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2023. 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: | |
|---|---|
| 2023 | $ 304,507 |
| 2024 | (263,748) |
| 2025 | (294,703) |
| 2026 | (1,421,212) |
| Total: | $ (1,675,157) |

**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.

(Continued)

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

**Benefits Provided:** At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 33 |

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 the Plan's calendar years 2020 and 2021, and no cost-of-living adjustments are expected for the Plan's calendar years 2022 through 2025.

**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 2021 Plan year was $261,750. The Plan recognized $276,040 of employer contributions as of December 31, 2021. TARC recognized $276,040 of employer contributions during their fiscal year ending June 30, 2022. 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: | $ 0.3754 |
| September 1991 to December 2004: | $ 0.4254 |

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, 2022 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, 2022 actuarial valuation was determined used 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-2021 (male and female scales).

(Continued)

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

- 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-2020 (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-2021 (male and female scales).

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:

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

**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.

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

**Changes in the Net Pension Liability:**

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) – (b) |
| **Balances at January 1, 2021** | $ 1,961,744 | $ 1,054,697 | $ 907,047 |
| Changes for the year: | | | |
| Interest | 126,942 | - | 126,942 |
| Differences between expected and actual experience | (157,801) | - | (157,801) |
| Contributions – employer | - | 276,040 | (276,040) |
| Net investment income | - | 165,433 | (165,433) |
| Benefit payments, including refunds of employee contributions | (323,551) | (323,551) | - |
| Assumption changes | 5,218 | - | 5,218 |
| Administrative expenses | - | (35,090) | (35,090) |
| Net changes | (349,192) | 82,832 | (432,024) |
| **Balances at December 31, 2021** | $ 1,612,552 | $ 1,137,529 | $ 475,023 |

**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 (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| TARC's net pension liability: | $ 545,995 | $ 475,023 | $ 409,938 |

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources:** For the year ended June 30, 2022, TARC recognized a pension benefit of $104,809 related to the Plan.

At June 30, 2022, TARC reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual investment earnings on plan investments: | $ - | $ 127,751 |
| Total | $ - | $ 127,751 |

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

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 June 30: | |
| 2023 | $ (47,816) |
| 2024 | (34,850) |
| 2025 | (44,700) |
| 2026 | (28,402) |
| 2027 | 28,017 |
| Total: | $ (127,751) |

**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.

**NOTE 10 – FIDUCIARY FUND INVESTMENTS**

TARC's defined benefit pension plan (Plan) is presented as a fiduciary fund. The Plan is audited separately. Information regarding the Plan is included in Note 9. The following disclosures relate to the Plan's investments.

Investment Policy: The Plan's policy concerning the allocation of invested assets is established and may be amended by the Pension Board. The Pension Board's policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across collective trust funds and money market funds. The Plan has reported compliance with this policy, which states that equity type investments are permitted but are not to exceed 65% of the total fair value of investments. The policy prohibits the Plan from holding unsecured investments in any public company exceeding 5% of the total market value of the Plan's investments. The policy also prohibits the Plan from holding investments in any one specific industry exceeding 15% of the total market value of the Plan's investments. The Plan's target asset mix is currently 60% equity and 40% fixed income.

The following table presents the fair values of investments of the Plan's fiduciary net position:

| | 2021 |
|---|---|
| Vanguard Total Bond Market Index Fund | $ 383,614 |
| Vanguard 500 Index Fund | 659,476 |
| Federated Government Obligations Money Market Mutual Fund | 97,013 |
| Total: | $ 1,140,103 |

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $146,962 in 2021.

(Continued)

**NOTE 10 – FIDUCIARY FUND INVESTMENTS** (Continued)

Rate of Return: For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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. There were no deposits with financial institutions at December 31, 2021.

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. The investment policy allows the Plan to invest in fixed income type securities to assure an appropriate balance in quality and maturity consistent with current money market and economic conditions managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2021, the Federated Government Obligations Money Market Mutual Fund had a weighted-average maturity of 28 days and the Vanguard Total Bond Market Index Fund's portfolio had a weighted-average maturity of 8.8 years. The Vanguard 500 Index Fund's underlying investments have no maturity date.

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.

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). The Federated Government Obligations Money Market Mutual Fund received a rating of AAAm by Standard & Poor's. The Vanguard Total Bond Market Index Fund and the Vanguard 500 Index Fund did not receive ratings as they are mutual funds.

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.

Fair Value Measurement: TARC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(Continued)

**NOTE 10 – FIDUCIARY FUND INVESTMENTS** (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Plan has the following recurring fair value measurements as of December 31, 2021:

- Publicly traded mutual funds of $1,043,090 are valued using prices quoted for identical assets in active markets (Level 1 inputs);
- Money market mutual funds of $97,013 are valued using a matrix pricing model (Level 2 inputs).

## REQUIRED SUPPLEMENTARY INFORMATION

TRANSIT AUTHORITY OF RIVER CITY
(A COMPONENT UNIT OF LOUISVILLE/
JEFFERSON COUNTY METRO GOVERNMENT)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TARC'S NET PENSION LIABILITY –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | |
| Interest | $ 126,942 | $ 148,006 | $ 193,057 | $ 226,086 | $ 250,828 | $ 270,473 | $ 286,547 | $ 322,907 |
| Differences between expected and actual experience | (157,801) | (55,835) | (189,015) | (170,890) | 30,844 | 9,170 | (192,112) | (116,612) |
| Changes of assumptions | 5,218 | (20,055) | (201,128) | (7,517) | (48,849) | 87,324 | 356,697 | 9,687 |
| Benefit payments | (323,551) | (414,905) | (473,229) | (558,697) | (609,620) | (679,756) | (738,404) | (799,005) |
| Net change in total pension liability | (349,192) | (342,789) | (670,315) | (511,018) | (376,797) | (312,789) | (287,272) | (583,023) |
| Total pension liability, beginning | 1,961,744 | 2,304,533 | 2,974,848 | 3,485,866 | 3,862,663 | 4,175,452 | 4,462,724 | 5,045,747 |
| Total pension liability, ending | $ 1,612,552 | $ 1,961,744 | $ 2,304,533 | $ 2,974,848 | $ 3,485,866 | $ 3,862,663 | $ 4,175,452 | $ 4,462,724 |
| Plan fiduciary net position | | | | | | | | |
| Employer contributions | $ 276,040 | $ 289,128 | $ 595,256 | $ 461,850 | $ 438,954 | $ 438,660 | $ 419,912 | $ 468,338 |
| Net investment income | 165,433 | 109,159 | 132,004 | 3,683 | 127,536 | 77,165 | (19,825) | 171,041 |
| Benefit payments | (323,551) | (414,905) | (473,229) | (558,697) | (609,620) | (679,756) | (738,404) | (799,005) |
| Administrative expense | (35,090) | (32,762) | (21,602) | (56,761) | (63,697) | (45,405) | (44,274) | (59,466) |
| Net change in plan fiduciary net position | 82,832 | (49,380) | 232,429 | (149,925) | (106,827) | (209,336) | (382,591) | (219,092) |
| Plan fiduciary net position, beginning | 1,054,697 | 1,104,077 | 871,648 | 1,021,573 | 1,128,400 | 1,337,736 | 1,720,327 | 1,939,419 |
| Plan fiduciary net position, ending | 1,137,529 | 1,054,697 | 1,104,077 | 871,648 | 1,021,573 | 1,128,400 | 1,337,736 | 1,720,327 |
| TARC's net pension liability, ending | $ 475,023 | $ 907,047 | $ 1,200,456 | $ 2,103,200 | $ 2,464,293 | $ 2,734,263 | $ 2,837,716 | $ 2,742,397 |
| **Plan fiduciary net position as a percentage of the total pension liability** | 70.54% | 53.76% | 47.91% | 29.30% | 29.31% | 29.21% | 32.04% | 38.55% |

**Notes to Schedule**

The amounts presented for each plan year were reported by the employer in the subsequent year's June 30 reporting period.

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 CHANGES IN TARC'S NET PENSION LIABILITY –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2021

| | 2013 | 2012 |
|---|---|---|
| **Total pension liability** | | |
| Interest | $ 358,885 | $ 410,170 |
| Changes in benefit terms | 230,905 | 110,129 |
| Differences between expected and actual experience | (267,436) | (322,677) |
| Changes in assumptions | 10,794 | 12,274 |
| Benefit payments | (903,997) | (988,096) |
| Net change in total pension liability | (570,849) | (778,200) |
| Total pension liability, beginning | 5,616,596 | 6,394,796 |
| **Total pension liability, ending** | $ 5,045,747 | $ 5,616,596 |
| **Plan fiduciary net position** | | |
| Employer contributions | $ 239,000 | $ 50,000 |
| Net investment income | 373,829 | 316,859 |
| Benefit payments | (903,997) | (988,096) |
| Administrative expense | (49,656) | (63,177) |
| Net change in plan fiduciary net position | (340,824) | (684,414) |
| **Plan fiduciary net position, beginning** | 2,280,243 | 2,964,657 |
| **Plan fiduciary net position, ending** | $ 1,939,419 | $ 2,280,243 |
| **TARC's net pension liability, ending** | $ 3,106,328 | $ 3,336,353 |
| **Plan fiduciary net position as a percentage of total pension liability** | 38.44% | 40.60% |

**Notes to Schedule**

The amounts presented for each plan year were reported by the employer in the subsequent year's June 30 reporting period.

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, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 261,750 | $ 274,110 | $ 423,330 | $ 437,941 | $ 438,954 | $ 426,241 | $ 419,912 | $ 468,337 |
| Contributions in relation to the actuarially determined contribution | 276,040 | 289,128 | 595,256 | 461,850 | 438,954 | 438,660 | 419,912 | 468,338 |
| Annual contribution deficiency (excess) | $ (14,290) | $ (15,018) | $(171,926) | $ (23,909) | $ - | $ (12,419) | $ - | $ (1) |

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, 2021

| | 2013 | 2012 |
|---|---|---|
| Actuarially determined contribution | $ 359,326 | $ 377,600 |
| Contributions in relation to the actuarially determined contribution | 239,000 | 50,000 |
| Contribution deficiency (excess) | $ 120,326 | $ 327,600 |

**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.

TARC's fiscal year contributions agree to the pension plan's calendar year contributions, as all contributions to the pension plan are only made during the last six months of the pension plan's calendar year, which is the first six months of TARC's fiscal year.

| | |
|---|---|
| Valuation Date: | January 1, 2022 |
| Actuarial Cost Method: | Entry age normal cost method |
| Amortization Method: | Level Dollar |
| Remaining Amortization Period: | 4 years |
| Asset Valuation Method: | Market value less accrued expenses |
| Inflation: | 0.00% |
| 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-2021 (male and female scales) |

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, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expenses | 16.89% | 11.54% | 18.20% | (0.44%) | 13.45% | 7.03% | (3.66%) | 9.71% | 19.07% | 11.74% |

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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| TARC's proportion of the net pension liability | 1.250% | 1.251% | 1.320% | 1.307% | 1.309% | 1.311% | 1.280% | 1.250% |
| TARC's proportionate share of the net pension | $ 79,711,204 | $ 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 | $ 31,768,572 | $ 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 | 250.912% | 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 | 57.328% | 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.

Note: There were no changes from 2021 to 2022.

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.

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, 2022

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% to7.50%, (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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Statutorily required contribution | $ 6,867,675 | $ 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 statutorily required contribution | 6,867,675 | 6,151,942 | (6,192,956) | (5,416,203) | (4,720,629) | (4,476,502) | (3,905,260) | (3,825,610) |
| Annual contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| TARC's contributions as a percentage of statutorily required contribution for pension | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| TARC's covered payroll | $32,256,226 | $ 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 of its covered payroll | 21.291% | 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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| TARC's proportion of the net OPEB liability Non-hazardous | 1.250% | 1.251% | 1.320% | 1.307% | 1.309% |
| TARC's proportionate share of the net OPEB liability | $ 23,929,189 | $ 30,198,452 | $ 22,204,681 | $ 23,202,276 | $ 26,313,427 |
| TARC's covered payroll | $ 31,768,572 | $ 32,008,931 | $ 33,820,338 | $ 32,758,156 | $ 32,089,620 |
| TARC's proportion of the net OPEB liability as a percentage of its covered payroll | 75.323% | 94.344% | 65.655% | 70.829% | 82.000% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 62.907% | 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 2021 to 2022: Since the prior measurement date, the discount rate used to calculate the total OPEB liability decreased from 5.34% to 5.20%; and the assumed increase in future health care costs, or trend assumption, was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

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.

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, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Statutorily required contribution | $ 1,875,067 | $ 1,517,267 | $ 1,527,382 | $ 1,756,426 | $ 1,532,248 |
| Contributions in relation to the statutorily required contribution | (1,875,067) | (1,517,267) | (1,527,382) | (1,756,426) | (1,532,248) |
| Annual contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| TARC's contributions as a percentage of statutorily required contribution for pension | 100% | 100% | 100% | 100% | 100% |
| TARC's covered payroll | $ 32,256,226 | $ 31,768,572 | $ 32,008,931 | $ 33,820,338 | $ 32,758,156 |
| Contributions as a percentage of its covered payroll | 5.813% | 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, 2022

| | Budget | Actual | Actual to GAAP Differences | Actual Amounts GAAP Basis |
|---|---|---|---|---|
| **Operating revenues** | | | | |
| Passenger transportation | $ 5,562,597 | $ 5,252,950 | $ - | $ 5,252,950 |
| Special fares | 1,796,605 | 1,553,207 | - | 1,553,207 |
| Advertising | 624,000 | 644,167 | - | 644,167 |
| Interest | - | 69,433 | - | 69,433 |
| Charter service | 150,000 | - | - | - |
| Other revenue | 183,300 | 136,111 | - | 136,111 |
| Recoveries | 65,000 | 206,697 | - | 206,697 |
| Total operating revenues | 8,381,502 | 7,862,565 | - | 7,862,565 |
| **Operating expenditures** | | | | |
| Labor | 32,000,848 | 30,701,505 | - | 30,701,505 |
| Fringe benefits | 31,734,057 | 28,888,796 | - | 28,888,796 |
| Plus: pension adjustments | - | - | (292,041) | (292,041) |
| Plus: OPEB adjustments | - | - | 244,438 | 244,438 |
| Total labor, fringe benefits pension and OPEB | 63,734,905 | 59,590,301 | (47,603) | 59,542,698 |
| Services | 5,639,222 | 5,705,776 | - | 5,705,776 |
| Development costs | 426,467 | 693,423 | - | 693,423 |
| Materials and supplies | 7,458,185 | 6,370,931 | - | 6,370,931 |
| Utilities | 1,016,796 | 1,035,703 | - | 1,035,703 |
| Casualty and insurance | 2,736,426 | 2,928,897 | - | 2,928,897 |
| Miscellaneous | 621,820 | 467,683 | - | 467,683 |
| Rentals and purchase transportation | 18,740,930 | 13,264,507 | - | 13,264,507 |
| Interest | 7,860 | 7,858 | - | 7,858 |
| Depreciation | 12,194,557 | 11,961,040 | - | 11,961,040 |
| Loss on disposal | - | 3,580 | - | 3,580 |
| Total operating expenditures | 112,577,168 | 102,029,699 | (47,603) | 101,982,096 |
| **Operating loss before subsidies** | (104,195,666) | (94,167,134) | 47,603 | (94,119,531) |
| **Subsidies** | | | | |
| Mass Transit Trust Fund and interest | 54,094,106 | 52,571,426 | - | 52,571,426 |
| Federal Transit Administration and Pass-Through entities | 60,227,257 | 38,059,566 | - | 38,059,566 |
| KIPDA and other | 1,553,856 | 7,267,319 | - | 7,267,319 |
| Total subsidies | 115,875,219 | 97,898,311 | - | 97,898,311 |
| **Change in net position** | $ 11,679,553 | $ 3,731,177 | $ 47,603 | $ 3,778,780 |

The operating budget for 2022, as shown above, represents the originally adopted budget for TARC. No amendments were made to the budget during the year ended June 30, 2022.

TRANSIT AUTHORITY OF RIVER CITY
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

| Federal Grantor/Program or Cluster Title | Assistance Listing Number | Grant Number for Pass-Through | Federal Expenditures |
|---|---|---|---|
| **Department of Transportations** | | | |
| **Federal Transit Administration** | | | |
| **Direct Programs:** | | | |
| Federal Transit Cluster: | | | |
| Capital and Operating Assistance Formula Grants | 20.507 | | $ 3,643,374 |
| COVID 19 – Formula Grants – CARES Act | 20.507 | | 4,486,908 |
| COVID 19 – Formula Grants – CRRSA Act | 20.507 | | 9,740,507 |
| Bus and Bus Facilities Formula Program | 20.526 | | 19,462,512 |
| Total Federal Transit Cluster | | | 37,333,301 |
| Transit Services Cluster: | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | | 439,588 |
| Job Access and Reverse Commute Program (JARC) | 20.516 | | 263,637 |
| Total Transit Services Cluster | | | 703,225 |
| Public Transportation Research, Technical Assistance and Training | 20.514 | | 23,040 |
| **Total Expenditures of Federal Awards** | | | $ 38,059,566 |

The following shows subrecipient activity for the year:

| Assistance Listing Number | Amount |
|---|---|
| 20.507 | $ 117,084 |
| 20.513 | 439,588 |
| Total subrecipient activity | $ 556,672 |



See accompanying notes to schedule of expenditures of federal awards.

## 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

Crowe

Crowe LLP
Independent Member Crowe Global

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 ____________.

**Report on 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 or significant deficiencies may exist that have not been identified.

(Continued)

**Report on 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
<>, 2022

# 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 Major Federal Program

### *Opinion on Major Federal Program*

We have audited Transit Authority of River City's (TARC) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on TARC's major federal program for the year ended June 30, 2022. TARC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TARC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

### *Basis for Opinion on Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of TARC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of TARC's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to TARC's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TARC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about TARC's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding TARC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of TARC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of TARC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

**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, 2022, the fiduciary activities of TARC as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise TARC's basic financial statements. We issued our report thereon dated ________, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Louisville, Kentucky
<>, 2022

TRANSIT AUTHORITY OF RIVER CITY
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2022

## SECTION I – SUMMARY OF AUDITORS' RESULTS

| | | | | |
|---|---|---|---|---|
| **Financial Statements** | | | | |
| Type of auditors' report issued | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency identified not considered to be material weaknesses? | | Yes | X | None Reported |
| Noncompliance material to financial statements noted? | | Yes | X | No |
| **Federal Awards** | | | | |
| Internal control over major programs: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency identified not considered to be material weakness(es)? | | Yes | X | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified | | | |
| Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)? | | Yes | X | No |

Identification of major programs:

| Assistance Listing Numbers | Name of Federal Program or Cluster Number |
|---|---|
| | Total Federal Transit Cluster consisting of: |
| 20.507 | Formula Grants |
| 20.526 | Bus and Bus Facilities Formula Program |

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

## 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, 2022.

## SECTION 3 – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2022.

# MEMORANDUM

**To:** TARC Board of Directors

**From:** TARC Finance Committee

**Date:** September 27, 2022

**Re:** Resolution 2022 – 24 Fiscal Year 2022 TARC Audited Financial Statement Report

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The TARC Finance Committee met on September 20, 2022 at 1:30 p.m. for their monthly meeting. During this meeting TARC's Audit Firm Crowe, LLC participated 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 2022 - 24
## Approval of the FY 2022 TARC Audited Financial Statement report as presented

A resolution approving the FY 2022 TARC Audited Financial Statement report as presented.

**WHEREAS**, the Finance Committee met and discussed in detail on September 20, 2022, 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 FY 2022 TARC Audited Financial Statement report as presented.

**ADOPTED THIS 27TH DAY OF SEPTEMBER 2022**

________________________________

**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 27, 2022

**Re:** Resolution 2022-25 Award of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 Program Funds

---

TARC in its role as the designated recipient for the Louisville Urbanized Area for Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310) funds undertakes a process to award these federal formula funds to subrecipients. TARC has undertaken a competitive selection and award process for the past eight years for these funds. This federal fiscal year there are $1,279,884 from the Federal Fiscal Year (FFY) 2022 apportionment and there are $154,062 from the FFY 2021 American Rescue Plan (ARP) Act of 2021 for a total of $1,433,946 (see details in the Appendix).

TARC has consistently followed a competitive selection process to solicit project applications and award the funds ensuring that the process is fair and allows for full and open competition. The deadline for applications for this funding was July 21, 2022. Eleven applicants applied for funds. The applications were evaluated on August 9, 2022 by an independent, impartial Selection Review Committee comprised of five community members with no material interest in any of the proposed projects. They used evaluation criteria previously developed by TARC and the Regional Mobility Council.

A total of ten applicants were awarded funding. Regarding the projects that qualified in the Section 5310 "Traditional" category, the Selection Review Committee recommended fully funding six of the projects and partially funding two of the projects, resulting in an award of $782,152 or 55 percent of the total, which meets the federal requirement that at least 55 percent of Section 5310 funds must be awarded in the "Traditional" category. Regarding the projects that qualified in the Section 5310 "Other" category, the Selection Review Committee recommended partially funding two of the projects, resulting in an award of $651,794 in "Other" funds.

The ten successful applicants will become subrecipients of the federal funds. The subrecipients provide local matching funds. For the FFY 2022 funds, capital purchases will have a 20% local match, and operating expenses will have a 50% local match. For the FFY 2021 ARP funds, no local match is required. A total of $1,433,946 of federal Section 5310 funds is recommended for award at this time. The attached resolution seeks authority for the Executive Director to award the Section 5310 funds to the successful applicants and enter into a subrecipient agreement as outlined in the resolution and detailed in the Appendix.

Please call me at 502-561-5100 with any questions.

## RESOLUTION 2022-25
## Award of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 funds

A resolution approving the award of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 program funds as set out below, and authorizing the Executive Director to enter into grant subrecipient agreements with the recommended subrecipients of these funds.

**WHEREAS**, TARC has been named the Designated Recipient of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 funds for the Louisville Urbanized Area by the Governors of the States of Kentucky and Indiana, and;

**WHEREAS**, in its role as Designated Recipient, TARC has conducted a competitive selection process, and;

**WHEREAS**, each project recommended for funding was derived from priorities set forth in the Coordinated Human Services Transportation Plan for the KIPDA Region, and;

**WHEREAS**, each project was selected for funding through a process that ensured open competition, and;

**WHEREAS**, an impartial Selection Review Committee scored all eligible applications using evaluation criteria established by TARC in conjunction with the Regional Mobility Council;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Transit Authority of River City that the federal funds from the Federal Fiscal Year 2022 apportionment for Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310, and from the Federal Fiscal Year 2021 ARP apportionment for Section 5310, which were allocated to the Louisville Urbanized Area in the total amount of $1,433,946, be distributed as follows:

- $68,494 to Blue River Services, Inc. for the Floyd County Urbanized Area Transportation Project
- $62,400 to Christian Care Communities for the Old Louisville Area Seniors Transportation Project
- $2,400 to Dayspring for the Wheelchair Van Maintenance Project
- $109,600 to Dreams with Wings for the Dreams with Wings Transportation Project
- $215,178 to Harbor House of Louisville, Inc. for the Improve Mobility for Seniors and Individuals with Disabilities Project
- $85,280 to Lifespring Health Systems for the Individuals with Disabilities Transportation Project
- $103,600 to Rauch, Inc. for the Accessible Vehicle Project
- $135,200 to Zoom Group Inc. for the Zoom Group Transportation Project
- $408,594 to Transit Authority of River City for the Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area Project
- $243,200 to Ztrip (WHC SAF, LLC, dba Ztrip) the Wheelchair Van Project

The Executive Director/CEO is hereby authorized to enter into agreements with Blue River Services, Inc., Christian Care Communities, Dayspring, Dreams with Wings; Harbor House of Louisville, Inc.; Lifespring Health Systems; Rauch, Inc.; Zoom Group Inc., and Ztrip for the work outlined in their project applications.

The Executive Director/CEO is authorized to file and execute a grant application on behalf of the Transit Authority of River City with the U.S. Department of Transportation to fund the projects listed above.

**ADOPTED THIS 27TH DAY OF SEPTEMBER 2022**

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

## APPENDIX

### Section 5310 "Traditional" funds

Eligible subrecipients for Section 5310 "Traditional" funds include private nonprofit organizations; or state or local governmental authorities that are approved by a state to coordinate services for seniors and individuals with disabilities, when it is certified that there are no nonprofit organizations readily available in the area to provide the service. TARC is not eligible for an award of Section 5310 "Traditional" funds, since many nonprofit organizations that provide service are available in our urbanized area. However, TARC is eligible for funds in the Section 5310 "Other" category.

Federal law requires that at least 55% of the normal Section 5310 funds awarded must go to Section 5310 "Traditional" projects. "Traditional" projects are capital transportation projects (including but not limited to vehicle replacement, fleet expansion, and capital maintenance) that are designed and planned to meet the specific needs of seniors and individuals with disabilities when public transportation is insufficient, unavailable, or inappropriate.

Exception:

In 2021, the Federal Fiscal Year 2021 ARP (American Rescue Plan Act of 2021) created a special apportionment of Section 5310 funds that are exempt from the requirement that at least 55% of the funds awarded must go to Section 5310 "Traditional" projects. The FTA prefers that all of these ARP Section 5310 funds be used for Operating Assistance in the "Other" category.

### Section 5310 "Other" funds

Eligible subrecipients for Section 5310 "Other" funds include: state or local governmental authorities; private nonprofit organizations; and for-profit operators of public transportation.

Up to 45% of the Section 5310 funds that are awarded may be awarded in the "Other" category (including capital expenses and operating expenses) for public transportation projects designed and planned to meet the specific needs of seniors and individuals with disabilities. These projects must: (1) exceed the ADA minimum requirements; or (2) improve access to fixed-route service and decrease reliance by individuals with disabilities on ADA-complementary paratransit service; or (3) provide alternatives to public transportation that assist seniors and individuals with disabilities with transportation when public transportation is insufficient, inappropriate, or unavailable.

Exception:

In 2021, the Federal Fiscal Year 2021 ARP (American Rescue Plan Act of 2021) created a special apportionment of Section 5310 funds that are exempt from the requirement that at least 55% of the funds awarded must go to Section 5310 "Traditional" projects. The FTA prefers that all of these ARP Section 5310 funds be used for Operating Assistance in the "Other" category. Therefore, all of those funds may be awarded in the "Other" category.

## Funds available

The amount of NORMAL federal Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 funds available for award through TARC's current competitive selection process is $1,279,884 from the Federal Fiscal Year 2022 apportionment. There were no funds remaining from the normal Section 5310 apportionment from Federal Fiscal Year 2021.

The total $1,279,884 is available for award for projects in the Section 5310 "Traditional" category.

The amount of NORMAL Section 5310 funds available for award for projects in the Section 5310 "Other" category cannot exceed 45% of the total amount NORMAL Section 5310 funds actually awarded for all projects.

In addition, there are extra Section 5310 formula funds available for award this year in the amount of $154,062 from the Federal Fiscal Year 2021 ARP (American Rescue Plan Act of 2021) apportionment. The FTA prefers that all of those ARP Section 5310 funds be used for Operating Assistance in the "Other" category. One hundred percent of those funds may be awarded in the "Other" category.

The total of all Section 5310 funds (NORMAL plus ARP) available for award this year is $1,433,946.

All subrecipients of NORMAL Section 5310 federal funds are providing local matching funds. (Capital purchases have a 20% local match and Operating expenses have a 50% local match.) However, Federal legislation for COVID relief stipulates that no local match is required for the ARP Section 5310 funds.

## Funds awarded

The total amount of NORMAL "Traditional" Section 5310 funds that were available for award this year was $1,279,884. The total amount of "Traditional" funds requests received was $904,149. The total amount of "Traditional" funds that the Selection Review Committee recommended for award is $782,152, which is 55 percent of the of the total NORMAL Section 5310 funds ("Traditional" plus "Other") that were awarded this time. That meets the federal requirement that at least 55 percent of the NORMAL funds must be awarded in the "Traditional" category.

The total amount of all Section 5310 "Other" funds that were available for award was $497,732. The total amount of "Other" funds requests received was $1,125,470. The total amount of Section 5310 "Other" funds that the Selection Review Committee recommended for award is $497,732. That is 45 percent of the total NORMAL Section 5310 funds ("Traditional" plus "Other") that were awarded this time. That meets the federal requirement that no more than 45 percent of the NORMAL funds can be awarded in the "Other" category.

The total amount of ARP Section 5310 funds available for award this year was $154,062. The FTA preferred that 100 percent of those ARP funds be awarded for Operating Assistance in the "Other" category. The amount of ARP Section 5310 funds that the Selection Review Committee recommended for award for Operating Assistance in the "Other" category is $154,062, which is all of the total ARP Section 5310 funds that were available this time. The ARP funds were awarded at 100 federal share with zero local match.

The total amount of Section 5310 funds (NORMAL plus ARP) recommended for award this time is $1,433,946 of the $1,433,946 available. This uses up all of the federal Section 5310 funds available for award at this time. There will be no leftover Section 5310 funds to be carried over to next year.

**Funding recommendations for Section 5310 "Traditional" projects:**

$68,494 to Blue River Services, Inc. for the Floyd County Urbanized Area Transportation Project to purchase one (1) ADA-Accessible Full Size van with Enhanced HVAC and All-Wheel-Drive. The project will provide transportation for seniors and individuals with disabilities in the urbanized area of Floyd County, Indiana.
(Federal funds = $68,494 Local match = $17,124 Total project value = $85,618 )

$62,400 to Christian Care Communities for the Old Louisville Area Seniors Transportation Project to purchase one (1) ADA-Accessible Full Size van with Enhanced HVAC. The project will provide transportation for seniors in the Old Louisville area of Louisville, Kentucky.
(Federal funds = $62,400 Local match = $15,600 Total project value = $78,000 )

$2,400 to Dayspring for the Wheelchair Van Maintenance Project to purchase Preventive Maintenance for its wheelchair-accessible van. The project will enable Dayspring to provide for individuals with disabilities in the Louisville Urbanized Area.
(Federal funds = $2,400 Local match = $600 Total project value = $3,000 )

$109,600 to Dreams with Wings for the Dreams with Wings Transportation project to purchase one (1) ADA-Accessible Full Size van with Enhanced HVAC and Extended Warranty; and one (1) non-ADA-accessible Standard 12-passenger Van with Extended Warranty. The project will provide fixed route and on-demand transportation service in Jefferson County for individuals with disabilities to get to day training programs, jobs, and medical appointments.
(Federal funds = $109,600 Local match = $27,400 Total project value = $137,000 )

$215,178 to Harbor House of Louisville, Inc. for the Improve Mobility for Seniors and Individuals with Disabilities project to purchase: two (2) ADA-Accessible Full-Size vans with Enhanced HVAC; (1) non-ADA-accessible Standard Minivan; six (6) vehicle wrap graphics; six (6) in-vehicle cameras; and six (6) dispatch radios. The project will provide transportation for individuals with developmental and intellectual disabilities to and from Harbor House, to medical appointments, and other necessary trips.
(Federal funds = $215,178 Local match = $53,795 Total project value = $268,973 )

$85,280 to Lifespring Health Systems for the Individuals with Disabilities Transportation Project to purchase: two (2) non-ADA-accessible Standard Minivans. The project will provide transportation for individuals with disabilities to appointments, shopping trips, activities of daily living, and group outings.
(Federal funds = $85,280 Local match = $21,320 Total project value = $106,600 )

$103,600 to Rauch, Inc. for the Accessible Vehicle Project to purchase: one (1) ADA-accessible Minivan; and one (1) non-ADA-accessible Standard Minivan with All-Wheel-Drive. The project will

transport individuals with disabilities to work, doctor appointments, shopping, community activities, entertainment, dining, and volunteer opportunities.
(Federal funds = $103,600 Local match = $25,900 Total project value = $129,500 )

$135,200 to Zoom Group, Inc. for the Zoom Group Transportation Project to purchase: one (1) ADA-accessible Full-Size vans with Enhanced HVAC; and one (1) ADA-accessible Full-Size vans with Enhanced HVAC and All-Wheel Drive; two (2 ) GPS Lockbox (Wayfinder) systems; and four (4) signage graphics. The project will provide transportation for seniors and individuals with disabilities to jobs, job training, job interviews, classes, and medical and mental health appointments. The project will serve approximately 250 physically and developmentally disabled adults, many of whom would be otherwise unable to acquire and maintain employment and access the community.
(Federal funds = $135,200 Local match = $33,800 Total project value = $169,000 )

**Funding recommendations for Section 5310 "Other" projects:**

$408,594 to Transit Authority of River City for the Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area Project for Operating Assistance to continue paratransit work trips for people with disabilities who either live outside the ADA service area or who work outside the ADA service area.
(Federal funds = $408,594 Local match = $254,532 Total project value = $663,126 )

$243,200 to Ztrip (WHC SAF, LLC, dba Ztrip) for the Wheelchair Van Project to purchase four (4) ADA-accessible Minivans to provide shared ride service as part of the existing TARC3 program.
(Federal funds = $243,200 Local match = $60,800 Total project value = $304,000 )

(See summary in tables below.)

Summary of recommendations for funding:

| Section 5310 "Traditional" Funds (dollars) FFY 22 | | | | |
|---|---|---|---|---|
| **Agency** | **Project** | **Federal Share** | **Local Match** | **Total** |
| Blue River Services, Inc. | Floyd County Urbanized Area Transportation | 68,494 | 17,124 | 85,618 |
| Christian Care Communities | Old Louisville Area Seniors Transportation | 62,400 | 15,600 | 78,000 |
| Dayspring | Wheelchair Van Maintenance | 2,400 | 600 | 3,000 |
| Dreams with Wings | Dreams with Wings Transportation | 109,600 | 27,400 | 137,000 |
| Harbor House of Louisville, Inc. | Improve Mobility for Seniors and Individuals with Disabilities | 215,178 | 53,795 | 268,973 |
| Lifespring Health Systems | Individuals with Disabilities Transportation | 85,280 | 21,320 | 106,600 |
| Rauch, Inc. | Accessible Vehicle | 103,600 | 25,900 | 129,500 |
| Zoom Group, Inc. | Zoom Group Transportation | 135,200 | 33,800 | 169,000 |

| Section 5310 "Other" Funds (dollars) FFY 22 (& ARP FFY 21) | | | | |
|---|---|---|---|---|
| **Agency** | **Project** | **Federal Share** | **Local Match** | **Total** |
| Transit Authority of River City | Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area | 408,594 | 254,532 | 663,126 |
| Ztrip (WHC SAF, LLC, dba Ztrip) | Wheelchair Van | 243,200 | 60,800 | 304,000 |

# MEMORANDUM

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

**From:** Carrie Butler, Executive Director

**Date:** September 27, 2022

**Re:** Resolution 2021- 08 Amendment No. 1 to Contract 2020658 Banking and Financial Services – Change Order: ExpertAP

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Board Resolution 2021-08 entered TARC into contract with Fifth Third Bank for banking services on April 27, 2021 following a procurement for said services. Fifth Third's original proposal, contained several service options including one for accounts payable (AP), called 'Expert AP' This service allows for the digitization of invoices and the decision and facilitation of payments to Customer's third-party service providers and suppliers (collectively, "Suppliers") using multiple payment methods through a single payment site. Customers can authorize Fifth Third Bank and its processors to act on its behalf as reasonably necessary to provide the Expert AP Service, including without limitation, the facilitation of electronic payments and remittances and communications with Suppliers by phone, mail or email.

TARC is now ready and prepared to exercise this option as part of process improvement. Implementation of Expert AP will allow TARC to send a file of all operations payments to Fifth Third who will issue payments to suppliers via credit card, automated clearing house (ACH), or check on behalf of TARC. This process will eliminate tedious work for Finance staff such as printing checks, preparing payments for mailing, and filing check copies as those tasks will now be managed by Fifth Third. Most important, payments will be issued electronically eliminating the time and effort needed to acquire physical signatures. In addition to this, Expert AP will mitigate fraud risks to TARC and result in potential revenue generation as TARC will receive a certain percentage of all payments made via credit card and on fees generated from ACH payments.

The attached resolution seeks authority for the Executive Director to amend Contract 20200658 Banking and Financial Services with Fifth Third Bank. The estimated change order value is $4,400 annually with a one-time implementation fee of $3,500 for a total not to exceed amount of $21,100 for the remaining term of the contract.

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

# RESOLUTION 2021-08 AMENDMENT NO. 1 BANKING AND FINANCIAL SERVICES: CHANGE ORDER EXPERT AP SERVICE

A Resolution authorizing the Executive Director to execute a change order to Contract 20200658 to add the Expert AP services into the contract:

**WHEREAS**, a competitive solicitation was issued; TARC received a proposal from Fifth Third Bank and it was deemed responsive, and a contract was awarded; and

**WHEREAS,** TARC seeks a change order to the banking and financial service contract to add an optional service of Expert AP; and

**WHEREAS**, the proposal and contract included options for the services called Expert AP; and

**WHEREAS**, the services will cost $4,400 each year, with a one-time implementation fee of $3,500; 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 execute Amendment No. 1 to Contract 20200658 for a change order for Expert AP based on an additional not-to-exceed amount of $21,100.

**ADOPTED THIS 27th DAY OF SEPTEMBER 2022**

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**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 27, 2022

**Re:** Resolution 2022-09 Amendment No. 1 – Ellipse Hosting and Support Services: Ellipse File Interfacing Development For Use With Fifth Third Expert AP Implementation

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On July 24, 2017, the Board approved Resolution 2017-30 allowing TARC to enter into a contract with the company COSOL (then called AddOns) to provide hosting, application services, consulting for ongoing training and process optimization for our Enterprise Resource Planning software application, Ellipse. Subsequent resolutions included 2021-03 and 2021-25, which included services for calendar year 2021; and 2022-09 for services in calendar year 2022.

As part of ongoing process improvements, TARC is now ready and prepared to exercise a service option originally contained in the Fifth Third proposal for Banking and Financial Services (RFP 2020658), named Expert AP (see Memorandum for Resolution 2021-08).

As part of the development and implementation associated with the Fifth Third Expert AP project, specific payables files will need to be developed for integration/interfacing. This file will contain a list of payments to be made to suppliers for specific invoices and must be compiled in a specific format to be approved by Fifth Third. A statement of work for development of this service was provided by COSOL in the amount of $3,700.00.

This resolution requests that the Board approve the one-time additional services fee with COSOL increasing the not to exceed (NTE) amount of $264,567 to $268,267 for the 2022 calendar year.

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

# RESOLUTION 2022-09 Amendment No. 1
# Ellipse Hosting and Support for Expert AP File Interface

A Resolution authorizing the Executive Director to approve one-time additional services to COSOL related to file integration/interfacing for the Fifth Third Expert AP implementation:

**WHEREAS,** TARC seeks a change order to the COSOL contract to add the optional service of file integration/interfacing for Expert AP; and

**WHEREAS**, TARC received a statement of work from COSOL, which was deemed acceptable; 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 approve this one-time statement of work for file integration in the amount not to exceed $3,700.00.

**ADOPTED THIS 27th DAY OF SEPTEMBER 2022**

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**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 27, 2022

**Re:** Resolution 2021 - 43.2 Second Amendment Management Consulting Services – Indefinite Delivery-Indefinite Quantity (IDIQ)

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In November 2021, Resolution 2021-43 authorized the Executive Director to enter into an agreement with TransPro Consulting for Management Consulting Professional Services under an Indefinite Delivery Indefinite Quantity (IDIQ) services contract. The purpose of the services is for TARC to receive consulting support to examine internal operations with a goal to develop a high functioning and effective leadership team to move the agency forward and thus better serve our riders and community as a whole. A first amendment was awarded in April (Resolution 2021-43.1) for a performance appraisal process that is linked to the agency annual strategic plan.

This amendment to Resolution 2021-43 is to further support the work of the annual strategic plan by adding four tasks to the contract. The first task is to incorporate a review of TARC's paratransit services and develop a performance measurement and monitoring system focused on paratransit service, including a current state assessment, a customer engagement process, and a peer review. The second task is to engage and facilitate the Board of Directors in an executive retreat that will seek to facilitate discussion amongst the Board members and projects for the upcoming year. The third task is to engage the senior management team for continued work on the annual strategic plan and incorporate new feedback from the Board into the annual process. The fourth task is to do fixed-route, paratransit and community surveys, which consist of developing the survey and then initially surveying to establish a satisfaction baseline. After establishing the baseline, then an additional survey will be conducted after TARC has the opportunity to implement feedback from the initial survey.

Attached is a resolution requesting the Board of Directors to amend the contract with TransPro to add these three additional tasks for Fiscal Year 2022 for the following amounts for a total of $291,318:

- Task 1- Work Order 5 Paratransit Assessment: $74,695
- Task 2 – Work Order 6 Board of Directors Retreat: $9,500
- Task 3 – Work Order 7 Management Team Workshop: $ 6,812
- Task 4 – Work Order 8 Surveys: $291,318

Please let me know if you have any questions. Thank you.

# RESOLUTION 2021- 43.2
# Management Consulting Professional Services Amendment 2

A Resolution authorizing the Executive Director to amend the Trans Pro contract for Management Consulting Professional Services for a not-to-exceed amount of $291,318.

**WHEREAS,** TARC seeks a management consulting professional services to provide and assist TARC with its transit organizational management, strategic planning and technical capacity; and,

**WHEREAS**, a competitive solicitation, request for proposal was issued in July 2021 with responses received from interested firms on September 8, 2021; and,

**WHEREAS**, TARC entered into an Indefinite Delivery-Indefinite Quantity (IDIQ) contract with TransPro for an Initial Term of one (1) year with an option of two (2) additional one-year terms with TransPro Consulting based upon a not-to-exceed amount of $100,000; and,

**WHEREAS**, TARC desires to add tasks to the contract for continued work on the performance management and strategic planning efforts for a not-to-exceed amount of $291,318; 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 amend the contract with TransPro to allow additional tasks to be performed as set out herein at a not-to-exceed amount for these additional tasks of $291,318.

**ADOPTED THIS 27th DAY OF SEPTEMBER 2022**

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