



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

TRANSIT AUTHORITY OF NORTHERN KENTUCKY

Financial Statements

June 30, 2024

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Transit Authority of Northern Kentucky
Ft. Wright, KY 41017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transit Authority of Northern Kentucky (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority, as of June 30, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the Authority's net pension liability, and the schedule of Authority's contributions, as listed in 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Ft. Mitchell, KY
June 6, 2025

This discussion and analysis provides key information from management highlighting the overall financial performance of the Transit Authority of Northern Kentucky (the "Authority" or "TANK") for the year ended June 30, 2024. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the financial statements as a whole.

Financial Highlights

Major financial highlights for fiscal year 2024 are listed below:

- ✓ The Authority's total net position at the end of fiscal year 2024 was \$29,464,277, which represents an increase of \$3,829,427, or 14.9%, compared to the balance at end of the prior year.
- ✓ Operating revenue for the year was \$3,480,314, which represents an increase of \$74,918, or 2.2%, from fiscal year 2023.
- ✓ Operating expenses for the year (excluding depreciation) were \$29,394,659 which represents an increase of \$41,243, or 0.1%, over the prior year.
- ✓ Non-operating revenues, including federal, state and local reimbursements (excluding pass-through grants), were \$26,250,248 in fiscal year 2024, which represents an increase of \$548,960, or 2.1%, compared to fiscal year 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which includes the basic financial statements and the notes to the financial statements.

Required Financial Statements

The financial statements of the Authority are designed to provide readers with a broad overview of the Authority's finances in a manner similar to private-sector business. The statement of net position presents financial information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The statement of revenues, expenses and changes in net position presents information about how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital, and financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Net Position for the Years Ending June 30, 2024 and 2023:

The following is a summary of the major components of net position of the Authority as of and for the years ended June 30:

Net Position		
As of June 30		
	2024	2023
Current assets	\$ 5,076,846	4,235,594
Noncurrent assets:		
Investments	6,537,512	7,698,473
Capital assets (net of depreciation)	34,380,262	30,935,934
	45,994,620	42,870,001
Deferred outflows of resources	1,460,371	1,919,393
Current liabilities	3,564,086	3,523,498
Noncurrent liabilities:		
Net pension liability	13,997,209	14,207,602
	17,561,295	17,731,100
Deferred inflows of resources	429,419	1,423,444
Net position:		
Net investment in capital assets	34,380,262	30,935,934
Unrestricted	(4,915,985)	(5,301,084)
	\$ 29,464,277	25,634,850

As noted earlier, net position over time may serve as a useful indicator of the Authority's financial position. As of June 30, 2024, the Authority's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$29,464,277, which is an increase in net position of \$3,829,427, or 14.9%, from fiscal year 2023.

The largest portion of the Authority's net position is its investment in capital assets. Capital assets include land and land improvements, revenue producing and service equipment, buildings and structures, shop equipment, office furnishings and computer equipment. The Authority uses these capital assets to provide public transportation service in Northern Kentucky and Downtown Cincinnati. These assets are not available to liquidate liabilities or for other spending. The Authority's investment in capital assets as of June 30, 2024, amounts to \$34,380,262, net of accumulated depreciation, which is an increase of \$3,444,328, or 11.1%, from fiscal year 2023. Major capital asset additions during fiscal year 2024 included the purchase of 6 new buses, 6 new RAMP vehicles, and project costs from the ongoing implementation of the Authority's new fleet management system. Total acquisitions for the year were \$9,147,749. These additions were offset by depreciation expense for the year of \$5,683,151.

Operating Results
For the Year Ended June 30

	2024	2023
Operating revenues	\$ 3,480,314	3,405,396
Operating expenses other than depreciation	29,394,659	29,353,416
Depreciation	5,683,151	5,477,715
Total operating expenses	35,077,810	34,831,131
Operating loss	(31,597,496)	(31,425,735)
Nonoperating revenues, net	26,250,248	25,701,288
Net loss before capital grant activity	(5,347,248)	(5,724,447)
Capital grant revenue	9,176,675	4,243,719
Change in net position	3,829,427	(1,480,728)
Net position - beginning of year	25,634,850	27,115,578
Net position - end of year	\$ 29,464,277	25,634,850

Operating Revenues

The Authority's operating revenues were \$3,480,314 in fiscal year 2024, which represents an increase of \$74,918, or 2.2%, compared to fiscal year 2023. Overall ridership had a slight increase during fiscal year 2024 as the Authority had a full year of operations of the Southbank Shuttle, which was restarted in October 2022.

Operating Expenses

The Authority's operating expenses other than depreciation were \$29,394,659 in fiscal year 2024, which represents an increase of \$41,243, or 0.1%, compared to fiscal year 2023. The increase from the prior fiscal year is primarily due to increased personnel costs and rising fuel prices. Additionally, expenses reported for fiscal year 2024 were reduced as the Authority recognized \$453,075 less in pension expense during fiscal year 2024 than in fiscal year 2023. This is a result of the Authority recognizing the changes related to its net pension liability and related deferred outflows/inflows of resources.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, significantly revised accounting for pension costs and liabilities. GASB Statement No. 68 dictates the net pension liability of Authority equals the present value of estimated future pension benefits attributable to active and inactive employees' past service minus pension plan assets available to pay these benefits.

GASB notes pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit for the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. The contributions to and benefits paid by the pension plan are negotiated with the employee bargaining unit, and extended to exempt employees. Employees share the obligation of funding pension benefits with the Authority. The annual contribution amount by the Authority to the pension plan is established within the negotiated agreement and no other provisions exist which would require the Authority to provide additional contributions. The responsibility for management of the pension fund rests exclusively with the pension committee.

Nonoperating Revenues

In fiscal year 2024, nonoperating revenues were \$26,250,248 which represents an increase of \$548,960 or 2.1%, from fiscal year 2023, primarily due to increases in local grant reimbursements received of \$822,439 and investment earnings of \$577,747 due to the significant increase in the fair value of investments at the end of fiscal year 2024 compared to fiscal year 2023.

Statement of Cash Flows

Another way to assess the financial health of the Authority is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing.

A comparative summary of the Authority's cash flows are as follows:

Cash Flows		
For the Year Ended June 30		
	2024	2023
Net cash from:		
Operating activities	\$ (26,797,586)	(25,572,478)
Noncapital financing activities	25,547,214	24,945,137
Capital and related financing activities	59,769	362,823
Investing activities	235,181	1,417,684
Change in cash and cash equivalents	(955,422)	1,153,166
Cash and cash equivalents - beginning of year	1,783,577	630,411
Cash and cash equivalents - end of year	\$ 828,155	1,783,577

Operating activities decreased due to increases in personnel costs and rising fuel prices. The increase in noncapital financing activities was due to increases in local grant reimbursements received. The decrease in capital and related financing activities is associated with additional capital grant reimbursements received, offset by the increase of capital asset purchases made during fiscal year 2024 compared to 2023. The decrease in investing activities is attributed to the Authority reinvesting proceeds from the sale of investments into new investments during fiscal year 2024. In contrast, during fiscal year 2023, the Authority withdrew those proceeds from the sales of investments as cash.

Capital assets

At June 30, 2024, the Authority had \$95.5 million invested in capital assets, net of accumulated depreciation of \$61.1 million. Depreciation charges totaled \$5.7 million for the current fiscal year. A comparative summary of these assets is as follows:

Capital Assets, Net of Accumulated Depreciation

As of June 30

	2024	2023
Land	\$ 2,252,930	2,252,930
Construction in progress	81,968	443,755
Buildings and improvements	3,622,737	3,901,212
Revenue vehicles	24,026,055	22,542,637
Transportation equipment	484,508	286,377
General equipment	3,912,064	1,509,023
	\$ 34,380,262	30,935,934

More detailed information about the Authority's capital assets is presented in note 4 to the financial statements.

Economic factors that will affect the future

While the broader economic outlook remains inflationary, TANK anticipates only modest changes in its net position over the next 12 to 24 months. This stability is largely supported by available ARPA and CRRSAA funding, as well as gradual adjustments to County contributions to help cover projected operating costs. On the capital front, TANK's Transit Asset Management (TAM) Plan outlines ongoing, scheduled replacements of vehicles and equipment, along with funded capital projects focused on the rehabilitation of the Ft. Wright facilities, and several short-term projects including replacement supervisor vehicles, CAD/AVL, and continuous updates to our IT software and hardware.

Request for Additional Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the TANK's finances and to show TANK's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Transit Authority of Northern Kentucky, 3375 Madison Pike, Ft. Wright, Kentucky, 41017.

Transit Authority of Northern Kentucky
Statement of Net Position
June 30, 2024

Assets

Current assets

Cash and cash equivalents	\$	787,842
Investments		2,354,089
Receivables:		
Trade		70,232
Grants and reimbursements		683,600
Capital assistance		7,597
Materials and supplies inventory		964,049
Prepaid items		169,124
Board designated assets:		
Cash and cash equivalents		<u>40,313</u>
Total current assets		<u>5,076,846</u>

Noncurrent assets

Investments		6,224,416
Board designated assets:		
Investments		313,096
Capital Assets:		
Capital assets not being depreciated		2,334,898
Capital assets being depreciated, net		<u>32,045,364</u>
Capital assets, net		<u>34,380,262</u>
Total noncurrent assets		<u>40,917,774</u>
Total assets		<u>45,994,620</u>

Deferred Outflows of Resources

Pension		<u>1,460,371</u>
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Liabilities

Current liabilities

Advances from state governments		984,286
Accounts payable		303,088
Accrued payroll and payroll taxes		729,782
Other accrued expenditures		1,093,930
Accrued liability for accident claims		<u>453,000</u>
Total current liabilities		<u>3,564,086</u>

Noncurrent liabilities

Net pension liability		<u>13,997,209</u>
Total liabilities		<u>17,561,295</u>

Deferred Inflows of Resources

Pension		<u>429,419</u>
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Net Position

Net investment in capital assets		34,380,262
Unrestricted		<u>(4,915,985)</u>
Total net position	\$	<u><u>29,464,277</u></u>

See accompanying notes to the basic financial statements.

Transit Authority of Northern Kentucky
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024

Operating revenues:	
Passenger fares	\$ 2,156,454
Special transit fares	977,192
Advertising revenue	<u>346,668</u>
Total operating revenues	<u>3,480,314</u>
Operating expenses:	
Labor	15,067,364
Employee benefits	6,092,428
Materials and supplies	3,855,670
Services	1,207,829
Utilities	395,535
Casualty and liability insurance	1,780,860
Leases and rentals	247,010
Fuel taxes	296,436
Miscellaneous	<u>451,527</u>
Total operating expenses	<u>29,394,659</u>
Operating loss before depreciation	<u>(25,914,345)</u>
Depreciation expense:	
On assets acquired with capital grants	<u>5,683,151</u>
Operating loss	<u>(31,597,496)</u>
Nonoperating revenues:	
Federal grants and reimbursements	7,447,607
Commonwealth of Kentucky grants and reimbursements	479,067
Local grants	17,760,307
Investment income	552,449
Other nonoperating revenue	<u>10,818</u>
Total nonoperating revenues	<u>26,250,248</u>
Loss before other revenues, expenses, gains or losses	(5,347,248)
Capital grant revenue	<u>9,176,675</u>
Change in net position	3,829,427
Net position - beginning of year	<u>25,634,850</u>
Net position - end of year	<u>\$ 29,464,277</u>

See accompanying notes to the basic financial statements.

Transit Authority of Northern Kentucky
Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 3,427,357
Cash payments to suppliers for goods and services	(8,712,505)
Cash payments to employees for services	(14,722,175)
Cash payments for employee benefits	<u>(6,790,263)</u>
Net cash used in operating activities	<u>(26,797,586)</u>
Cash flows from noncapital financing activities:	
Federal, state, local subsidies	25,536,396
Other	<u>10,818</u>
Net cash provided by noncapital financing activities	<u>25,547,214</u>
Cash flows from capital and related financing activities:	
Capital grants received:	
Federal	7,979,752
State and local	1,207,496
Capital asset purchases	<u>(9,127,479)</u>
Net cash provided by capital and related financing activities	<u>59,769</u>
Cash flows from investing activities:	
Investment income	206,417
Purchases of investments	(888,773)
Proceeds from sale of investments	<u>917,537</u>
Net cash provided by investing activities	<u>235,181</u>
Change in cash and cash equivalents	(955,422)
Cash and cash equivalents - beginning of year	<u>1,783,577</u>
Cash and cash equivalents - end of year	\$ <u><u>828,155</u></u>
Reconciliation of cash and cash equivalents to the statement of net position:	
Cash and cash equivalents - current	\$ 787,842
Cash and cash equivalents - board designated	<u>40,313</u>
Cash and cash equivalents on statement of cash flows	\$ <u><u>828,155</u></u>

See accompanying notes to the basic financial statements.

Transit Authority of Northern Kentucky
Statement of Cash Flows (Continued)
Year Ended June 30, 2024

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (31,597,496)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	5,683,151
Changes in assets and liabilities:	
Accounts receivable - trade	(52,957)
Materials and supplies inventory	(241,554)
Prepaid items	(22,303)
Deferred outflows of resources	459,022
Accounts payable	(275,781)
Accrued payroll and payroll taxes	345,189
Other accrued expenditures	47,561
Accrued liability for accident claims	62,000
Net pension liability	(210,393)
Deferred inflows of resources	<u>(994,025)</u>
Net cash used in operating activities	\$ <u>(26,797,586)</u>
Non-cash investing transactions:	
Change in fair value of investments	\$ <u>346,032</u>

See accompanying notes to the basic financial statements.

1. ORGANIZATION AND DEFINITION OF THE ENTITY

The Transit Authority of Northern Kentucky (the "Authority" or "TANK") was created pursuant to section 96A of the Kentucky Revised Statute for the purpose of providing the public transportation in Boone, Campbell and Kenton Counties. As a political subdivision, it is distinct from, and is not an agency of the State of Kentucky, or any other local governmental unit. The Authority is not subject to federal or state income taxes.

The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board ("GASB"), "The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14). Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14 and 39, the Authority has no component units nor is it considered a component unit of any other governmental entity. The Authority is, however, considered to be a related organization to the counties of Boone, Campbell and Kenton (collectively the "Counties") by virtue of the County/TANK agreements (see Note 5) and the fact that the Authority's Board of Directors is appointed by the Judge Executives of their respective county.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization nor are the Counties accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Kentucky Revised Statute.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Budgetary Basis of Accounting

The Authority prepares an annual budget for internal use covering the period July 1 through June 30. A significant funding source of the Authority is federal and local grants that have grant periods that may or may not coincide with TANK's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months. The TANK's Board of Directors formally approves the annual budget with emphasis on complying with grant budgets, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances. Although the annual budget is reviewed and approved by the Authority, it is not a legally adopted budget.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with maturity, at the date of purchase, of three months or less to be cash equivalents.

Fair Value Measurement

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Prepaid Items

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

Materials and Supplies Inventory

Materials and supplies inventory are stated at cost using the average cost method. Inventory generally consists of maintenance parts and supplies for rolling stock, other transportation equipment and fuel.

Board Designated Assets

These assets are designated for the payment of accident claims under the Authority's self-insurance Program.

Capital Assets

Property, facilities and equipment are stated at historical cost. Donated capital assets are recorded at their acquisition value as of the date received. The cost of normal maintenance and repairs is charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective capital assets, as follows:

Buildings and improvements	20 – 40 years
Transportation equipment	5 – 12 years
General equipment	3 – 15 years
Revenue vehicles	5 – 12 years

Recognition of Revenue, Receivables and Advances from Governments

The Authority considers passenger fares, special transit and bus advertising revenues as operating revenues. Non-operating revenues are subsidies received from federal, state and local sources. Expenses incurred for the daily operations of the transit system are considered operating expenses. Passenger fares are recorded as revenue at the time services are performed and revenues pass through the farebox.

The Authority grants credit to advertising customers and passenger groups. The Authority considers all accounts receivable to be collectible; therefore, an allowance for doubtful accounts is not considered necessary by management. Accounts are charged to bad debt expense at the time they are determined to be uncollectible.

The Federal Transit Administration ("FTA") provides financial assistance and makes grants directly to the Authority for operation and acquisition of property, facilities and equipment. The Kentucky Transportation Cabinet ("Cabinet") provides reimbursement for a portion of the fuel tax paid by the Authority and provides grants for the acquisition of property, facilities and equipment. Operating grant awards made on the basis of entitlement periods are recorded as grant receivables and revenues over the entitlement period. Cabinet grants for the acquisition of property, facilities and equipment (reimbursement type grants) are recorded as grants receivable and credited to capital contributions when the related qualified capital outlay are incurred.

Historically, differences between capital outlay incurred and amounts received have been insignificant. Accordingly, no provision for uncollectible amounts is considered necessary by management. Capital assistance receivable from the local counties is adjusted for any differences determined to be uncollectible and charged to bad debt expense. For the year ended June 30, 2024, all receivables were deemed collectible and there was no bad debt expense.

Compensated Absences

The Authority accrues vacation as earned by its employees. Because rights to sick pay do not vest, TANK recognizes such costs when they are incurred.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Transit Authority of Northern Kentucky Disability and Retirement Allowance Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Passenger Fares

Passenger fares are recorded as revenue at the time services are performed.

Advertising Costs

Advertising and sales promotion costs are expensed as incurred. Advertising expense totaled \$251,073 for the year ended June 30, 2024, and is included in miscellaneous operating expenses in the statement of activities.

Nonexchange Transactions

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, primarily include reimbursement-type grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Net Position

Net position classifications are defined as follows:

Investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Unrestricted – This consists of net position that does not meet the definition of "investment in capital assets".

Adoption of New Accounting Pronouncements

For the fiscal year ended June 30, 2024, the Authority implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB 62*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement had no effect on beginning net position.

Upcoming Accounting Pronouncements

The Authority is currently evaluating the impact that the following GASB Statement, effective for fiscal year 2025, may have on its financial statements:

GASB Statement No. 101, *Compensated Absences*. This Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement’s objective is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether concentrations and constraints may limit the government’s ability to acquire resources or control spending and provides for required disclosures, as certain criteria are met, of the government’s vulnerability to the risk of a substantial impact.

3. CASH AND INVESTMENTS

A summary of cash and investments at June 30, 2024 is as follows:

Operating Accounts:	
Cash and cash equivalents	\$ 251,868
U.S. Government money market	576,287
Total cash and cash equivalents	828,155
Municipal bonds	5,361,179
U.S. Treasury/agency securities	496,425
Certificates of deposit	3,033,997
Total investments	8,891,601
Total	\$ 9,719,756

The bank balance of cash and cash equivalents as of June 30, 2024 was \$1,075,695. The difference representing outstanding checks and deposits. In addition, the Authority had \$500 of cash on hand.

Custodial Credit Risk: Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the Authority may not be able to recover the value of its deposits and investment or collateral securities that are in the possession of the financial institution. The Authority’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 the Authority. The Authority cash deposits at June 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the Authority’s agent bank in the Authority’s name.

Investment Policy: Statutes authorize the Authority to invest in various instruments. These are obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, obligations of any corporation of the United States government, collateralized and uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency, Commercial Paper rated in the highest category by a nationally recognized rating agency, bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities, and securities issued by a state or local government in the United States rated in one of the three highest categories by a nationally recognized rating.

The Authority’s investments in negotiable certificates of deposits (CDs) are held in the Authority’s name by the Trustees and are fully covered by FDIC.

Interest Rate Risk: Interest rate risk is the risk that the fair value of an investment may decline based on changes in market interest rates. This risk can be reduced, but not eliminated, through the use of common portfolio strategies such as structure (maintaining laddered maturity dates) and diversification (by type of investment, by issuer or by maturity date). Generally, the Authority utilizes a strategy of diversifying its investments while maintaining sufficient liquidity to cover anticipated operating expenses. The KRS limits the investment options for all Kentucky public entities, including TANK.

Transit Authority of Northern Kentucky
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

The following table presents the Authority's investments as of June 30, 2024, by length of maturity.

Investment Type	Fair Value	Rating*	Less			
			than 1 year	1 to 3 years	3 to 5 years	Thereafter
Municipal bonds	\$ 5,361,179	A - AA+	653,866	1,589,673	1,766,740	1,350,900
U.S. Treasury/agency securities	496,425	AA+	496,425	-	-	-
Negotiable certificates of deposit	3,033,997	N/A	1,203,798	1,830,199	-	-
Total investments	\$ 8,891,601		2,354,089	3,419,872	1,766,740	1,350,900

* Ratings per Standard and Ploors' and negotiable CD's are fully insured by FDIC.

Fair value hierarchy is based on 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 such as quoted prices for similar assets in active markets. Level 3 inputs are significantly unobservable inputs. At June 30, 2024, the Authority categorized fair value measurements of its municipal bonds, U.S. Treasury/agency securities, and negotiable CDs totaling \$8,891,601 as Level 2 inputs as fair value measures were obtained from trustees who use various pricing services.

Investment income includes all realized and unrealized gains and losses. Investment income was \$552,449 for the year ended June 30, 2024.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Transfers/ Disposals	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 2,252,930	-	-	2,252,930
Construction in progress	443,755	81,968	(443,755)	81,968
Subtotal	2,696,685	81,968	(443,755)	2,334,898
Capital assets being depreciated:				
Building improvements	14,822,996	248,939	-	15,071,935
Revenue vehicles	53,564,293	5,680,062	-	59,244,355
Transportation equipment	3,478,966	309,499	-	3,788,465
General equipment	11,772,847	2,807,011	443,755	15,023,613
Subtotal	83,639,102	9,045,511	443,755	93,128,368
Accumulated depreciation				
Building improvements	10,921,784	527,414	-	11,449,198
Revenue vehicles	31,021,656	4,196,644	-	35,218,300
Transportation equipment	3,192,589	111,368	-	3,303,957
General equipment	10,263,824	847,725	-	11,111,549
Subtotal	55,399,853	5,683,151	-	61,083,004
Net capital assets being depreciated	28,239,249	3,362,360	443,755	32,045,364
Net capital assets	\$ 30,935,934	3,444,328	-	34,380,262

5. FUNDING FROM LOCAL GOVERNMENTS

Boone, Campbell and Kenton counties provide capital and operating assistance annually to the Authority. Boone County funds its assistance from its general fund. Campbell and Kenton counties fund their portion from revenues of a payroll tax. Operating assistance is provided in an amount equal to the Authority's budgeted net loss before such assistance, excluding depreciation and losses (as defined) on the disposal of assets purchased with capital grants. As the year progresses, the operating assistance is allocated to cover the actual financial deficit of the Authority's operations during the year. Since the level of funding provided for any particular year is based on anticipated results, at the end of any particular year, the actual amount allocated may be more or less than the operating assistance provided for that year by the counties.

At June 30, 2024, unallocated operating assistance provided by each of the participating counties was as follows:

County:		
Boone	\$	1,591,852
Campbell		2,745,611
Kenton		<u>3,261,304</u>
Total	\$	<u><u>7,598,767</u></u>

6. DEFINED BENEFIT PENSION PLAN

Plan description. The Transit Authority of Northern Kentucky Disability and Retirement Allowance Plan (the "Plan") is a single employer defined benefit plan covering all employees of the Authority. The Plan was established in 1977 and is administered through a trust agreement with U.S. Bank. The Plan is administered by the Pension Committee, comprised of 4 members serving 4-year terms; 2 members appointed by Amalgamated Transit Union Local No. 628 and 2 members appointed by the Authority. The Plan issues a stand-alone financial report that can be obtained by contacting the Transit Authority of Northern Kentucky, 3375 Madison Pike, Fort Wright, Kentucky 41017.

Benefits provided. The Plan provides retirement, disability and death benefits. Employees are entitled to pension benefits beginning at normal retirement age (65). The pension benefit is equal to 1.4% or 0.9% (depending on the option chosen by the employee) of the highest monthly wage paid under the terms of the labor contract in effect in the year of retirement, multiplied by the number of years of service. The hourly pay rate used in the calculation for technical employees has been frozen at \$19.63, which was the rate in effect at December 31, 2007. The Plan permits early retirement at age 62, or age 55 with the completion of at least 30 years of service, in which the employee is entitled to his or her accrued benefit as noted above.

A non-vested member leaving the service of the Authority for any cause (other than retirement or disability retirement) shall be paid a refund equal to 100% of contributions made. If that member completed more than 24 calendar months as a member of the Plan, then he or she shall be refunded 100% of contributions plus 6% interest. No member, or beneficiary, entitled to a refund of contributions as stipulated under the Plan's provisions, shall in any way claim or have refunded any contribution made by the Authority into the Plan.

Active employees who become totally disabled after 10 years of continuous service receive monthly disability benefits equal to normal retirement benefits. Upon the death of a member, prior to their benefit commencement date, the estate shall be paid an amount equal to 100% of employee contributions plus interest of 6%. With respect to a member who has a non-forfeitable right to their accrued benefit in accordance with Plan provisions, who dies prior to their commencement date, and has a surviving spouse, the surviving spouse shall be entitled to a survivor annuity for the life of the surviving spouse.

All employees who become members on or after January 1, 2008, no matter their age, will be required to work at least 10 years to become vested in their pension benefits. Any retirees who are rehired by the Authority on or after January 1, 2008, will be required to work an additional 10 years in order to vest any additional benefits that accrue after they are rehired.

Plan membership. At December 31, 2023, Plan membership consisted of the following:

Vested and non-vested current employees	217
Retirees and beneficiaries currently receiving benefits	190
Terminated employees entitled to but not yet receiving benefits	16
Total Membership	423

Contributions. Employees who have not elected to contribute to the Kentucky Deferred Compensation Program are required to make weekly contributions to the Plan. Contribution requirements are established, and may be amended, by a collective bargaining agreement.

Plan members contributed 5.60% of the highest paid senior maintenance employee’s weekly wages for full-time employees, or 2.80% for part-time employees. The Authority contributed 6.40% of the highest paid senior maintenance employee’s weekly wages for each full-time member who has made their required mandatory contributions for the week; and 3.20% of the highest paid senior maintenance employee’s weekly wages for each part-time work list member and part-time maintenance member who has made their required mandatory contributions for the week. These contribution rates increased from the prior Plan year. The Authority contributed \$763,633 and employees contributed \$664,477 to the Plan for the year ended December 31, 2023.

Net Pension Liability

The Authority’s net pension liability was measured as of December 31, 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 December 31, 2023 actuarial valuation was determined using the entry age normal actuarial cost method, an investment rate of return of 6.53% (an increase from the prior measurement date rate of 6.00%), retirement ages based on experienced-based tables that are specific to the type of eligibility, and no future cost of living increases. The discount rate assumptions were changed from the prior actuarial valuation.

Mortality rates were based on Pub-2010 tables, using generational projections using Scale MP-2021.

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 adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate Return
Fixed Income	36%	4.88%
Equity Funds	61%	7.48%
Real Assets	3%	7.00%
	100%	6.53%

Discount rate. The discount rate used to measure the total pension liability was 6.53% (a decrease from the prior measurement date rate of 6.75%). The fiduciary net position is projected to be available to make all projected future benefit payments as of December 31, 2023. Therefore, the long-term expected rate of return on plan assets of 6.53% was used to measure the total pension liability.

Changes in the net pension liability.

	Increase (Decrease)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 25,602,905	\$ 11,395,303	\$ 14,207,602
Changes for the fiscal year:			
Service cost	489,657	-	489,657
Interest	1,646,250	-	1,646,250
Differences between expected and actual experience	99,357	-	99,357
Change in assumptions	520,965	-	520,965
Employer contributions	-	763,633	(763,633)
Employee contributions	-	664,477	(664,477)
Net investment income	-	1,588,089	(1,588,089)
Benefit payments, including refunds	(2,468,297)	(2,468,297)	-
Administrative expenses	-	(49,867)	49,867
Other	-	290	(290)
Net changes	<u>287,932</u>	<u>498,325</u>	<u>(210,393)</u>
Balances at December 31, 2023	<u>\$ 25,890,837</u>	<u>\$ 11,893,628</u>	<u>\$ 13,997,209</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 6.53%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.53%) or 1% higher (7.53%) than the current rate:

	1% Decrease (5.53%)	Current Discount Rate (6.53%)	1% Increase (7.53%)
Authority's net pension liability	\$ 16,601,391	\$ 13,997,209	\$ 11,787,536

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in the Plan's separately issued financial report.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Authority recognized negative pension expense of \$355,704. At June 30, 2024, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 57,958	\$ 47,950
Change in assumptions	303,896	381,469
Difference between projected and actual investment earnings	708,825	-
Contributions subsequent to the measurement date	389,692	-
	\$ 1,460,371	\$ 429,419

\$389,692 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$ (51,715)
2026	398,652
2027	457,677
2028	(163,354)
	\$ 641,260

7. LEASES AND MANAGEMENT SERVICE CONTRACT

The Authority has cancelable leases executed in one-year intervals for office space and a non-cancelable lease for bus tires that expired in September 2023, and was extended through September 2024 with a one-year extension and an option to extend for an additional year through September 2025. Future minimum lease payments for bus tires are based on type of vehicle and number of miles driven. Total rental expense for all operating leases was \$247,010 for the year ended June 30, 2024.

8. RISK MANAGEMENT

The Authority is exposed to various risks related to accident claims and has designated funds to finance portions of its uninsured risks of loss. The Authority is self-insured up to predetermined limits: individual accident claims up to \$100,000 and amounts in excess of \$1,000,000 per accident, with additional umbrella coverage in the amount of \$2,000,000. The Authority carries commercial insurance coverage for damage to Authority property as well as workers' compensation benefits and public officials' and employees' liability exposure. Claim expenses and liabilities are recorded when it is probable that a loss has occurred and the amount of that loss is reasonably estimated.

The liability recorded includes the estimated incremental expenses to be incurred to settle the claims. Claims liabilities are based on evaluations of individual claims and a review of the experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The claims liabilities represent the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Estimated future recoveries on settled and unsettled claims, such as subrogation's, if any, are evaluated in terms of their estimated realizable value and deducted from the liabilities for unpaid claims. Any adjustments resulting from the actual settlement of the claims are reflected in earnings at the time the adjustments are determined.

The changes in the liabilities for accident claims for the years ended June 30, 2024 and 2023 are as follows:

Balance, June 30, 2022	\$	310,500
Claims, net of changes in estimates		213,466
Payments		(132,966)
Balance, June 30, 2023		391,000
Claims, net of changes in estimates		432,866
Payments		(370,866)
Balance, June 30, 2024	\$	453,000

9. FEDERAL, STATE AND LOCAL GRANTS

Grants, reimbursements and special fare assistance in the statements of activities for the year ended June 30, 2024 consist of the following:

Federal:		
FTA operating assistance	\$	2,947,607
COVID stimulus funding		4,500,000
Total Federal	\$	7,447,607
Commonwealth of Kentucky:		
Cabinet fuel tax reimbursement	\$	140,556
State operating assistance		338,511
Total Commonwealth of Kentucky	\$	479,067
Local:		
Boone	\$	6,448,767
Campbell		3,964,102
Kenton		7,347,438
Total Local	\$	17,760,307

10. COMMITMENTS AND CONTINGENCIES

Federal, State and Local Grants

Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2024 there were no significant questioned costs that had not been resolved with the applicable federal, state and local agencies. Questioned costs could still be identified during the audits to be conducted in the future. In the opinion of the Authority's management, no material grant expenditures will be disallowed.

Legal Proceedings

The Authority has been named as a defendant in certain legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management, based on the advice of legal counsel, that the ultimate liability is not expected to have a material effect on the Authority's financial position.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TRANSIT AUTHORITY OF NORTHERN KENTUCKY

Schedule of Required Supplementary Information
 Schedule of Changes in the Authority's Net Pension Liability
 Last Eight Measurement Years (1)(2)

	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability								
Service cost	\$ 489,657	\$ 492,903	\$ 640,170	\$ 647,105	\$ 551,318	\$ 844,495	\$ 803,844	\$ 821,316
Interest	1,646,250	1,600,035	1,586,864	1,471,034	1,594,918	1,578,036	1,611,692	1,556,727
Differences between expected and actual experience	99,357	(239,746)	(567,235)	(25,743)	(189,794)	(586,875)	(600,442)	-
Changes in assumptions	520,965	(1,907,341)	193,298	795,199	1,584,275	(5,664,414)	747,664	-
Benefit payments	(1,825,003)	(1,706,364)	(1,682,465)	(1,586,183)	(1,507,913)	(1,422,096)	(1,344,128)	(1,231,378)
Refunds of contributions	(643,294)	(285,041)	(308,480)	(296,323)	(169,072)	(167,255)	(140,865)	(96,208)
Net change in total pension liability	287,932	(2,045,554)	(137,848)	1,005,089	1,863,732	(5,418,109)	1,077,765	1,050,457
Total pension liability-beginning	<u>25,602,905</u>	<u>27,648,459</u>	<u>27,786,307</u>	<u>26,781,218</u>	<u>24,917,486</u>	<u>30,335,595</u>	<u>29,257,830</u>	<u>28,207,373</u>
Total pension liability-ending (a)	<u>\$ 25,890,837</u>	<u>\$ 25,602,905</u>	<u>\$ 27,648,459</u>	<u>\$ 27,786,307</u>	<u>\$ 26,781,218</u>	<u>\$ 24,917,486</u>	<u>\$ 30,335,595</u>	<u>\$ 29,257,830</u>
Plan fiduciary net position								
Contributions-employer	\$ 763,633	\$ 704,425	\$ 653,672	\$ 707,322	\$ 680,819	\$ 656,248	\$ 654,481	\$ 617,230
Contributions-employee	664,477	612,939	564,807	613,342	588,320	565,469	562,649	535,200
Net investment income	1,588,089	(2,221,521)	1,639,777	1,620,603	2,146,862	(758,356)	1,725,241	709,461
Benefit payments	(1,825,003)	(1,706,364)	(1,682,465)	(1,586,183)	(1,507,913)	(1,422,096)	(1,344,128)	(1,231,378)
Refunds of contributions	(643,294)	(285,041)	(308,480)	(296,323)	(169,072)	(167,255)	(140,865)	(96,208)
Other income	290	566	-	-	-	-	-	-
Administrative expense	(49,867)	(61,102)	(70,896)	(49,771)	(54,938)	(49,450)	(57,119)	(43,906)
Net change in plan fiduciary net position	498,325	(2,956,098)	796,415	1,008,990	1,684,078	(1,175,440)	1,400,259	490,399
Plan fiduciary net position-beginning	<u>11,395,303</u>	<u>14,351,401</u>	<u>13,554,986</u>	<u>12,545,996</u>	<u>10,861,918</u>	<u>12,037,358</u>	<u>10,637,099</u>	<u>10,146,700</u>
Plan fiduciary net position-ending (b)	<u>\$ 11,893,628</u>	<u>\$ 11,395,303</u>	<u>\$ 14,351,401</u>	<u>\$ 13,554,986</u>	<u>\$ 12,545,996</u>	<u>\$ 10,861,918</u>	<u>\$ 12,037,358</u>	<u>\$ 10,637,099</u>
Authority's net pension liability-ending (a) - (b)	<u>\$ 13,997,209</u>	<u>\$ 14,207,602</u>	<u>\$ 13,297,058</u>	<u>\$ 14,231,321</u>	<u>\$ 14,235,222</u>	<u>\$ 14,055,568</u>	<u>\$ 18,298,237</u>	<u>\$ 18,620,731</u>
Plan fiduciary net position as a percentage of the total pension liability	45.94%	44.51%	51.91%	48.78%	46.85%	43.59%	39.68%	36.36%
Covered payroll	\$ 14,278,148	\$ 13,337,107	\$ 12,191,740	\$ 12,782,255	\$ 13,481,665	\$ 12,858,457	\$ 13,639,903	\$ 13,394,200
Authority's net pension liability as a percentage of covered payroll	98.03%	106.53%	109.07%	111.34%	105.59%	109.31%	134.15%	139.02%

(1) Information prior to 2016 was not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

(2) The amounts presented for each fiscal year were determined as of 12/31.

TRANSIT AUTHORITY OF NORTHERN KENTUCKY

**Schedule of Required Supplementary Information
Schedule of Authority Contributions
Last Eight Fiscal Years (1)**

	Fiscal Year Ended June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions (2)	\$ 1,692,544	\$ 1,714,725	\$ 1,736,905	\$ 1,719,119	\$ 1,701,333	\$ 1,722,674	\$ 1,744,015	\$ 1,744,015
Contributions in relation to the actuarial determined contributions (2)	<u>1,451,655</u>	<u>1,372,528</u>	<u>1,266,196</u>	<u>1,162,939</u>	<u>1,220,845</u>	<u>1,189,728</u>	<u>1,211,371</u>	<u>1,202,912</u>
Contribution deficiency (excess)	<u>\$ 240,889</u>	<u>\$ 342,197</u>	<u>\$ 470,709</u>	<u>\$ 556,180</u>	<u>\$ 480,488</u>	<u>\$ 532,946</u>	<u>\$ 532,644</u>	<u>\$ 541,103</u>
Covered payroll	\$14,641,479	\$13,996,620	\$13,152,229	\$12,318,488	\$12,553,216	\$12,587,854	\$12,027,800	\$12,033,784
Contributions as a percentage of covered payroll	9.91%	9.81%	9.63%	9.44%	9.73%	9.45%	10.07%	10.00%

(1) Information prior to 2017 was not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

(2) Actuarially determined contributions and contributions include contributions from both the Authority and its employees.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Asset valuation method	Market value of plan assets
Investment rate of return	6.75% per year, compounded annually
Retirement age	Experience-based tables that are specific to the type of eligibility
Mortality	Pub-2010 tables, projected generationally using Scale MP-2021
Cost of living adjustments	No increases

Change in assumptions:

In the 2017 valuation, the discount rate was decreased from 7.48% to 6.38%.

In the 2018 valuation, the retirement rates, termination rates, discount rate and mortality projection scale were changed.

In the 2019 valuation, the discount rate and mortality projection scale were updated.

In the 2020 valuation, the discount rate was changed from 6.38% to 5.92% and the mortality projection scale was updated.

In the 2021 valuation, the discount rate was changed from 5.92% to 6.00%.

In the 2022 valuation, the discount rate was changed from 6.00% to 6.75%.

In the 2023 valuation, the discount rate was changed from 6.75% to 6.53%.

Change in benefit terms:

In the 2018 valuation, the pay rate defining employee and employer contribution amounts were changed and the percentages of employee and employer contributions were increased.

In the 2020 valuation, the pay rate defining employee and employer contribution amounts were changed and the percentages of employee and employer contributions were increased.

In the 2021 valuation, the pay rate defining employee and employer contribution amounts were changed and the percentages of employee and employer contributions were increased.

In the 2022 valuation, the pay rate defining employee and employer contribution amounts were changed, the percentages of employee and employer contributions were increased, and an option to receive a lump sum distribution equal to an employee's total required contributions plus interest was added as a payment option for qualifying individuals.

In the 2023 valuation, the pay rate defining employee and employer contribution amounts were changed and the percentages of employee and employer contributions were increased.

**SUPPLEMENTARY
INFORMATION**

TRANSIT AUTHORITY OF NORTHERN KENTUCKY

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>
<u>U. S. Department of Transportation</u>			
Federal Transit Cluster (Direct Program):			
Federal Transit Administration (FTA):			
COVID-19 - Federal Transit—Formula Grants	20.507	KY-2022-012	\$ 4,500,000
	20.507	KY-2023-009	2,682,965
Federal Transit—Formula Grants	20.507	KY-2017-006	134,002
	20.507	KY-2020-002	7,414,296
	20.507	KY-2020-015	295,550
			<u>15,026,813</u>
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	KY-2020-002	77,830
	20.526	KY-2021-003	254,538
			<u>332,368</u>
Total Federal Transit Cluster			<u>15,359,181</u>
Transit Services Programs Cluster (Direct Program):			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	KY-2020-021	<u>22,554</u>
Total Transit Services Programs Cluster			<u>22,554</u>
Total U. S. Department of Transportation			<u>15,381,735</u>
Total Expenditure of Federal Awards			<u>\$ 15,381,735</u>

The accompanying notes are an integral part of this schedule.

TRANSIT AUTHORITY OF NORTHERN KENTUCKY

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") presents the activity of all federal financial assistance programs of Transit Authority of Northern Kentucky (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 the Authority, it is not intended to, and does not, present the financial position, activities and cash flows of the Authority for the year ended June 30, 2024.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

The Authority did not pass-through any federal awards to subrecipients during the year ended June 30, 2024.

3. MATCHING REQUIREMENTS

Certain federal programs require the Authority to contribute non-federal funds (matching funds) to support federally-funded programs. The Authority has complied with the matching requirements. The expenditures of non-federal (matching) funds are not included on the Schedule.

4. RELATIONSHIP OF FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports.

**INDEPENDENT AUDITORS' 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 Northern Kentucky
Ft. Wright, KY 41017

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 (*Government Auditing Standards*), the financial statements of the Transit Authority of Northern Kentucky (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Ft. Mitchell, KY
June 6, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Transit Authority of Northern Kentucky
Ft. Wright, KY 41017

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Transit Authority of Northern Kentucky's (the "Authority") 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 each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority 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 each major federal program. Our audit does not provide a legal determination of the Authority'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 the Authority's federal programs.

Auditors' 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 the Authority'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 the Authority's compliance with the requirements of each 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 the Authority'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 the Authority'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 the Authority'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Clark, Schaefer, Hackett & Co.

Ft. Mitchell, KY
June 6, 2025

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	

Federal Transit Cluster:

- ALN 20.507 – Federal Transit - Formula Grants
- ALN 20.507 – COVID-19 - Federal Transit - Formula Grants
- ALN 20.526 – Buses and Bus Facilities Formula, Competitive, And Low or No Emissions Programs

Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

2024-001: Federal Transit Cluster – Cash Management Noncompliance and Significant Deficiency in Internal Control

ALN's 20.507 and 20.526

U.S. Department of Transportation – Federal Transit Administration

Criteria: In accordance with 2 CFR § 200.305(b), when advance payments are made, they must be limited to the minimum amounts needed and timed to the actual, immediate cash requirements of the recipient. The Federal Transit Administration (FTA) further clarifies that federal funds drawn in advance must be disbursed within three business days to comply with this requirement. This standard is intended to minimize the time elapsing between the transfer of funds and disbursement.

Condition: The Authority drew down federal funds in advance of allowable expenditures and did not disburse the federal funds within the required three business days.

Cause: The Authority did not have adequate internal controls in place to ensure that federal funds were drawn only after costs had been incurred or that disbursements occurred within the required timeframe.

Effect: As a result of the noncompliance, the Authority was required to repay \$251,630 to the FTA.

Questioned Costs: \$251,630 drawn down in excess of the immediate need.

Context: For one drawdown in a sample of seven, the Authority drew down funds to be used for preventative maintenance costs during the month during the preceding month. As a result, the Authority held the funds until there were sufficient qualifying expenditures, which was for a time period in excess of three business days.

Recommendation: We recommend that the Authority strengthen its internal controls over cash management to ensure that federal funds are drawn only after expenditures have been incurred or that disbursements are made within three business days of receipt if drawn in advance. Staff should be trained on federal cash management requirements, and drawdown procedures should be reviewed and updated accordingly.

Views of Responsible Officials: See *Corrective Action Plan*

2024-002: Federal Transit Cluster – Procurement and Suspension and Debarment Noncompliance and Significant Deficiency in Internal Control

ALN 20.507 and 20.526

U.S. Department of Transportation – Federal Transit Administration

Criteria: Per 2 CFR § 200.318(i), non-Federal entities must maintain records sufficient to detail the history of a procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Additionally, 2 CFR Part 180 requires that contracts be awarded only to responsible contractors. Verification of responsibility includes checking the System for Award Management (SAM.gov) or obtaining certifications.

Under Appendix II to 2 CFR Part 200, contracts made under federal awards must include specific provisions, including those related to termination, lobbying, and Buy America certifications, where applicable.

Condition: In its procurement files, the Authority's had missing documentation of procurement history, absence of required contract clauses, lack of evidence of contractor responsibility determination and missing lobbying and Buy America certifications.

Cause: The Authority did not have adequate internal controls in place to ensure compliance with federal procurement requirements, including documentation, contractor responsibility verification, and inclusion of required contract clauses and certifications.

Effect: The absence of required documentation, verifications, and certifications opened the Authority to increased risk of noncompliance with federal procurement standards, potential ineligibility of costs, and exposure to audit disallowances or grant repayment.

Questioned Costs: None identified.

Context: For one out of ten transactions tested exceeding the micro-purchase threshold, the Authority failed to maintain a complete record of the procurement history and its determination on the status of the contractor responsibility and was missing required clauses and certifications in the contract details.

Recommendation: We recommend that the Authority implement comprehensive internal control procedures over procurement to ensure compliance with federal requirements. This should include maintaining complete procurement documentation, verifying contractor responsibility through SAM.gov or equivalent, including all required federal clauses and certifications in solicitations and contracts, and providing adequate training to procurement staff on federal requirements and documentation standards.

Views of Responsible Officials: See Corrective Action Plan



3375 Madison Pike, Ft. Wright KY 41017

From the desk of Gina Douthat,

General Manager

To: Board of Directors

From: Gina Douthat, TANK GM

Date: June 6, 2025

Subject: Corrective Action Plan in Response to FY2024 Audit Findings

In response to the FY2024 audit conducted in accordance with Government Auditing Standards and the Uniform Guidance, the Transit Authority of Northern Kentucky (TANK) has developed the following Corrective Action Plan (CAP) which addresses the audit deficiencies presented in the auditor's report dated June 6, 2025. The plan outlines specific actions that have been completed to bring the Authority into full compliance with federal requirements, improve internal controls over financial reporting and program management and adjust procurement procedures to align with FTA requirements. These actions were undertaken between July 2024-March 2025 in response to the deficiencies identified in our Triennial (2021-2024) review conducted by the FTA in May 2024.

Finding 2024-001: Federal Transit Cluster – Cash Management/Financial Management and Capacity (Noncompliance and Significant Deficiency in Internal Control)

Condition:

TANK staff drew down federal funds in advance of allowable expenditures and did not disburse the federal funds within the required three business days.

Corrective Action:

TANK has worked with the FTA to address this finding. We have developed procedures for: adherence to federal regulations related to federal grants management, training of all staff involved in the management of federal grants, and identifying back-ups who are trained/educated on doing this work.

The procedures include explicit instruction on federal drawdown procedures and timelines, ECHO Reimbursement procedures, cash management of federal funds and training plans/compliance associated with these drawdowns. The procedures have been accepted by the FTA and are now active.

Repayment was made to the grant in May 2025 and no penalties were assessed.

Responsible Party: Sutton Rowley, FP&A Manager

Anticipated Completion Date: Complete and finding was closed on March 24, 2025.

Deficiency Code	Review Area	Open Date	Original Due Date	Extended Due Date	Close Date	Status
F4-1 - ECHO documentation deficient	Financial Management and Capacity	7/10/2024	10/10/2024	2/14/2025	3/24/2025	Closed: Resolved
F4-2 - Funds not disbursed timely	Financial Management and Capacity	7/10/2024	10/10/2024	2/14/2025	3/24/2025	Closed: Resolved

Finding 2024-002: Federal Transit Cluster – Procurement and Suspension and Debarment (Noncompliance and Significant Deficiency in Internal Control)

Condition:

In some procurement files, TANK had missing documentation of procurement history, missing required contract clauses, lack of evidence of contractor responsibility determination and missing lobbying and Buy America certifications.

Corrective Action:

- TANK implemented new procurement procedures and a revised checklist which outline and confirm all of the FTA-required clauses for any federal procurement.
- TANK documented and submitted procedures for obtaining signed lobbying and Buy America certifications in all procurements over \$100,000/\$150,000.
- TANK documented our procurement procedure which requires a responsibility determination to verify that contractors were not debarred or suspended from participating in federal awards by checking for System Award Management (SAM) certification.
- TANK included in the new procurement procedures an update of the record-keeping of procurement history to include elements such as rationale for the method of procurement; selection of contract type; reason for contractor selection or rejection; and basis for the contract price.

Responsible Party: Lyndi Whiteker, Procurement Analyst

Anticipated Completion Date: Complete and findings were closed between 7/19/2024-11/26/2024.

Deficiency Code	Review Area	Open Date	Original Due Date	Extended Due Date	Close Date	Status
P11-1 - Missing FTA clauses	Procurement	7/10/2024	7/10/2024		7/10/2024	Closed: Resolved
P12-2 - Lobbying certifications not included in procurement solicitations or signed by bidders	Procurement	7/10/2024	12/10/2024		11/26/2024	Closed: Resolved
P12-4 - Contract files lacking signed Buy America certifications	Procurement	7/10/2024	7/10/2024		7/10/2024	Closed: Resolved
P4-1 - Responsibility determination deficiencies	Procurement	7/10/2024	7/10/2024		7/10/2024	Closed: Resolved
P5-1 - Incomplete written documentation of procurement history	Procurement	7/10/2024	7/10/2024		7/10/2024	Closed: Resolved
P8-5 - Lacking required justification(s) and documentation for noncompetitive award(s)	Procurement	7/10/2024	7/10/2024		7/10/2024	Closed: Resolved

