FINANCE COMMITTEE MEETING
TARC BOARD OF DIRECTORS

Meeting Notice:

The TARC Board of Directors holds a monthly meeting of the Finance subcommittee. The next meeting will be held at:

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

Tuesday, September 19, 2023 at 1:30 p.m.

This meeting may also be held via teleconference as permitted by KRS 61.826.

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 Stephanie Isaacs at 502.561.5103. Requests made as early as possible will allow time to arrange accommodation.

FINANCE COMMITTEE MEETING
TARC BOARD OF DIRECTORS

Agenda – September 19, 2023

I.	Quorum Call/Call to Order	Steve Miller	1:30
	a. Approval of August Meetings Minutes		1:35 – 1:40
II.	Staff Reports and Presentation		
	a. TARC Audited Financial Statements for Fiscal Year 2023 Presentation from Crowe, LLC.	Tonya Carter	1:40 – 2:20
	b. Financial Statements for July 2023 – Fiscal Year 2034		
III.	Action Items / Presentations for Board Meeting		2:20 – 2:35
	a. Resolution 2023 – 23 TARC Audited Financial Statements for Fiscal Year 2023 Presentation from Crowe, LLC.	Tonya Carter	
	b. Resolution 2023 – 24 Award of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 Program Funds	Chris Ward	
IV.	Proposed Agenda / Procurements	Carrie Butler	2:35 - 2:45
	a. Bus Shelter Cleaning and Repair Services		
	b. Vehicle Filter Supplies		
	c. Digital Route Display Sign Repair and Rehabilitation		
	d. Professional Legal Services		
	e. Facility Wide Building Maintenance and Construction		
	f. Expressions of Interest for Cutaway Paratransit Vehicles and Modified Vans		
V.	Adjournment		2:50

FINANCE COMMITTEE MEETING
TARC BOARD OF DIRECTORS

August 15, 2023 Finance Subcommittee Meeting Minutes

The Finance Subcommittee of Transit Authority of River City (TARC) met on Tuesday, August 15, 2023 at 1:30 p.m. in person at TARC's headquarters, 1000 West Broadway in the Board Room and virtually via teleconference as permitted by KRS 61.826.

Members in Person	**Members Virtual**
Steve Miller	
Ted Smith	

Call to Order

Steve Miller called the meeting to order at 1:31 p.m.
Approved the July Finance Committee Meeting Minutes.

Financial Reports

Tonya Carter presented an Audit Update – refer to PowerPoint.

Board Resolutions

Carrie Butler presented Resolution 2023 – 19 Experimental Shared Mobility on Demand Pilot Project

- This is a resolution authorizing the Executive Director to enter into negotiations for a multi-vendor award for Experimental Shared Mobility on Demand and conduct a Service and Fare Equity Analysis.
- We were seeking a vendor or vendors to provide shared-mobility and on-demand services for TARC.
- On March 8, 2023, a request for proposal (RFP) was issued for such services.
- We received five proposals to this RFP and the Evaluation Committee scored and narrowed down the proposals to four for the second round of presentations and interviews; however, one of the proposers removed themselves from the process.
- We conducted evaluations and interviews. TARC found that the proposals from MV Transportation, Inc. and WHC KY dba zTrip were deemed the most responsible and responsive and TARC wishes to award a multi-vendor contract with these two entities.
- We will begin the process to develop a fare structure for this service and to conduct a Service and Fare Equity Analysis.
- We will begin negotiations for the service with the two entities listed above to come to terms for a multi-vendor contract.
- We are very excited to be able to provide this pilot service in Kentucky & Indiana with these two entities.

FINANCE COMMITTEE MEETING
TARC BOARD OF DIRECTORS

Carrie Butler presented Resolution 2023-43.3 Third Amendment Management Consulting Services-IDIQ.

- In November 2021, Resolution 2021-43 authorized the Executive Director to enter into an agreement with TransPro Consulting for Management Consulting Professional Services.
- 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.
- A second amendment was awarded in November 2022 (Resolution 2021-43.2) for a series of tasks including a paratransit assessment, survey work and facilitation of two workshops. One task, the Board Retreat is in process.
- This amendment to Resolution 2021-43 is to further support the work plan tactics in the strategic plan in order to best achieve the success outcomes: Customer Experience, Employee Engagement, Financial Health, and Community Value.
- The following work orders are planned:
  - Work Order 8 – Strategic Plan Update for FY 2024: $ 31,502;
  - Work Order 9 – Executive Director Performance Evaluation: $ 19,679;
  - Work Order 10 – Executive Management Team Workshop for 2025: $ 9,639; and
  - Work Order 12 - Phase Two Paratransit Assessment: $ 45,587. Additionally, Paratransit contract will expire in December 2024.
- This resolution requests the Board of Directors to direct the Executive Director to amend the contract with TransPro to add this additional work order for the following amount:
  - Work Order 11 – Staff Support for Project Management: $ 24,410.

Steve Miller added that he supports moving forward with Work Order Number 11, and is urging the board not to act on the other work orders to give the other board members time to discuss further. A delay of a month is requested.

Ted Smith added that the Paratransit was a featured topic during the budget hearing in May. Incorporating some of the folks who were very vocal at the Metro Council meeting may be a wise move or to help this move forward with the correct adjustments.

Carrie Butler added that she wants to have as much time as possible to develop the paratransit contract. Jennifer Miles will be our lead on this project.

Maria Harris presented Resolution 2023 – 20 Bus Air Suspension Components and Related Supplies.

- We are seeking a vendor or vendors to supply bus air suspension components for TARC's bus fleet.
- On June 20, 2023, an invitation to bid (ITB) was issued for such parts.
- We received proposals from Gillig, LLC, Muncie Transit Supply, The Aftermarket Parts Company (NFI), Neopart and Vehicle Maintenance Program, which were all deemed responsible and responsive and as such, it was most favorable to TARC to offer a multi-vendor award to these vendors.

FINANCE COMMITTEE MEETING
TARC BOARD OF DIRECTORS

Maria Harris presented Resolution 2023-21 Rear Axle Components and Related Supplies.

- We are seeking a vendor or vendors to supply bus axle components for TARC's bus fleet.
- On June 20, 2023, an invitation to bid (ITB) was issued for such parts.
- We received proposals from Gillig, LLC, Neopart, Muncie Transit Supply, The Aftermarket Parts Company, which were all deemed responsible and responsive.

Keith Shartzer Resolution 2023 – 22 Excess Workers' Compensation Coverage.

- Kentucky Administrative Regulation (KAR) 803 25:021 requires self-insured employers to have excess coverage for workers' compensation claims.
- We received four quotes for the 2023/2024 Policy Year from Arch Insurance, Chubb, Midwest Employers, and Safety National.
- Based on the recommendation of Underwriters Safety and Claims after discussion with the Chief Financial Officer and Executive Director, the best option and value for TARC is the quote submitted by Arch Insurance for the Excess Workers' Compensation and Employers Liability insurance policy with a premium of $285,050, which will commence on September 1, 2023 and end on August 31, 2024.

Proposed Agenda Items / Procurements

Carrie Butler presented the proposed agenda items and procurements:

- TARC Performance Scorecard;
- Legal Services RFP;
- Cancelation of the renovation of 925 W. Broadway facility; and
- Energy as a service.

Steve Miller adjourned the meeting at 2:15 p.m.

ADOPTED September 19, 2023

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Steve Miller, Chair of the Finance Committee

TARC Board of Directors
Financial Summary
June 2023, Fiscal Year 2023

Current Month Revenues Compared to Budget

Total Operating Revenues are over budget $62,434 (pg. 2, line 9) due to all revenues being over budget for the month except Passenger Fares and Total Recoveries-Insurance. Total Non-Operating Revenues (Subsidies) are under budget $1,086,748 (pg. 2, line 16) mainly due to applying less Federal Reimbursement Funds-FTA due to Operating Expenses being under budget and Operating Revenues being over budget. Total Capital Contributions are under budget $9,098,473 (pg. 2, line 25) mainly due to Security Enhancements, Bus Charging Infrastructure, Facility Rehab & Info System projects being under compared to budget. Total Revenues with Capital are under budget $10,122,787 (pg. 2, line 27) as mentioned in the above.

Current Month Expenses Compared to Budget

Total Operating Expenses are under budget $1,024,312 (pg. 2, line 41) due to all expenses being under budget for the month except Fringes & Benefits and Utilities. Total Capital expenses are under budget $485,632 (pg. 2, line 48) compared to budget. Total Expenses with Capital are under budget $1,509,944 (pg. 2, line 50) due to Operating Expenses and Capital Expenses being under budget.

Current Month Actual Summary

Total Operating Revenues are $726,903 (pg. 2, line 9) and Total Operating Expenses are $7,869,254 (pg. 2, line 41) bringing the net to an unfavorable balance of $7,142,351 before Subsidies are applied. After applying Subsidies $7,142,351 (pg. 2, line 16) the net is balanced for the current month before Capital Contributions and Capital Expenses are applied.

YTD Revenues Compared to Budget

Total Operating Revenues are over budget $1,130,990 (pg. 2 line 9) due to all Operating Revenues being over budget. Total Non-Operating Revenues (Subsidies) are under budget $8,640,035 (pg. 2, line 16) mainly due to applying less Federal Reimbursement Funds-FTA due to Operating Expenses being under budget and Operating Revenues being over budget. Total Capital Contributions are under budget $22,900,753 (pg. 2, line 25) mainly due to Security Enhancements, Bus Charging Infrastructure, Facility Rehab & Info System projects being under compared to budget. Total Revenues with Capital are under budget $30,409,799 (pg. 2, line 27) due to applying less Subsidies due to expenses being under budget and Capital Contributions being under compared to budget.

YTD Expenses Compared to Budget

Total Operating Expenses are under budget $7,509,042 (pg. 2, line 41) mainly due to all expenses being under budget except Direct Labor and Utilities. Total Capital Expenses are under budget $1,064,118 (pg. 2, line 48) compared to budget. Total Expenses with Capital are under budget $8,573,160 (pg. 2, line 50) due to Operating Expenses & Capital Expenses being under budget.

YTD Actual Summary

Total Operating Revenues are $8,885,967 (pg. 2, line 9) and Total Operating Expenses are $95,436,880 (pg. 2, line 41) bringing the net to an unfavorable balance of $86,550,913 before Subsidies are applied. After applying Subsidies of $86,550,912 (pg. 2, line 16) the net is a $1 unfavorable balance (pg. 2, line 53) for year-to-date before Capital Contributions and Capital Expenses are applied. This can also be seen on page 8 in your Financial Statement packet.

Operating Summary

Overall after applying the Subsidies the unfavorable balance for the year-to-date on the Statement of Revenues – Expenses is $1 (pg.2, line 53) before applying the MTTF Revenue receipts. June MTTF receipts for revenue deposits is over budget $3,418,372 (pg.7) year-to-date. We currently have a favorable balance before capital year-to-date of $3,418,368 (pg. 8) due to the MTTF revenue deposits being over budget. MTTF Net Profit Fees are under $3,795,585 (pg. 7) and Employee Withholdings are over $3,527,906 (pg. 7) year-to-date compared to last year.

Statement of Revenue - Expenses - with Capital Contributions

June 2023, Fiscal Year 2023

#	Description	FY23 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	4,464,920	412,308	420,420	(8,112)	4,980,378	4,464,920	515,458	-11.54%
2	Paratransit Fares	840,866	73,043	22,526	50,517	947,252	840,866	106,386	-12.65%
3	Special Fare Revenues (UofL, UPS and etc)	1,535,891	146,333	139,244	7,089	1,626,012	1,535,891	90,121	-5.87%
4	Comp Specials	0	0	0	0	0	0	0	0.00%
5	Advertising Revenue	650,000	54,167	54,166	1	650,000	650,000	0	0.00%
6	Other Agency Revenues	213,300	40,078	23,947	16,131	569,206	213,300	355,906	-166.86%
7	Total Recoveries-Insurance	50,000	974	4,166	(3,192)	113,119	50,000	63,119	-126.24%
8									
9	**Operating Revenues**	**7,754,977**	**726,903**	**664,469**	**62,434**	**8,885,967**	**7,754,977**	**1,130,990**	**-14.58%**
10									
11	MTTF Contributions- Federated	59,696,312	3,511,214	3,511,214	0	59,696,312	59,696,312	0	0.00%
12	Local Government Funds - MTTF	1,186,680	363,044	140,990	222,054	795,365	1,186,680	(391,315)	32.98%
13	Federal Reimbursement Funds - FTA	33,031,313	2,770,245	4,268,515	(1,498,270)	24,326,288	33,031,313	(8,705,025)	26.35%
14	State Government Funds	1,276,642	497,848	308,380	189,468	1,732,947	1,276,642	456,305	-35.74%
15									
16	**Total Non-Operating Revenues**	**95,190,947**	**7,142,351**	**8,229,099**	**(1,086,748)**	**86,550,912**	**95,190,947**	**(8,640,035)**	**9.08%**
17									
18	**Total Revenues Before Cap Contributions**	**102,945,924**	**7,869,254**	**8,893,568**	**(1,024,314)**	**95,436,879**	**102,945,924**	**(7,509,046)**	**7.29%**
19									
20	Local Government Funds - MTTF, Cap	6,813,860	157,649	1,795,000	(1,637,351)	2,350,033	6,813,860	(4,463,827)	65.51%
21	Federal Reimbursement Funds - FTA, Cap	28,492,408	995,852	8,486,974	(7,491,122)	9,959,067	28,492,408	(18,533,341)	65.05%
22	State Goverenment Funds, Cap	0	30,000	0	30,000	96,415	0	96,415	0.00%
23	Other Agencies Revenue, Cap	0	0	0	0	0	0	0	0.00%
24									
25	**Total Capital Contributions**	**35,306,268**	**1,183,502**	**10,281,974**	**(9,098,473)**	**12,405,515**	**35,306,268**	**(22,900,753)**	**64.86%**
26									
27	**Total Revenues**	**138,252,192**	**9,052,756**	**19,175,542**	**(10,122,787)**	**107,842,394**	**138,252,192**	**(30,409,799)**	**22.00%**
28									
29									
30	**Expenses**								
31									
32	Labor	31,366,902	2,607,330	2,801,333	(194,003)	32,534,202	31,366,902	1,167,300	-3.72%
33	Fringes & Benefits	31,510,122	2,573,957	2,542,158	31,799	30,473,948	31,510,122	(1,036,174)	3.29%
34	Services	6,713,100	418,865	557,371	(138,506)	5,618,683	6,713,100	(1,094,417)	16.30%
35	Materials	7,440,936	450,698	616,917	(166,219)	6,587,012	7,440,936	(853,924)	11.48%
36	Utilities	1,035,600	79,908	77,300	2,608	1,079,278	1,035,600	43,678	-4.22%
37	Casualty & Liability	3,413,070	257,610	323,167	(65,557)	2,586,613	3,413,070	(826,457)	24.21%
38	Purchased Transportation	20,541,764	1,470,548	1,899,284	(428,736)	16,130,617	20,541,764	(4,411,147)	21.47%
39	Interest Expense	2,660	(2)	0	(2)	2,220	2,660	(440)	16.54%
40	Other Expenses	921,770	10,342	76,038	(65,696)	424,308	921,770	(497,462)	53.97%
41	**Operating Expenses**	**102,945,924**	**7,869,254**	**8,893,568**	**(1,024,312)**	**95,436,880**	**102,945,924**	**(7,509,042)**	**7.29%**
42									
43									
44									
45	Development Cost & Loss on Disposal	861,993	334,580	539,639	(205,059)	751,527	861,993	(110,466)	12.82%
46	Depreciation Expenses	12,823,959	1,009,740	1,293,375	(283,635)	11,786,495	12,823,959	(1,037,464)	8.09%
47	Loss on Disposal of Assets	0	3,062	0	3,062	83,812	0	83,812	0.00%
48	**Total Capital Expenses**	**13,685,952**	**1,347,382**	**1,833,014**	**(485,632)**	**12,621,834**	**13,685,952**	**(1,064,118)**	**7.78%**
49									
50	**Total Expenses**	**116,631,876**	**9,216,636**	**10,726,582**	**(1,509,944)**	**108,058,714**	**116,631,876**	**(8,573,160)**	**7.35%**
51									
52									
53	**Revenue / Expense Difference Before Capital**	**0**	**0**	**0**	**(2)**	**(1)**	**0**	**(4)**	**0.00%**
54									
55	**Revenue / Expense Difference After Capital**	**21,620,316**	**(163,881)**	**8,448,960**	**(8,612,843)**	**(216,320)**	**21,620,316**	**(21,836,639)**	**101.00%**

Total Labor

June 2023, Fiscal Year 2023

	Description	FY23 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	31,366,902	2,607,330	2,801,333	(194,003)	32,534,202	31,366,902	1,167,300	-3.72%
2	Sick Leave	1,590,453	178,148	108,539	69,609	1,247,018	1,590,453	(343,435)	21.59%
3	Holiday	1,186,608	242,455	0	242,455	1,178,420	1,186,608	(8,188)	0.69%
4	Vacation	2,104,835	293,049	176,117	116,932	2,110,325	2,104,835	5,490	-0.26%
5	Other Paid Absences	230,299	19,395	15,289	4,106	185,810	230,299	(44,489)	19.32%
6									
7	Total	36,479,097	3,340,377	3,101,278	239,099	37,255,775	36,479,097	776,678	-2.13%
8									
9	Difference compared to Budget			239,099			776,678		

	Description	FY23 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	2,790,651	235,765	237,249	(1,484)	2,779,376	2,790,651	(11,275)	0.40%
11	Pension	9,991,158	833,622	829,592	4,030	9,362,432	9,991,158	(628,726)	6.29%
12	Hospital Medical & Surgical	10,267,456	703,997	910,824	(206,827)	8,573,291	10,267,456	(1,694,165)	16.50%
13	Vision Care Insurance	97,254	4,448	8,022	(3,574)	62,337	97,254	(34,917)	35.90%
14	Dental Plans	358,800	23,892	29,900	(6,008)	252,217	358,800	(106,583)	29.71%
15	Life Insurance	95,796	3,503	7,983	(4,480)	72,630	95,796	(23,166)	24.18%
16	Disability Insurance	147,312	11,987	12,276	(289)	132,000	147,312	(15,312)	10.39%
17	Kentucky Unemployment	20,000	12,223	0	12,223	49,079	20,000	29,079	-145.40%
18	Worker's Compensation	2,350,000	(12,281)	195,826	(208,107)	4,098,179	2,350,000	1,748,179	-74.39%
19	Uniform & Work Clothing Allowance	277,000	23,152	10,337	12,815	366,004	277,000	89,004	-32.13%
20	Other Fringes	2,500	600	204	396	4,830	2,500	2,330	-93.20%
21	Total Fringe & Benefits	26,397,927	1,840,910	2,242,213	(401,303)	25,752,374	26,397,927	(645,553)	2.45%
22									
23									
24	Sick Leave	1,590,453	178,148	108,539	69,609	1,247,018	1,590,453	(343,435)	21.59%
25	Holiday	1,186,608	242,455	0	242,455	1,178,420	1,186,608	(8,188)	0.69%
26	Vacation	2,104,835	293,049	176,117	116,932	2,110,325	2,104,835	5,490	-0.26%
27	Other Paid Absences	230,299	19,395	15,289	4,106	185,810	230,299	(44,489)	19.32%
28	Total Compensation Benefits	5,112,195	733,047	299,945	433,102	4,721,573	5,112,195	(390,622)	7.64%
29									
30	Total	31,510,122	2,573,957	2,542,158	31,799	30,473,947	31,510,122	(1,036,175)	3.29%
31									
32	Difference compared to Budget			31,799			(1,036,175)		

Balance Sheet

June 2023, Fiscal Year 2023

Assets	**FY 23**	**FY 22**
Current Assets		
Cash & Cash Items	4,308,140	2,294,982
Short Term Investments	8,064,844	7,610,784
Accounts Recievable	100,164,825	94,177,538
Interest Recievable	0	41
Due From Grant	80,000	80,000
Materials & Supplies	2,267,929	1,837,542
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Total Current Assets	**114,885,737**	**106,000,887**
Other Assets		
Prepaid Insurance & Dues & WIP	222,571	184,180
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Total Other Assets	**222,571**	**184,180**
Fixed Assets		
Land	3,187,624	3,187,624
Buildings	50,696,335	49,486,992
Coaches	134,464,734	129,428,769
Office Equipment	10,804,524	10,489,592
Other Equipment	20,914,669	22,429,980
Development Costs	0	0
Vehicle Exp - Operating	1,420,405	1,420,405
Other Equipment -Operating	184,903	189,242
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Total Fixed Assets	**221,673,194**	**216,632,603**
Less Accumulated Depreciation		
Accumulated Depr Land	784,538	750,600
Accumulated Depr Buildings	30,155,599	28,646,115
Accumulated Depr Coaches	84,381,972	78,720,283
Accumulated Depr Office Equipment	9,284,101	8,823,437
Accumulated Depr Other Equipment	16,172,686	18,589,256
Accumulated Depr Development Cost	0	0
Accumulated Depr Vehicle Exp - Opr	1,036,876	980,750
Accumulated Depr Other Equipment Op	148,173	134,598
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Total Depreciation	**141,963,946**	**136,645,039**
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Net Fixed Assets	**79,709,248**	**79,987,564**
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Total Assets	**194,817,556**	**186,172,631**
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Liabilities, Reserves & Capital	**FY 23**	**FY 22**
Current Liabilites		
Long Term Debt	0	121,697
Short Term Debt	0	0
Trade Payables	6,726,712	5,006,022
Accrued Payroll Liabilities	4,145,792	3,847,139
Estimated Workmans Compensation	4,892,988	3,731,273
Accrued Tax Liabilities	0	0
Unreedemed Tickets & Tokens	1,667,124	1,645,001
Reserves - Injury & Damages	1,155,400	1,279,400
Due To Operations	80,000	80,000
Unearned Capital Contributions	93,859,254	89,005,382
Other Current Liabilities (Health Ins.)	3,526,568	2,476,680
Total Current Liabilities	**116,053,839**	**107,192,594**
Equity		
Retained Earnings	(216,320)	3,731,178
Prior Year Retained Earning	78,980,037	75,248,859
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Total Equity	**78,763,717**	**78,980,037**
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Total Liabilities & Equity	**194,817,556**	**186,172,631**
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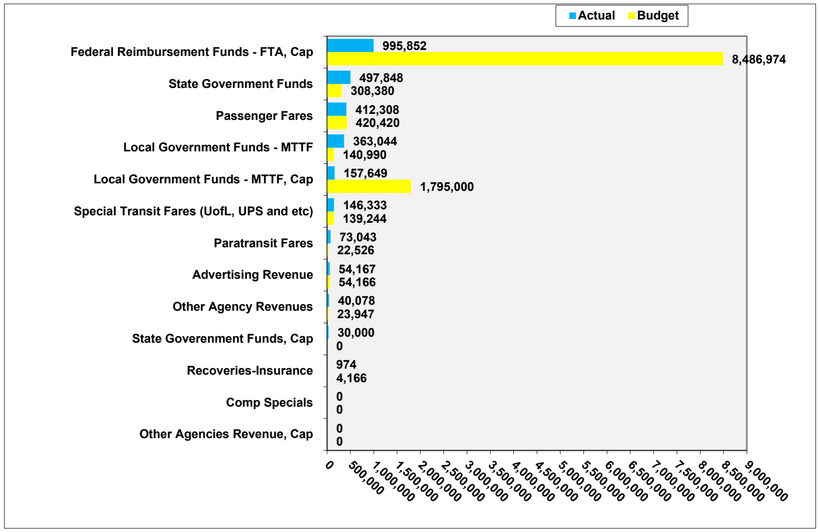
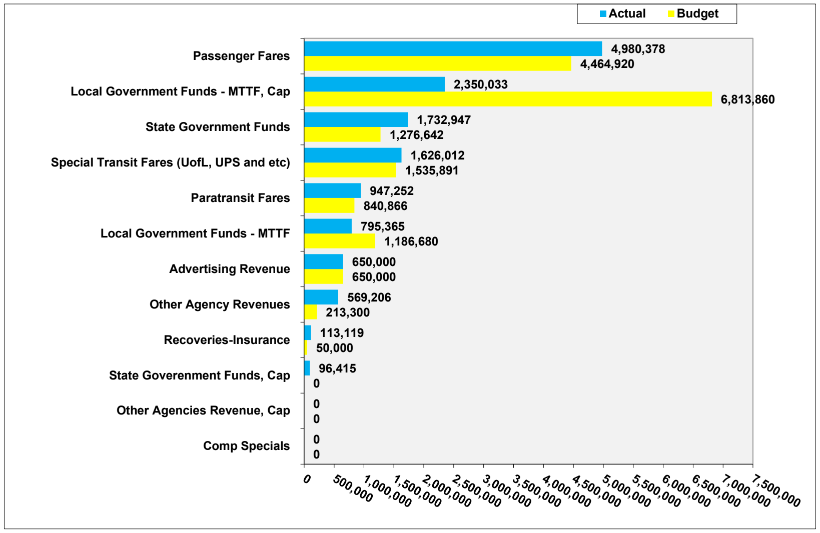
Actual Revenue vs. Budget

June 2023, Fiscal Year 2023

Current Month Revenues



Year to Date Revenues



MTTF $3,511,214 Actual = $3,511,214 Budget

Federal Reimbursement Funds - FTA $2,770,245 Actual < $4,268,515 Budget

Passenger fares $8,112

Paratransit fares $50,517

Federal Reimbursement Funds - FTA $1,498,270

Federal Reimbursement Funds - FTA, Cap $7,491,122

MTTF $59,696,312 Actual = $59,696,312 Budget

Federal Reimbursement Funds - FTA $24,326,288 Actual < $33,031,313 Budget

Federal Reimbursement Funds - FTA, Cap $9,959,067 Actual < $28,492,408 Budget

Passenger fares $515,458

Paratransit fares $106,386

Special fares $90,121

Federal Reimbursement Funds - FTA $8,705,025

State Government Funds - $456,305

Federal Reimbursement Funds - FTA, Cap $18,533,341

CM

* Federal Reimbursement Funds - FTA is under budget $1,498,270 mainly due to operating expenses being under budget
* Federal Reimbursement Funds - FTA, CAP is under budget $7,491,122 mainly due to timing of capital expenses

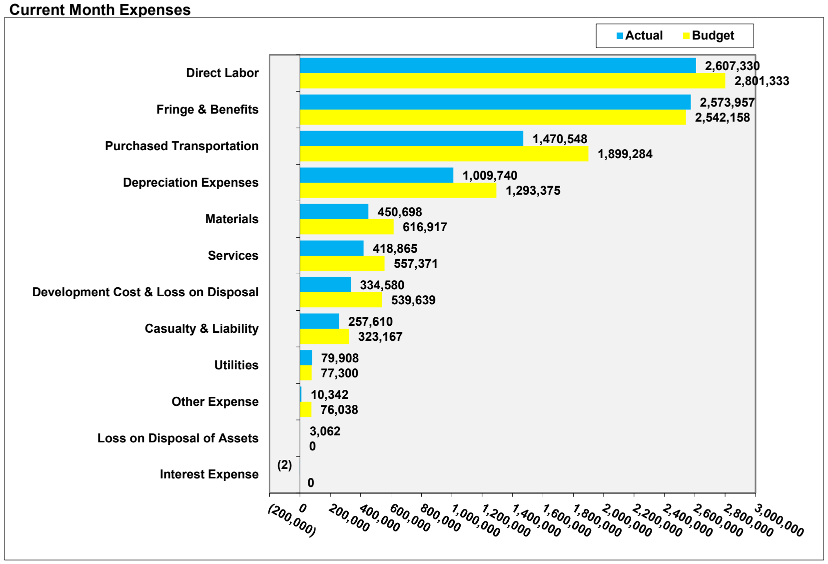
YTD

* Special Fares is over budget 106,386 mainly due to contract renewals.
* Federal Reimbursement Funds - FTA is under budget $8,705,025 mainly due to receiving State match and operating expenses being under budget
* State Government Funds - is over budget $456,305 mainly due to receiving the State funds for local match in January
* Federal Reimbursement Funds - FTA, CAP is under budget $18,533,341 mainly due to timing of capital expenses for capital formula and 5339 funds (facility rehab, ITS equipment, electric power and security enhancements)

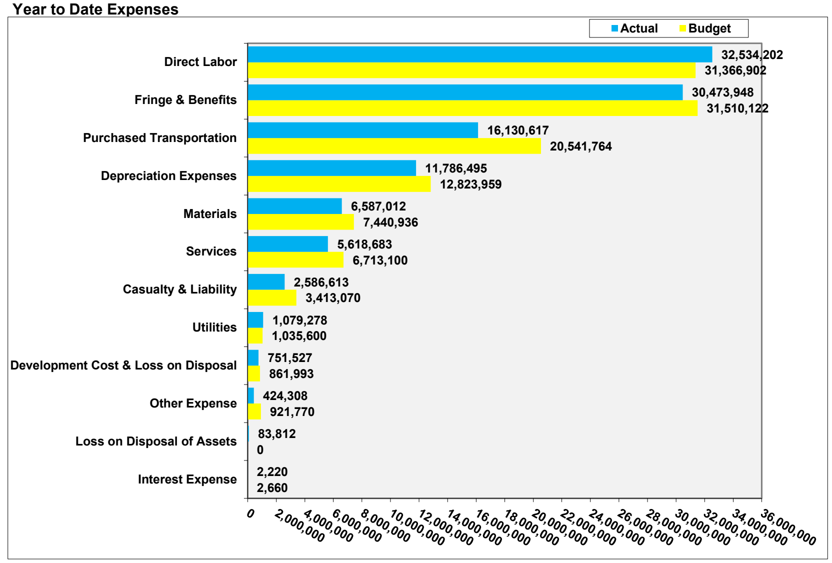
Actual Expenses vs. Budget

June 2023, Fiscal Year 2023

Current Month Expenses



Year to Date Expenses



Direct Labor $194,003   Total Labor $239,099

Fringe & Benefits $31,799

Services $138,506

Purchased Transportation $428,736

Direct Labor $1,167,300   Total Labor $776,678

Fringe & Benefits $1,036,175

Services $1,094.417

Casualty & Liability $826,457

Purchased Transportation $4,411,147

Depreciation Expenses $1,037,464

CM

* Fringe & Benefits are over budget $31,799 mainly due to the additional Holiday
* Services is under budget $138,506 due to all service being under except towing, elevator and security guard services
* Purchased Transportation is under budget $428,736 mainly due to revenue hours and Mobility As A Service(MAAS)

YTD

* Fringe & Benefits are under budget $1,036,175 mainly due to pension, medical and sick leave all being under budget and offset by worker's compensation being over $1,748,179
* Services are under budget $1,094,417 mainly due to advertising, legal fees, depositions & court costs and outside services
* Casualty & Liability is under budget $826,457 mainly due to claims being lower than budgeted
* Purchased Transportation is under budget $4,411,147 mainly due to revenue hours, penalties and Mobility As A Service (MAAS)
* Depreciation Expenses are under budget $1,037,464 mainly due to a timing of capital purchases

MassTransit Trust Fund (MTTF) Revenue Deposits

Deposit to Budget Difference FY 2023

Month	FY 23 Actual Deposits	FY 23 Budget Deposits	Difference	YTD Total	Current Month	YTD
July	$4,500,817	$4,649,020	($148,203)	($148,203)	-3.19%	
August	$5,003,555	$4,699,540	$304,015	$155,812	6.47%	1.67%
September	$6,140,805	$5,962,117	$178,688	$334,500	3.00%	2.18%
October	$3,989,046	$4,213,468	($224,422)	$110,078	-5.33%	0.56%
November	$4,440,361	$5,247,391	($807,030)	($696,952)	-15.38%	-2.81%
December	$6,311,630	$6,845,244	($533,614)	($1,230,566)	-7.80%	-3.89%
January	$6,242,579	$6,549,775	($307,196)	($1,537,762)	-4.69%	-4.03%
February	$4,542,043	$4,123,717	$418,326	($1,119,436)	10.14%	-2.65%
March	$5,766,124	$5,536,407	$229,717	($889,719)	4.15%	-1.86%
April	$12,256,118	$8,240,000	$4,016,118	$3,126,399	48.74%	5.58%
May	$5,160,553	$5,514,800	($354,247)	$2,772,152	-6.42%	4.50%
June	$6,677,736	$6,031,516	$646,220	$3,418,372	10.71%	5.06%
TOTAL	$71,031,367	$67,612,995				

MTTF Revenue Deposits - Actuals

LOUISVILLE METRO REVENUE COMMISSION
TARC LICENSE FEE TRANSACTIONS

	June 2023	June 2022	YTD FYE 2023	YTD FYE 2022	Difference Amount	Percent Change
Receipts						
Employee Withholding	$ 4,498,024	$ 3,816,454	$ 56,496,951	$ 52,969,045	$ 3,527,906	6.66%
Individual Fees	200	(10)	3,079	2,782	297	10.67%
Net Profit Fees	2,129,202	2,075,128	14,605,628	18,401,213	(3,795,585)	-20.63%
Interest & Penalty	101,364	41,247	951,406	688,143	263,263	38.26%
Total Collections	**$ 6,728,790**	**$ 5,932,819**	**$ 72,057,064**	**$ 72,061,182**	**$ (4,118)**	**-0.01%**
Investment Income	$ 39,785	$ 3,115	$ 240,013	$ 14,978	$ 225,035	1502.39%
Total Receipts	**$ 6,768,575**	**$ 5,935,934**	**$ 72,297,077**	**$ 72,076,161**	**$ 220,916**	**0.31%**
Disbursements						
Collection Fee	$ 90,839	$ 80,093	$ 972,769	$ 972,825	$ (56)	-0.01%
Reversal of FY22 Investment Income	$ -	$ -	$ 4,534	$ -	$ 4,534	
Total Disbursements	**$ 90,839**	**$ 80,093**	**$ 977,303**	**$ 972,825**	**$ (56)**	**-0.01%**
Due Mass Transit	**$ 6,677,736**	**$ 5,855,841**	**$ 71,319,774**	**$ 71,103,336**	**$ 216,438**	**0.30%**
Less Previous Payments			64,642,038	65,247,495	(605,457)	-0.93%
Payable To Trust Fund			**$ 6,677,736**	**$ 5,855,841**	**$ 821,895**	**14.04%**

Year to Date Summary

June 2023, Fiscal Year 2023

Actual Compared to Budget YTD

	Good	In the Red	
Total Revenues Before Captial are Over/**Under** by (pg. 2, Line 18)		$7,509,046	
Total Expenses are Over/**Under** by (pg. 2, line 41)	$7,509,042		
MTTF Revenue Deposits are **Over**/Under by (pg. 7)	$3,418,372		
June has a favorable balance before Capital of	$10,927,414	$7,509,046	$3,418,368

Actual Revenues over Expenses

Operating Revenues	$8,885,967
Operating Expenses	$95,436,880
Net Gain/(Loss) before MTTF	**($86,550,913)**
MTTF Approved Contributions	$59,696,312
Net Gain/(Loss) before Subsidies	**($26,854,601)**
Subsidies	
CARES	$12,058,902
CRSSAA	$9,596,003
5307 Federal Formula dollars to be used as (CEER)	$2,671,383
MTTF Local Share	$795,365
State Contributions	$1,732,947
Total Subsidies	**$26,854,600**
Net Gain/(Loss) before Capital	**($1)**

9/14/2023
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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	Actual YTD FY 2023	Remaining Balance	Budget YTD FY 2023	Delta Actual FY 2023 vs Budget FY 2023
CARES*	$42,276,008	$4,341,151	$26,847,680	$11,087,177		$0	$0	
CRRSAA**	$21,374,688			$9,315,786	$12,058,902	$0	$4,896,014	$7,162,888
ARP***	$48,293,376				$9,596,003	$38,697,373	$20,504,079	($10,908,076)
Total	$111,944,072	$4,341,151	$26,847,680	$20,402,963	$21,654,905	$38,697,373	$25,400,093	($3,745,188)

* KY-2020-012 was approved/Executed 5/27/2020

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

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

Budget By Object Class 7/21/2023	FY22 ACTUAL	FY23 BUDGET	FY23 ESTIMATE	FY23 Actual			EXHIBIT 1
Beginning MTTF Balance	**$27,844,858**	**$40,661,948**	**$46,436,662**	**$46,436,662**			
Operating Revenues					**FY 23 Actual vs FY 23 Bud**	**FY 23 Actual vs FY 23 Bud**	**FY 23 Actual vs FY 23 Est**
Farebox	$5,252,949	$5,305,786	$5,705,790	$5,927,630	11.72%	$621,844	$221,840
Special Fares	$1,553,207	$1,535,891	$1,535,890	$1,626,012	5.87%	$90,121	$90,122
Charter	$0	$0	$0	$0	0.00%	$0	$0
Advertising	$644,167	$650,000	$650,000	$650,000	0.00%	$0	$0
Other Agency Revenues	$205,548	$213,300	$363,300	$569,206	166.86%	$355,906	$205,906
Total Recoveries - Insurance	$206,697	$50,000	$80,000	$113,119	126.24%	$63,119	$33,119
MTTF Collections	$71,103,336	$67,612,995	$67,612,995	$71,324,309	5.49%	$3,711,314	$3,711,314
MTTF Interest	$59,893	$5,040	$890,000	$1,520,993	30078.43%	$1,515,953	$630,993
State Government Funds	$3,988,108	$1,276,642	$1,276,642	$1,732,947	35.74%	$456,305	$456,305
Federal Reimb. Funds-Access To Jobs	$263,637	$384,500	$454,060	$494,869	28.70%	$110,369	$40,809
MTTF Principal	**($18,591,804)**	$0	$0	**($10,105,251)**		($10,105,251)	($10,105,251)
Total Revenues	$64,685,738	$77,034,155	$78,568,677	**$73,853,835**	-4.13%	($3,180,320)	($4,714,842)
Operating Expenses							
Direct Labor	$30,701,505	$31,366,902	$33,876,433	$32,534,202	3.72%	$1,167,300	($1,342,231)
Fringe Benefits:							
Vac/Hol/Sick/Bday	$4,156,887	$5,112,195	$5,149,320	$4,721,573	-7.64%	($390,622)	($427,747)
Health/Welfare/Pension	$24,731,909	$26,397,927	$26,987,840	$25,752,374	-2.45%	($645,553)	($1,235,466)
Services	$5,705,776	$6,713,100	$6,360,240	$5,618,683	-16.30%	($1,094,417)	($741,557)
Material & Supplies	$6,370,931	$7,440,936	$7,133,580	$6,587,012	-11.48%	($853,924)	($546,568)
Utilities	$1,035,703	$1,035,600	$1,119,000	$1,079,278	4.22%	$43,678	($39,722)
Casualty&Liability	$2,928,897	$3,413,070	$3,495,720	$2,586,613	-24.21%	($826,457)	($909,107)
Purchased Transportation	$13,264,507	$20,541,764	$17,552,766	$16,130,617	-21.47%	($4,411,147)	($1,422,149)
Interest Expense	$7,858	$2,660	$2,660	$2,220	-16.54%	($440)	($440)
Other Expense	$467,683	$921,770	$815,320	$424,308	-53.97%	($497,462)	($391,012)
Total Operating Expense	$89,371,657	$102,945,924	$102,492,879	**$95,436,880**	-7.29%	($7,509,044)	($7,055,999)
Capital Eligible Expense Reimbursement	($5,988,819)	($8,433,400)	($4,107,192)	($2,971,879)	-64.76%	$5,461,521	$1,135,313
CARES Act Funding	($11,087,177)	$0	$0	$0	0.00%	$0	$0
CRRSAA Funding	($9,315,786)	($4,896,014)	($12,058,902)	($12,058,902)	146.30%	($7,162,888)	$0
ARP	$0	($20,504,079)	($10,781,182)	($9,596,003)	-53.20%	$10,908,076	$1,185,179
SUBTOTAL	**($26,391,782)**	**($33,833,493)**	**($26,947,276)**	**($24,626,784)**	-27.21%	$9,206,709	$2,320,492
Net Operating Expense	$62,979,875	$69,112,431	$75,545,603	$70,810,096	2.46%	$1,697,665	($4,735,507)
MTTF Capital Share	**$1,705,863**	**$7,921,724**	**$3,023,074**	**$3,043,739**	-61.58%	($4,877,985)	$20,665
Total Operating/Capital	$64,685,738	$77,034,155	$78,568,677	$73,853,835	-4.13%	($3,180,320)	($4,714,842)
Ending MTTF Balance	**$46,436,662**	**$40,661,948**	**$46,436,662**	**$56,541,913**		$15,879,965	$10,105,251

MTTF Balance For FY 2023 - Draft

EXHIBIT 2

	Accrual Accounting	Actual Cash on Hand
June 30th Ending Balance in MTTF	$50,527,049	$50,527,049
CD & Interest	$100,000	$100,000
Capital Receivable on 20% Match	($762,871)	
MTTF A/R due TARC		
June Revenue Receipts received in July	$6,677,736	
Total Balance on Books as of 6/30/2022	**$56,541,914**	**$50,627,049**
* Ties Back to Budget By Object Class	$56,541,913	
rounding	1	

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

FINANCIAL STATEMENTS
June 30, 2023

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

FINANCIAL STATEMENTS
June 30, 2023

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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, 2023, and the fiduciary activities as of and for the year ended December 31, 2022, 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, 2023, and the fiduciary activities as of December 31, 2022, 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.

(Continued)

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 as reflected on the table of contents 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.

(Continued)

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 <> 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.

[redacted]

Louisville, Kentucky
September <>, 2023

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

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, 2023.

High points for the fiscal year included securing over $9 million in funding for zero-emission bus and bus facilities, launching three new grant-funded routes, bringing 14 new clean diesel buses into service, and completing several critical long-term planning studies, including TARC Tomorrow – our 10-year project and program plan – and our zero-emission bus transition plan.

TARC completed Fiscal Year 2023 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 $67.6 million for FY 2023. The actual receipts for FY 2023 was $71.1 million, a 5.1% increase over budget.

TARC continued to benefit from the 2021 Bipartisan Infrastructure Law (BIL), which made additional funding available to public transit agencies for capital purchases including fleet replacement, preventive maintenance, and purchased transportation. In Fiscal Year 2023, TARC completed 22 procurement projects and programmed over $15 million for key projects. The Commonwealth of Kentucky included $3.78 million in general fund dollars to match federal formula funding, while the state of Indiana provides funding through the Public Mass Transportation Fund. Additionally, the Kentuckiana Planning and Development Agency (KIPDA), the region's Metropolitan Planning Organization, helped secure $2.9 million in funding for on-demand mobility services that will be deployed in the coming fiscal year to further support service in Indiana.

While TARC anticipates the budget will remain stable in FY 2024, it is important to be clear about what lays ahead. Current projections show a large financial challenge on the horizon, 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 and pandemic-era emergency funding is drawn down. TARC's top priority in the coming year is addressing this challenge, with a comprehensive analysis of existing routes set to kick off this fiscal year as well as continued efforts to identify all potential sources of revenue to ensure TARC can not only survive, but thrive.

And even in the face of this challenge, TARC must continue to fulfill its charge – to deliver innovative and improved service to the region's residents. In the coming year, the TARC team will move forward on other important projects that will ensure TARC is the trusted and reliable mobility choice for the region, including an experimental on-demand mobility pilot, the introduction of a mobile ticketing option for customers, the continued implementation of our zero-emission bus transition plan, and, in partnership with Louisville Metro, laying the ground work for enhanced rapid transit along the Broadway and Bardstown Road corridors.

2024 is an important milestone. TARC will celebrate its 50th anniversary in 2024. And the history of public transit dates back even further. Transit has been a part of the Louisville region for over 150 years – from the City Railway Company and the Louisville and Nashville Railroad, to the Louisville Transit Company, to TARC today. To honor that milestone and that history, the TARC team will continue efforts to increase revenue and funding, ensure the highest efficiency in our routes and schedules, and to live up to our mission – to make Your Journey Our Priority.

(Continued)

Overview of the Financial Statements

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

Required Financial Statements

Statement of Net Position

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

Statement of Revenues, Expenses and Changes in Net Position

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

(Continued)

Financial

Table 1
Condensed Statements of Net Position

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS			
Current assets	$ 21,169,054	$ 17,099,685	$ 4,069,369
Capital assets, net	79,709,248	79,987,564	(278,316)
Total assets	100,878,302	97,087,249	3,791,053
Deferred outflows of resources	19,255,056	21,869,296	(2,614,240)
Total assets and deferred outflows of resources	$ 120,133,358	$ 118,956,545	$ 1,176,813
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current liabilities	$ 18,726,678	$ 12,496,662	$ 6,432,210
Long-term liabilities	111,159,786	109,725,967	1,232,189
Total liabilities	129,886,464	122,222,629	7,663,835
Deferred inflows of resources	14,918,124	24,882,903	(9,964,779)
Total liabilities and deferred inflows of resources	144,804,588	147,105,532	(2,300,944)
Net Position:			
Net investment in capital assets	78,886,678	79,865,867	(156,619)
Unrestricted net position	(103,557,908)	(108,014,854)	3,634,376
Total net position	(24,671,230)	(28,148,987)	3,477,757
Total liabilities, deferred inflow of resources and net position	$ 120,133,358	$ 118,956,545	$ 1,176,813

Assets and Deferred Outflows of Resources
TARC's assets increased $3,791,053 from FY 2022. The most significant changes for assets was an increase in cash balances ($2.5million) due to timing of receipts and disbursements and increase in grant receivables ($1.1million) such as from the CARES Act.

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 $2,614,240 from FY 2022 due to changes in valuation assumptions.

Liabilities and Deferred Inflows of Resources
TARC's total liabilities increased by $7,663,835 due primarily to increases in CERS pension and OPEB liabilities ($3.6 million), an increase in accounts payable ($2.8 million) and increase in claims liabilities ($1 million).

Deferred inflows of resources are comprised of deferred amounts related to the TARC pension plan and the CERS pension and OPEB plans. Deferred inflows decreased $9,964,779 from FY 2022 due to changes in actuarial valuations for pension and OPEB.

Net Position
TARC's liabilities and deferred inflows exceeded its assets and deferred outflows by $24,671,230 at the end of FY 2023. Net position increased $3,477,757 from FY 2022.

(Continued)

Capital Assets

Table 2
Summary of changes in capital assets

	Balance at June 30, 2022	Additions	Retirements (Adjustments)	Balance at June 30, 2023
Land	$ 3,187,624	$ -	$ -	$ 3,187,624
Buildings	49,486,992	1,209,343	-	50,696,335
Coaches	130,849,174	7,358,585	(2,322,620)	135,885,139
Office and computer equipment	10,489,592	569,301	(254,369)	10,804,524
Other equipment	22,619,222	2,454,762	(3,974,413)	21,099,571
	216,632,604	11,591,991	(6,551,402)	221,673,193
Accumulated depreciation	136,645,040	(11,783,511)	(6,464,606)	(141,963,945)
Capital assets, net	$ 79,987,564	$ (191,520)	$ (86,796)	$ 79,709,248

TARC's capital assets, net of depreciation, decreased by $278,316. This decrease is the result of current year depreciation expense and retirements of capital assets exceeding the acquisitions of capital assets. Acquisitions of capital assets were primarily purchases of coaches. Depreciation expense for FY 2023 was $11,786,495. 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

	2023	2022	Dollar Change	Percent Change
OPERATING REVENUES				
Passenger transportation	$ 5,927,630	$ 5,252,950	$ 674,680	12.84%
Special fares	1,626,012	1,553,207	72,805	4.69
Interest, advertising, and other income	1,332,324	1,056,408	275,916	26.12
Total operating revenues	8,885,966	7,862,565	1,023,401	13.02
OPERATING EXPENSES				
Labor, pension and OPEB	59,314,073	59,542,698	(228,625)	(0.38)
Depreciation	11,786,495	11,961,040	(174,545)	(1.46)
Other operating expenses	33,264,069	30,478,358	2,785,711	0.09
Total operating expenses	104,364,637	101,982,096	2,382,541	2.34
NONOPERATING REVENUES AND CAPITAL CONTRIBUTIONS				
Mass Transit Trust Fund resources	62,740,051	52,571,426	(10,168,625)	(19.34)
Federal Transit Administration	34,127,467	38,059,566	3,932,099	(10.33)
Indiana Department of Transportation	1,240,139	970,336	269,803	27.81
KIPDA, KYTC, and Other	848,771	6,296,983	(5,448,212)	(86.52)
Total non-operating revenues and capital contributions	98,956,428	97,898,311	(1,058,117)	(1.08)
Change in net position	3,477,757	3,778,780	$ 301,023	0.08 %
Net position, beginning of year	(28,148,987)	(31,927,767)		
Net position, end of year	$ (24,671,230)	$ (28,148,987)		

TARC's operating revenues increased 13.02% from FY 2022. TARC receives significant 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 $59,696,312 for FY 2023 and $50,865,563 for FY 2022 for TARC's operating expenses and $3,043,769 for FY 2023 and $1,705,863 for FY 2022 for capital related purchases. The federal funding included funding for operations and capital purchases of $34,127,467 for FY 2023 and $38,059,566 for FY 2022.

(Continued)

Expenses

Operating expenses, excluding depreciation, were $92,578,142 for FY 2023 and $90,021,056 for FY 2022. This change represents an increase of 2.84%.

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 valuation expenses, were $59,314,073 in FY 2023 and $59,542,698 in FY 2022. TARC experienced increases in both labor and health care costs ($3.4 million), however these increases were offset by a decrease in pension and OPEB valuation expense ($3.6m), from FY 2022.

Purchased Transportation increased 21.61%, from $16,130,617 in FY 2023 and $13,264,507 in FY 2022. 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 $56.5 million. 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, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$ 12,372,983
Accounts and grants receivable, net	
Trade receivables	1,374,232
Grant receivables	4,931,339
Materials and supplies inventory, net	2,267,929
Prepaid expenses	222,571
Total current assets	21,169,054
Noncurrent assets:	
Capital assets not being depreciated	3,187,624
Depreciable capital assets, net	76,521,624
Total capital assets	79,709,248
Total assets	100,878,302
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	10,408,046
OPEB related	8,847,010
Total deferred outflows or resources	19,255,056
Total assets and deferred outflows of resources	$ 120,133,358

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, 2023

LIABILITIES	
Current liabilities:	
Accounts payable and other liabilities	$ 10,796,671
Compensated absences	1,855,883
Estimated liability for uninsured liability claims	1,045,500
Estimated liability for uninsured workers' compensation claims	3,361,500
Unearned revenue	1,667,124
Total current liabilities	18,726,678
Noncurrent liabilities:	
Compensated absences	1,746,519
Estimated liability for uninsured liability claims	109,900
Estimated liability for uninsured workers' compensation claims	1,531,488
Net pension liability:	
County Employee Retirement System	84,372,925
TARC Pension Plan	369,136
Net OPEB liability	23,029,818
Total net pension liability and net OPEB liability	107,771,879
Total noncurrent liabilities	111,159,786
Total liabilities	129,886,464
DEFERRED INFLOWS OF RESOURCES	
Pension related	4,638,992
OPEB related	10,279,132
Total deferred inflows of resources	14,918,124
Total liabilities and deferred inflows of resources	144,804,588
NET POSITION	
Net investment in capital assets	78,886,678
Unrestricted	(103,557,908)
Total net position	(24,671,230)
Total liabilities, deferred inflows of resources and net position	$ 120,133,358

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, 2023

Operating revenues	
Passenger fares	$ 5,927,630
Special transit fares	1,626,012
Advertising	650,000
Interest	269,396
Other revenue	299,809
Recoveries	113,119
Total operating revenues	8,885,966
Operating expenses	
Labor	32,534,202
Fringe benefits, budget basis	30,473,947
Annual pension valuation adjustments	(5,134,258)
Annual OPEB valuation adjustments	1,440,182
Total labor, fringe benefits, pension and OPEB	59,314,073
Services	5,618,683
Development costs	751,527
Materials and supplies	6,587,012
Utilities	1,079,278
Casualty and insurance	2,586,613
Miscellaneous	424,307
Rentals and purchased transportation	16,130,617
Interest	2,220
Depreciation	11,786,495
Loss on disposal	83,812
Total operating expenses	104,364,637
Loss from operations	(95,478,671)
Non-operating revenues	
Mass Transit Trust Fund and interest	59,696,312
Mass Transit Trust Fund capital assistance for operating	795,365
Federal Transit Administration	24,326,288
Indiana Department of Transportation	1,240,139
Kentucky Regional Planning and Development Agency/Other	492,808
Total non-operating revenues	86,550,912
Loss before capital contributions	(8,927,759)
Capital contributions:	
Mass Transit Trust Fund and interest	2,248,374
Federal Transit Administration and Pass-Through Entities	9,801,179
KIPDA and other	355,963
Total capital contributions	12,405,516
Change in net position	3,477,757
Net position, beginning of year	(28,148,987)
Net position, end of year	$ (24,671,230)

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, 2023

Cash flows from operating activities	
Receipts from passengers and service contracts	$ 6,177,358
Payments to suppliers	(31,040,843)
Payments to employees	(61,508,831)
Net cash used in operating activities	(86,372,316)
Cash flows from non-capital financing activities	
Federal assistance	26,304,443
State assistance	1,732,947
Mass Transit Trust Fund operational receipts	59,696,312
Net cash provided by non-capital financing activities	87,733,702
Cash flows from capital and related financing activities	
Payments on notes payable	(123,917)
Government Federal subsidies	10,157,142
Mass transit trust fund capital subsidies	2,662,941
Proceeds from disposal of capital assets	158,442
Proceeds from investments	30,643
Purchases of capital assets	(12,018,173)
Net cash provided by capital and related financing activities	867,078
Cash flows from investing activities	
Interest activity	269,396
Net increase in cash and cash equivalents	2,497,860
Cash and cash equivalents, beginning of year	9,875,123
Cash and cash equivalents, end of year	$ 12,372,983
Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (95,478,671)
Adjustments to reconcile loss from operations to net cash used in operating activities	
Depreciation	11,786,945
Loss on sale of asset	83,812
Net pension liability	4,555,834
Pension related deferred outflows of resources	(1,302,671)
Pension related deferred inflows of resources	(8,387,421)
Net OPEB liability	(899,371)
OPEB related deferred outflows of resources	3,916,911
OPEB related deferred inflows of resources	(1,577,358)
(Increase) decrease in:	
Trade accounts receivable	(2,730,731)
Inventories	(430,387)
Prepaid expenses	(38,391)
Accounts payable and other liabilities	2,864,287
Accrued compensated absences	205,508
Estimated liability for uninsured liability claims	(124,000)
Estimated liability for uninsured workers' compensation claims	1,161,715
Unearned revenue	22,123
Net cash used in operating activities	$ (86,372,316)

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND – PENSION TRUST FUND
December 31, 2022

ASSETS	
Investments, at fair value	
Mutual funds	$ 882,285
Money market funds	5,000
Total investments, at fair value	887,285
Other receivables	898
Total assets	888,183
LIABILITIES	
Administrative expenses payable	4,244
Total liabilities	4,244
NET POSITION	
Net position restricted for pensions	$ 883,939

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND – PENSION TRUST FUND
Year ended December 31, 2022

Additions	
Investment income:	
Net appreciation (depreciation) in fair value of investments	$ (193,637)
Interest and dividends	14,650
	(178,987)
Employer contributions	232,990
Total additions	54,003
Deductions	
Benefit paid to participants	282,007
Administrative expenses	25,586
Total deductions	307,593
Net decrease in net position	(253,590)
Plan fiduciary net position, beginning of year	1,137,529
Plan fiduciary net position, end of year	$ 883,939

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 2023 fiscal year were submitted to and approved by Louisville/Jefferson County Metro Government Council in June 2022.

Concentration of Funding: TARC relied on local funding from the Mass Transit Trust Fund (“MTTF” or the “Fund”) for 58% of all 2023 revenues. 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 2023, federal revenues represented approximately 32% of all revenues 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, 2022.

Implementation of Accounting Standards: The Authority adopted the following accounting standards during the year, which were determined to have no impact on the Authority's financial position or results of operations:

- GASB Statement 94, *Public-Private and Public-Public Partnerships (P3s) and Availability Payment Arrangements (APAs).* The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs**.** Adoption of this Statement did not have any impact on the Authority's financial position or results of operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Adoption of this Statement did not have a material impact on the Authority's financial position or results of operations.

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. Allowance for doubtful accounts as of June 30, 2023 was $40,629.

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 are as follows:

	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance	Due Within One Year
Uninsured worker's compensation	$ 3,731,273	$ 3,431,889	$(2,270,174)	$ 4,892,988	$ 3,361,500
Uninsured liability claims	$ 1,279,400	$ 1,105,652	$(1,229,652)	$ 1,155,400	$ 1,045,500

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)	$ 3,731,273	$ 693,351
Uninsured liability claims	$ 2,014,700	$ 641,700	($1,377,000)	$ 1,279,400	$ 405,500

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.

(Continued)

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, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	$ 3,397,458	$ 4,721,573	$ (4,516,629)	$ 3,602,402	$ 1,855,883

Unearned Revenue: Advance fare media that have not been redeemed through the fare box are shown as unearned revenue. Unearned revenue at June 30, 2023 was $1,667,124.

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, 2023:			
TARC Pension Plan	$ 475,023	$ (105,887)	$ 369,136
CERS	79,711,204	4,661,721	84,372,925
Net pension liability	$ 80,186,227	$ 4,555,834	$ 84,742,061

(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, 2023:			
Net OPEB liability	$ 23,929,189	$ (899,371)	$ 23,029,818

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 $14,918,124 of deferred inflows of resources and $19,255,056 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.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A summary of cash, cash equivalents and investments at June 30, 2023 is as follows:

	Cash and Cash Equivalents
Operating accounts:	
Cash in bank and on hand	$ 4,308,265
U.S. Government money market	8,064,718
Total	$ 12,372,983

The bank balance of cash, cash equivalents and investments as of June 30, 2023 was $8,918,122. 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, 2023, 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, 2023 are summarized as follows:

	Balance at July 1, 2022	Additions	Retirements (Adjustments)	Balance at June 30, 2023
Capital Assets, Not Being Depreciated				
Land	$ 3,187,624	$ -	$ -	3,187,624
Depreciable Capital Assets, Net				
Capital Assets				
Buildings	49,486,992	1,209,343	-	50,696,335
Coaches	130,849,174	7,358,585	(2,322,620)	135,885,139
Office and computer equipment	10,489,592	569,301	(254,369)	10,804,524
Other equipment	22,619,222	2,454,762	(3,974,413)	21,099,571
	213,444,980	11,591,991	(6,551,400)	218,485,569
Accumulated Depreciation:				
Buildings	(29,396,715)	(1,543,422)	-	(30,940,137)
Coaches	(79,701,033)	(7,903,241)	2,185,425	(85,418,849)
Office and computer equipment	(8,823,437)	(713,489)	252,825	(9,284,101)
Other equipment	(18,723,855)	(1,623,359)	4,026,356	(16,320,858)
	(136,645,040)	(11,783,511)	6,467,606	(141,963,945)
Net Depreciable Capital Assets	76,799,940	(191,520)	(86,796)	76,521,624
Total Capital Assets, net	$ 79,987,564	$ (191,520)	$ (86,796)	$ 79,709,248

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 $4,000,000 through its maturity date on November 30, 2023. The interest rate is the SOFR rate plus 1.50% (1.08% at June 30, 2023). There was no outstanding balance on the line of credit as of June 30, 2023.

(Continued)

NOTE 6 - LOUISVILLE METRO GOVERNMENT - MASS TRANSIT TRUST FUND

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

For the year ended June 30, 2023, TARC recorded nonoperating revenues of $59,696,312 and $3,145,399 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, 2023, TARC recorded a receivable due from MTTF for $762,871 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, 2023 was $16,130,617. 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, 2023 was $691,952.

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.

(Continued)

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.

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.

(Continued)

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

Members whose participation began on or after 8/1/2004, but before 9/1/2008:
Age and Service Requirement: Age 65 with at least one month of non-hazardous duty service credit, or at any age with 27 or more years of service credit.

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

Members whose participation began on or after 9/1/2008 but before 1/1/2014:
Age and Service Requirement: Age 65 with 60 months of non-hazardous duty service credit, or age 57 if age plus service equals at least 87.

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

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.

(Continued)

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, 2023, participating employers contributed 26.79% (23.40% allocated to pension and 3.39% 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, 2023. Total current year contributions recognized by the Plan were $9,129,442 ($7,974,205 related to pension and $1,155,237 related to OPEB) for the year ended June 30, 2023. The OPEB contributions amount does not include the implicit subsidy reported in the amount of $744,948.

(Continued)

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, 2021. An expected TPL was determined at June 30, 2022 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

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

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

(a) **Discount Rate**: The discount rate used to measure the total pension liability was 6.25%, which did not change from the prior year.

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate 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.

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 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
Equity:	60.00%	
Public	50.00%	4.45%
Private equity	10.00%	10.15%
Fixed Income:	20.00%	
Core bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected:	20.00%	
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
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.

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	$ 105,455,688	$ 84,372,925	$ 66,935,730

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 $84,372,925, or approximately 1.17%. The net pension liability was distributed based on 2022 actual employer contributions to the plan. TARC's prior year proportionate share of the net pension liability was $79,711,204, or approximately 1.25%.

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, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2022 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 $4,792,708 related to the CERS for the year ended June 30, 2023.

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:	$ 90,205	$ 751,377
Change of assumptions:	-	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions:	72,709	3,887,615
Differences between expected and actual investment earning on plan investments:	2,163,016	-
	2,325,930	4,638,992
Contributions subsequent to the measurement date:	7,974,205	-
Total	$ 10,300,135	$ 4,638,992

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $7,974,205 will be recognized as a reduction of net pension liability in the year ending June 30, 2024. 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	$ (2,238,609)
2024	(1,762,282)
2025	(709,022)
2026	2,396,850
	$ (2,313,062)

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, 2021. An expected total OPEB liability was determined at June 30, 2022 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, 2022. 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
Equity:	60.00%	
Public	50.00%	4.45%
Private equity	10.00%	10.15%
Fixed Income:	20.00%	
Core bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected:	20.00%	
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
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 (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Net OPEB liability	$ 30,787,194	$ 23,029,818	$ 16,617,053

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	$ 17,122,158	$ 23,029,818	$ 30,123,804

Employer's Portion of the Collective OPEB Liability: TARC's proportionate share of the net OPEB liability, as indicated in the prior table, is $23,029,818 or approximately 1.250%. The net OPEB liability was distributed based on 2022 actual employer contributions to the plan. TARC's prior year proportionate share of the net OPEB liability was $23,919,189, or approximately 1.250%.

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, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2022, 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 increased from 5.20% to 5.70%.
- 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.

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

OPEB Expense: TARC was allocated OPEB expense of $1,440,182 related to the CERS for the year ended June 30, 2023.

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:	$ 2,318,143	$ 5,281,272
Change of assumptions:	3,642,327	3,001,256
Changes in proportion and differences between employer contributions and proportionate shares of contributions:	51,633	1,996,604
Differences between expected and actual investment earnings on plan investments:	934,722	-
	6,946,825	10,279,132
Contributions subsequent to the measurement date:	1,900,185	-
Total:	$ 8,847,010	$10,279,132

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $1,900,185, which includes the implicit subsidy reported of $744,948 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2024. 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:	
2024	$ (686,187)
2025	(712,765)
2026	(1,748,313)
2027	(185,042)
Total:	$ (3,332,307)

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, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	27

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 2021 and 2022, and no cost-of-living adjustments are expected for the Plan's calendar years 2023 through 2026.

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 2022 Plan year was $220,829. The Plan recognized $232,990 of employer contributions as of December 31, 2022. TARC recognized $220,829 of employer contributions during their fiscal year ending June 30, 2023. 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, 2023 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, 2023 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, 2022	$ 1,612,552	$ 1,137,529	$ 475,023
Changes for the year:			
Interest	103,831	-	103,831
Differences between expected and actual experience	(181,301)	-	(181,301)
Contributions – employer	-	232,990	(232,990)
Net investment income	-	(178,987)	178,987
Benefit payments, including refunds of employee contributions	(282,007)	(282,007)	-
Assumption changes	-	-	-
Administrative expenses	-	(25,586)	25,586
Net changes	(359,477)	(253,590)	(105,887)
Balances at December 31, 2022	$ 1,253,075	$ 883,939	$ 369,136

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:	$ 423,142	$ 369,136	$ 319,516

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2023, TARC recognized a pension benefit of $341,549 related to the Plan.

At June 30, 2023, 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:	$ 107,911	$ -
Total	$ 107,911	$ -

(Continued)

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:	
2022	$ 15,353
2023	5,503
2024	21,801
2025	30,404
2026	34,850
Total:	$ 107,911

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:

	2022
Vanguard Total Bond Market Index Fund	$ 339,154
Vanguard 500 Index Fund	543,131
Federated Government Obligations Money Market Mutual Fund	5,000
Total:	$ 887,285

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value by $(186,936) in 2022.

NOTE 10 – FIDUCIARY FUND INVESTMENTS (Continued)

Rate of Return: For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (17.58)%. 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, 2022.

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, 2022, 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, 2022:

- Publicly traded mutual funds of $882,285 are valued using prices quoted for identical assets in active markets (Level 1 inputs);
- Money market mutual funds of $5,000 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, 2023

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Interest	$ 103,831	$ 126,942	$ 148,006	$ 193,057	$ 226,086	$ 250,828	$ 270,473	$ 286,547
Differences between expected and actual experience	(181,301)	(157,801)	(55,835)	(189,015)	(170,890)	30,844	9,170	(192,112)
Changes of assumptions	-	5,218	(20,055)	(201,128)	(7,517)	(48,849)	87,324	356,697
Benefit payments	(282,007)	(323,551)	(414,905)	(473,229)	(558,697)	(609,620)	(679,756)	(738,404)
Net change in total pension liability	(359,477)	(349,192)	(342,789)	(670,315)	(511,018)	(376,797)	(312,789)	(287,272)
Total pension liability, beginning	1,612,552	1,961,744	2,304,533	2,974,848	3,485,866	3,862,663	4,175,452	4,462,724
Total pension liability, ending	$ 1,253,075	$ 1,612,552	$ 1,961,744	$ 2,304,533	$ 2,974,848	$ 3,485,866	$ 3,862,663	$ 4,175,452
Plan fiduciary net position								
Employer contributions	$ 232,990	$ 276,040	$ 289,128	$ 595,256	$ 461,850	$ 438,954	$ 438,660	$ 419,912
Net investment income	(178,987)	165,433	109,159	132,004	3,683	127,536	77,165	(19,825)
Benefit payments	(282,007)	(323,551)	(414,905)	(473,229)	(558,697)	(609,620)	(679,756)	(738,404)
Administrative expense	(25,586)	(35,090)	(32,762)	(21,602)	(56,761)	(63,697)	(45,405)	(44,274)
Net change in plan fiduciary net position	(253,590)	82,832	(49,380)	232,429	(149,925)	(106,827)	(209,336)	(382,591)
Plan fiduciary net position, beginning	1,137,529	1,054,697	1,104,077	871,648	1,021,573	1,128,400	1,337,736	1,720,327
Plan fiduciary net position, ending	883,939	1,137,529	1,054,697	1,104,077	871,648	1,021,573	1,128,400	1,337,736
TARC's net pension liability, ending	$ 369,136	$ 475,023	$ 907,047	$ 1,200,456	$ 2,103,200	$ 2,464,293	$ 2,734,263	$ 2,837,716
Plan fiduciary net position as a percentage of the total pension liability	70.54%	70.54%	53.76%	47.91%	29.30%	29.31%	29.21%	32.04%

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
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TARC'S NET PENSION LIABILITY –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2023

	2014	2013
Total pension liability		
Interest	$ 322,907	$ 358,885
Changes in benefit terms		230,905
Differences between expected and actual experience	(116,612)	(267,436)
Changes in assumptions	9,687	10,794
Benefit payments	(799,005)	(903,997)
Net change in total pension liability	(583,023)	(570,849)
Total pension liability, beginning	5,045,747	5,616,596
Total pension liability, ending	$ 4,462,724	$ 5,045,747
Plan fiduciary net position		
Employer contributions	$ 468,338	$ 239,000
Net investment income	171,041	373,829
Benefit payments	(799,005)	(903,997)
Administrative expense	(59,466)	(49,656)
Net change in plan fiduciary net position	(219,092)	(340,824)
Plan fiduciary net position, beginning	1,939,419	2,280,243
Plan fiduciary net position, ending	1,720,327	$ 1,939,419
TARC's net pension liability, ending	$ 2,742,397	$ 3,106,328
Plan fiduciary net position as a percentage of total pension liability	38.55%	38.44%

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
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TARC'S CONTRIBUTIONS –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 220,928	$ 261,750	$ 274,110	$ 423,330	$ 437,941	$ 438,954	$ 426,241	$ 419,912
Contributions in relation to the actuarially determined contribution	232,990	276,040	289,128	595,256	461,850	438,954	438,660	419,912
Annual contribution deficiency (excess)	$ (12,062)	$ (14,290)	$ (15,018)	$(171,926)	$ (23,909)	$ -	$ (12,419)	$ -

TRANSIT AUTHORITY OF RIVER CITY
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TARC'S CONTRIBUTIONS –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2022

	2014	2013
Actuarially determined contribution	$ 468,337	$ 359,326
Contributions in relation to the actuarially determined contribution	239,000	50,000
Annual 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, 2023
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)

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATES OF RETURN –
EMPLOYEES' AMENDED RETIREMENT PLAN
Plan year ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	(17.58)%	16.89%	11.54%	18.20%	(0.44%)	13.45%	7.03%	(3.66%)	9.71%	19.07%

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TARC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
COUNTY EMPLOYEES RETIREMENT SYSTEM - NON-HAZARDOUS
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
TARC's proportion of the net pension liability	1.17%	1.250%	1.251%	1.320%	1.307%	1.309%	1.311%	1.280%
TARC's proportionate share of the net pension	$ 84,372,925	$ 79,711,204	$ 95,946,369	$ 92,870,861	$ 79,592,001	$ 76,614,117	$ 64,540,703	$ 55,052,957
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
TARC's proportion of the net pension liability as a percentage on its covered payroll	261.571%	250.912%	299.749%	274.601%	242.969%	238.750%	205.260%	183.481%
Plan fiduciary net position as a percentage of the total pension liability	52.418%	57.328%	47.814%	50.447%	53.542%	53.325%	55.503%	59.968%

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 2022 to 2023.

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.

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 reflect experience more accurately.

TRANSIT AUTHORITY OF RIVER CITY
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TARC'S CONTRIBUTIONS –
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 7,974,205	$ 6,867,675	$ 6,151,942	$ 6,192,956	$ 5,416,203	$ 4,720,629	$ 4,476,502	$ 3,905,260
Contributions in relation to the statutorily required contribution	7,974,205	6,867,675	6,151,942	(6,192,956)	(5,416,203)	(4,720,629)	(4,476,502)	(3,905,260)
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	$ 33,034,069	$ 32,256,226	$31,768,572	$ 32,008,931	$ 33,820,338	$ 32,758,156	$ 32,089,620	$ 31,443,315
Contributions as a percentage of its covered payroll	24,139%	21.291%	19.365%	19.348%	16.015%	14.411%	13.950%	12.420%

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, 2023

	2023	2022	2021	2020	2019
TARC's proportion of the net OPEB liability Non-hazardous	1.167%	1.250%	1.251%	1.320%	1.307%
TARC's proportionate share of the net OPEB liability	$ 23,029,818	$ 23,929,189	$ 30,198,452	$ 22,204,681	$ 23,202,276
TARC's covered payroll	$ 32,256,226	$ 31,768,572	$ 32,008,931	$ 33,820,338	$ 32,758,156
TARC's proportion of the net OPEB liability as a percentage of its covered payroll	71.397%	75.323%	94.344%	65.655%	70.829%
Plan fiduciary net position as a percentage of the total OPEB liability	60.948%	62.907%	51.670%	60.438%	57.622%

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, 2023

	2023	2022	2021	2020	2019
Statutorily required contribution	$ 1,155,237	$ 1,875,067	$ 1,517,267	$ 1,527,382	$ 1,756,426
Contributions in relation to the statutorily required contribution	(1,155,237)	(1,875,067)	(1,517,267)	(1,527,382)	(1,756,426)
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	$ 33,034,069	$ 32,256,226	$ 31,768,572	$ 32,008,931	$ 33,820,338
Contributions as a percentage of its covered payroll	3.497%	5.813%	4.776%	4.772%	5.193%

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, 2023

	Budget	Actual	Actual to GAAP Differences	Actual Amounts GAAP Basis
Operating revenues				
Passenger transportation	$ 5,305,786	$ 5,927,630	$ -	$ 5,927,630
Special transit fares	1,535,891	1,626,012	-	1,626,012
Advertising	650,000	650,000	-	650,000
Interest	-	269,396	-	269,396
Charter Service	-	-	-	-
Other Revenue	213,300	299,809	-	299,809
Recoveries	50,000	113,119		113,119
Total operating revenues	7,754,977	8,885,966	-	8,885,966
Operating expenses				
Labor	31,366,902	32,534,202	-	32,534,202
Fringe benefits, budget basis	31,510,122	30,473,947	-	30,473,947
Plus: pension adjustments	-	-	(5,134,258)	(5,134,258)
Plus: OPEB adjustments	-	-	1,440,182	1,440,182
Total labor, fringe benefits, pension and OPEB	62,877,024	63,008,149	(3,694,076)	59,314,073
Services	6,713,100	5,618,683		5,618,683
Development costs	861,993	751,527		751,527
Materials and supplies	7,440,936	6,587,012		6,587,012
Utilities	1,035,600	1,079,278		1,079,278
Casualty and insurance	3,413,070	2,586,613		2,586,613
Miscellaneous	921,770	424,307		424,307
Rentals and purchased transportation	20,541,764	16,130,617		16,130,617
Interest	2,660	2,220		2,220
Loss on disposal	-	83,812		83,812
Depreciation	12,823,959	11,786,495		11,786,495
Total operating expenses	116,631,876	108,058,713	(3,694,076)	104,364,637
Operating loss before capital outlay and subsidies	(108,876,899)	(99,172,747)	3,694,076	(95,478,671)
Capital outlay				
Subsidies				
Mass Transit Trust Fund and interest	67,696,852	62,740,051	-	62,740,051
Federal Transit Administration and Pass-Through Entities	61,523,721	34,127,467	-	34,127,467
KIPDA and Other	1,276,642	2,088,910	-	2,088,910
Total subsidies	130,497,215	98,956,428	-	98,956,428
Change in net position	$ 21,620,316	$ (216,319)	$ 3,694,076	$ 3,477,757

The operating budget for 2023, as shown above, represents the originally adopted budget for TARC. No amendments were made to the budget during the year ended June 30, 2023. Pension and OPEB actuarial valuation changes are not budgeted.

TRANSIT AUTHORITY OF RIVER CITY
(A COMPONENT UNIT OF LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

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		$ 8,582,691
COVID 19 – Formula Grants – ARP Act	20.507		9,680,087
COVID 19 – Formula Grants – CRRSA Act	20.507		12,130,863
Bus and Bus Facilities Formula Program	20.526		2,081,022
Total Federal Transit Cluster			32,474,663
Transit Services Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		1,531,236
Total Transit Services Cluster			1,531,236
Public Transportation Research, Technical Assistance and Training	20.514		121,568
Pass-Through Programs:			
Kentucky Transportation Cabinet – Highway Planning and Construction Cluster	20.205		488,110
Total Expenditures of Federal Awards			$ 34,615,577

The following shows subrecipient activity for the year:

Assistance Listing Number	Amount
20.507	$ 354,811
20.513	774,450
Total subrecipient activity	$1,129,261

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 ACCOUNTING3

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, 2023. 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). 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.

TARC has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Transit Authority of River City
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Transit Authority of River City (TARC), a component unit of Louisville/Jefferson County Metro Government, as of and for the year ended June 30, 2023 and the fiduciary activities as of and for the year ended December 31, 2022, 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.

[redacted]

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

Board of Directors
Transit Authority of River City
Louisville, Kentucky

Report on Compliance for 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, 2023. 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, 2023.

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, 2023, the fiduciary activities of TARC as of and for the year ended December 31, 2022, 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.

[redacted]

Louisville, Kentucky
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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	$ 1,038,467			
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, 2023.

SECTION 3 – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2023.

MEMORANDUM

To: TARC Board of Directors

From: Carrie Butler, Executive Director

Date: September 26, 2023

Re: Resolution 2023 - 24 Award of Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 Program Funds

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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 nine years for these funds. This year there are $1,433,855 available from the Federal Fiscal Year (FFY) 2023 apportionment. There are no funds remaining from the Section 5310 apportionment from FFY 2022.

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 June 29, 2023. Nine applicants applied for funds. The applications were evaluated on July 11, 2023 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 nine applicants were awarded funding. Regarding the projects that qualified in the Section 5310 "Traditional" category, the Selection Review Committee recommended fully funding four of the projects and partially funding two of the projects, resulting in an award of $790,166 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 three of the projects, resulting in an award of $643,689 in "Other" funds.

The nine successful applicants will become subrecipients of the federal funds. The subrecipients provide local matching funds. Capital purchases will have a 20% local match, and operating expenses will have a 50% local match. A total of $1,433,855 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 2023 - 24
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 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 2023 apportionment for Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310, which were allocated to the Louisville Urbanized Area in the total amount of $1,433,855, be distributed as follows:

- $122,400 to Cedar Lake Residences for the Transportation of Individuals with Disabilities Project
- $125,200 to Dreams with Wings for the Dreams with Wings Fleet Expansion Project
- $198,693 to Harbor House of Louisville for the Breaking Down Barriers Project
- $197,473 to Lifespan Resources for the Lifespan Resources Transportation Project
- $68,600 to Park DuValle Community Health Center for the PDCHC Transportation Services Expansion Project
- $15,200 to Rauch, Inc. for the Improved Transportation for Adults with Disabilities Project
- $300,504 to Transit Authority of River City for the Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area Project
- $65,600 to Volunteers of America for the Upward Mobility Project
- $196,800 to Ztrip for the Wheelchair Van Project

…continued….

The Executive Director/CEO is hereby authorized to enter into agreements with Cedar Lake Residences; Dreams with Wings; Harbor House of Louisville; Lifespan Resources; Park DuValle Community Health Center; Rauch, Inc.; Volunteers of America; 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 26TH DAY OF SEPTEMBER 2023

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Chair of the Board of Directors

DRAFT

APPENDIX

Section 5310 "Traditional" funds

Eligible subrecipients for Section 5310 "Traditional" funds include: private nonprofit organizations; and 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 Section 5310 funds awarded must be awarded for 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.

Section 5310 "Other" funds

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

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.

Funds available

The amount of federal Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 funds available for award through TARC's current competitive selection process is $1,433,855 from the Federal Fiscal Year 2023 apportionment. There were no funds remaining from the Section 5310 apportionment from Federal Fiscal Year 2022.

A total of $1,433,855 is available for award for projects in the Section 5310 "Traditional" category.

The amount of Section 5310 funds available for award for projects in the Section 5310 "Other" category is 45% of the total amount of Section 5310 funds actually awarded for all projects.

All subrecipients of Section 5310 federal funds are providing local matching funds. (Capital purchases have a 20% local match and Operating expenses have a 50% local match.)

Funds awarded

The total amount of “Traditional” Section 5310 funds that were available for award this year was $1,433,855. The total amount of “Traditional” funds requests received was $1,259,185. The total amount of “Traditional” funds that the Application Review Committee recommended for award is $790,166, which is 55.1% of the of the total Section 5310 funds (“Traditional” plus “Other”) that were awarded this time. That meets the federal requirement that at least 55% of the funds must be awarded in the “Traditional” category.

The total amount of all Section 5310 “Other” funds that were available for award was $645,234. The total amount of “Other” funds requests received was $1,316,960. The total amount of Section 5310 “Other” funds that the Application Review Committee recommended for award is $643,689.

The total amount of Section 5310 funds recommended for award this time is $1,433,855 of the $1,433,855 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:

$122,400 to Cedar Lake Residences for the Transportation of Individuals with Disabilities Project to purchase one (1) one ADA-wheelchair-accessible minivan and (1) Standard 12-passenger van (not wheelchair accessible). The project will provide transportation for seniors and individuals disabilities in Louisville and La Grange, Kentucky.
(Federal funds = $122,400 Local match = $30,600 Total project value = $153,000)

$125,200 to Dreams with Wings for the Dreams with Wings Fleet Expansion project to purchase one (1) ADA-Accessible Minivan; 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 = $125,200 Local match = $31,300 Total project value = $156,500)

$198,693 to Harbor House of Louisville for the Breaking Down Barriers Project to purchase two (2) ADA-Accessible Full-Size vans with Enhanced HVAC and All-Wheel-Drive. In addition, one (1) ADA-Accessible Full Size van with Enhanced HVAC and All-Wheel-Drive will be purchased with these funds along with insurance proceeds to replace the totaled van with VIN ending in …5058; and seven (7) 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 = $198,693 Local match = $49,673 Total project value = $248,366)

$197,473 to Lifespan Resources for the Lifespan Resources Transportation project to purchase two (2) ADA-Accessible Full Size vans with Enhanced HVAC and All-Wheel-Drive, fog lights, and automatic sliding door. In addition, one (1) ADA-Accessible Full Size van with Enhanced HVAC and All-Wheel-Drive, fog lights, and automatic sliding door will be purchased with these funds along with insurance proceeds to replace the totaled van with VIN ending in …5057. The project will provide transportation for individuals with disabilities to and from day services and work programs. The vehicles will also provide deviated fixed-route and on-demand transportation for seniors and individuals with disabilities for medical trips, including critical care

trips such as dialysis, and chemotherapy, as well as trips to the grocery, senior center, library, and post office, with an emphasis on serving low income residents.
(Federal funds = $197,473 Local match = $49,368 Total project value = $246,841)

$65,600 to Park DuValle Community Health Center for the PDCHC Transportation Services Expansion Project to purchase one (1) ADA-Accessible wheelchair Minivan. The project will provide transportation service in Jefferson County for seniors and individuals with disabilities to get to medical appointments at the Wilson Avenue clinic of the Park DuValle Community Health Center in Louisville, KY.
(Federal funds = $65,600 Local match = $16,400 Total project value = $82,000)

$15,200 to Rauch, Inc. for the Improved Transportation for Adults with Disabilities Project project to purchase one (1) ADA-Accessible wheelchair Minivan which will be purchased with these funds along with insurance proceeds to replace the totaled van with VIN ending in …6486. The project will transport individuals with disabilities to work, doctor appointments, shopping, community activities, entertainment, dining, and volunteer opportunities.
(Federal funds = $15,200 Local match = $3,800 Total project value = $19,000)

$65,600 to Volunteers of America for the Upward Mobility project to purchase one (1) ADA-wheelchair-accessible Minivan. The project will transport seniors and individuals with developmental and physical disabilities to medical care appointments, recreation, and participation in the community, including enrichment activities.
(Federal funds = $65,600 Local match = $16,400 Total project value = $82,000)

Funding recommendations for Section 5310 "Other" projects:

$3,000 to Park DuValle Community Health Center for the PDCHC Transportation Services Expansion Project for Operating Assistance for the Section 5310 van at the Wilson Avenue clinic in Louisville, KY. The project will provide transportation service in Jefferson County for seniors and individuals with disabilities to get to medical appointments at the Wilson Avenue clinic of the Park DuValle Community Health Center in Louisville, KY.
(Federal funds = $3,000 Local match = $3,000 Total project value = $6,000)

$300,504 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 = $300,504 Local match = $300,504 Total project value = $601,008)

$196,800 to Ztrip for the Wheelchair Van Project to purchase three (3) ADA-accessible wheelchair Minivans to provide shared ride service as part of the existing TARC3 program.
(Federal funds = $196,800 Local match = $49,200 Total project value = $246,000)

(See summary in tables below.)

Summary of recommendations for funding:

Section 5310 "Traditional" Funds (dollars) FFY 23				
Agency	**Project**	**Federal Share**	**Local Match**	**Total**
Cedar Lake Residences	Transportation of Individuals with Disabilities	122,400	30,600	153,000
Dreams with Wings	Dreams with Wings Fleet Expansion	125,200	31,300	156,500
Harbor House of Louisville	Breaking Down Barriers	198,693	49,673	248,366
Lifespan Resources	Lifespan Resources Transportation	197,473	49,368	246,841
Park DuValle Community Health Center	PDCHC Transportation Services Expansion	65,600	16,400	82,000
Rauch, Inc.	Transportation for Adults with Disabilities	15,200	3,800	19,000
Volunteers of America	Upward Mobility	65,600	16,400	82,000

Section 5310 "Other" Funds (dollars) FFY 23				
Agency	**Project**	**Federal Share**	**Local Match**	**Total**
Park DuValle Community Health Center	PDCHC Transportation Services Expansion	3,000	3,000	6,000
Transit Authority of River City	Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area	300,504	300,504	601,008
Ztrip	Wheelchair Van	196,800	49,200	246,000

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Section 5310 “Traditional” Funds (dollars)

Agency	Project	Federal Share	Local Match	Total
Cedar Lake Residences	Transportation of Individuals with Disabilities	122,400	30,600	153,000
Dreams with Wings	Dreams with Wings Fleet Expansion	125,200	31,300	156,500
Harbor House of Louisville, Inc.	Breaking Down Barriers	198,693	49,673	248,366
Lifespan Resources	Lifespan Resources Transportation	197,473	49,368	246,841
Park DuValle Community Health Center	PDCHC Transportation Services Expansion	65,600	16,400	82,000
Rauch, Inc.	Transportation for Adults with Disabilities	15,200	3,800	19,000
Volunteers of America	Upward Mobility	65,600	16,400	82,000

Section 5310 "Other" Funds (dollars)

Agency	Project	Federal Share	Local Match	Total
Park DuValle Community Health Center	PDCHC Transportation Services Expansion	3,000	3,000	6,000
Transit Authority of River City	Suburban Work Trips for Paratransit Customers Outside of the ADA Service Area	300,504	300,504	601,008
Ztrip	Wheelchair Van	196,800	49,200	246,000