RideKC
Kansas City Area
Transportation Authority

ADDENDUM NO. 1

RFP #G24-7007-35A
INDEPENDENT AUDIT SERVICES

Issue Date: July 23, 2024

This Addendum is hereby made a part of the Request for Proposal (RFP) Documents to the same extent as if it was originally included therein and is intended to modify and/or interpret the RFP documents by additions, deletions, clarifications, or corrections. The Offeror shall acknowledge receipt of this Addendum in their Proposal on the attached "Receipt of Addenda" form, which is to be included with the Proposal submittals

PROPERPOSER QUESTIONS

1. Q: What were the fees for the 2023 audit? 2022 audit? Were there any additional out of scope billings in either year? What was the total contract amount for the 2023 engagement and were there any additional out-of-scope billings?

   A: Any requests for documents relating to the previous contract, including contract and fees, must be submitted to Ms. Jill Spurling at jspurling@kcata.org.

2. Q: Section 4.5A of the RFP requires the proposer to submit two years of the firm's audited financial statements; however, our firm is privately held and has no outstanding debt. The firm has no audit requirement and does not have audited financial statements. In response to these types of requests, we typically provide condensed unaudited financial data as well as a letter from our bank indicating we are in good standing. Will this be acceptable?

   A: Yes.

3. Q: The exceptions to the standard terms and conditions must be a part of the technical proposal, but the proposal has a 30-page limit. Can the exceptions be excluded from the 30-page limit?

   A: The exceptions are excluded from the page count and may be included as an Appendix to the proposal.

4. Q: Does KCATA prepare the financial statements and footnotes for the ACFR or does the auditor assist?

A: KCATA personnel would prepare the Annual Comprehensive Financial Report when this was being done. The plan is to start reporting again. The auditors reviewed the reports and made recommendations.

5. Q: If the financial statements are prepared by KCATA, approximately when are they available to the auditor? And when has year-end fieldwork typically start?

A: KCATA targeted to have the financials ready and PBC schedules prepared by the last week in February when the audit would begin. KCATA targets to have the financial statements prepared by the end of January.

6. Q: Do you prefer on-site fieldwork, remote, or a combination of both?

A: A hybrid arrangement would be best with an emphasis on remote as this is the most practical.

7. Q: Is there a DBE/SBE goal or requirement for this RFP?

A: There is no diversity goal established for this project.

8. Q: On Attachment D, there is a line for the hours and price for "Salaried Pension Audit – Full" and then a separate line for "Salaried Pension Audit – Limited". Are there two separate reports or engagements related to the Salaried Pension Audit? I only saw one included in the scope of services.

A: The line-item pricing for "Limited Pension Audits" is not required. Please indicate $0 or N/A.

9. Q: In section 2.3.A.6 it references a report for the pension audit. Can you provide a copy of the latest audit report that has been issued related to pensions?

A: The 2022 report included with this Addendum is the latest report.

10. Q: Can you provide a copy of the last NTD certification?

A: The most recent report from 2021 is included with this Addendum.

11. Q: What is the target date to have all information ready for the auditors?

A: KCATA is targeted to have financials finalized and PBC schedules prepared by the last week of February when the audit would begin.

12. Q: When are the financial statements and notes ready for review?

A: See response above. KCATA targets to have the prior year financials completed by the end of January.

13. Q: Have there been any interim testing completed in prior years? If so, when would be the best time to complete this testing?

A: Yes, interim testing was done in the November/December timeframe. Mid-Month works best to avoid holidays.

14. Q: How many auditors are typically on-site for fieldwork?

A: Before COVID, there would be 2 to 3 auditors onsite but now almost all of the audits are done remotely.

15. Q: Is there a preference for on-site, remote, or hybrid in relation to completing the final fieldwork?

A: A hybrid arrangement would be best with an emphasis on remote as this is the most practical.

16. Q: Have there been any adjustments from the auditors in prior years?

A: KCATA has not needed to revise the financials. There have been discussion items in the letter to the Board with uncorrected misstatements, but these are uncommon.

17. Q: Any major changes at the organization that we would need to know about as potential auditors?

A: The funding shortfall to be covered by reserve per KCMO 2024_2025 contract is the biggest issue.

18. Q: Please provide a copy of the most recent audited financial for the Kansas City Area Transportation Authority Retirement Plan for Salaried Employees.

A: The 2022 Salaried Pension audit is included with this Addendum.

22. Q: Please provide a copy of the most recent single audit report.

A: The Compliance Report from 2022 is included with this Addendum.

24. Q: Does the Authority prepare the financial statements for each of the Authority audits as well as the retirement plan audit, or is that part of the auditor scope of services?

A: KCATA prepares the internal financial statements which are then given to the auditors. The audit firm will be responsible for the financial statement reports and the related footnotes. But most of the needed information is provided in the PBC process.

25. Q: Did the RideKC Development Corporation dissolution occur in 2023, or will that change first be reported in the 2024 audited financial statements?

A: RideKC Development was dissolved in 2023 so it is not applicable to future audits.

26. Q: Can you please confirm what the DBE, SBE, MBR, WBE, and SLBE goal is for this contract?

A: No Goal

27. Q: If the current firm is using a DBE, SBE, MBR, WBE, or SLBE, please provide the name of the firm.

A: No goal on previous contract.

28. Q: Has the Authority paid amounts over and above the contractual amount to the audit firm in the last three years and if so, how much were those payments and for what?

A: There have not been any out-of-scope fees related to the audits.

29. Q: Is Attachment F-2 to be completed for the entire proposing firm, or just for the proposed engagement team?

A: The form should be completed for the entire firm. However, for large firms KCATA will accept EEO-1 documents that are branch specific.

30. Q: Are there any leases or SBITA's recorded as a result of the 2023 implementation of GASB 87 and 96? And any upcoming agreements that would be new leases or SBITA's in scope of these standards for 2024?

A: KCATA implemented GASB 87 in 2022 and GASB 96 in 2023. As a normal part of our business, the auditors can expect that there will be new agreements for although the leasing is much less prevalent.

31. Q: What are the biggest challenges for the Authority over the next 5 years?

A: The biggest challenge for the authority is funding shortfall that we are currently experiencing and could continue into the future. Also balancing zero fare policy with safety for our operators and the public that has enjoyed not having to worry about having the fare or a pass to ride system.

32. Q: Do the auditors typically identify any journal entries or compliance findings during the audit? If so, how many?

A: KCATA has not needed to revise the financials but there have been discussion items in the letter to the Board with uncorrected misstatements, but these are uncommon.

33. Q: Are there any scope changes compared to the prior year audit contract?

A: No scope changes

34. Q: How much assistance did the previous audit firm provide in terms of preparation of the financial statements or any other schedules such as long-term liabilities, pension, OPEB, GASB 87, 96 etc.?

A: The auditors draft the external financial statements based on the trial balance and prepare the footnotes. The footnote information comes from the client during the PBC process. KCATA does not get direct help from the auditors related to preparing entries but uses the auditors as a resource when questions arise.

35. Q: Would there be a possibility to submit two contract fee options based on different contract terms and renewal conditions? Specifically, one option with a 1-year term followed by four 1- year renewal periods and another option for a single 5-year contract term.

A: Proposers may submit alternative proposals. The alternative proposals must be detailed in the Technical Proposal and pricing for the alternative must be submitted on a separate price proposal form and clearly labeled.

ATTACHMENT

- KCATA Compliance 2022 Final
- KCATA Financial Report 2022 Final
- KCATA Salaried 2022 Final
- KCATA 21 NTD AUP Final

END OF ADDENDUM

RCEIPT OF ADDENDA

RFP #G24-7007-35A
KCATA INDEPENDENT AUDIT SERVICES

Offerors shall return this **RECEIPT OF ADDENDA** form when submitting your proposal. The form shall be signed and dated by an authorized representative of the firm. Failure to submit this form may deem the Offeror non-responsive. As additional Addenda is issued, please notate the date received below.

We hereby acknowledge that the Addenda noted below have been received and all information has been incorporated in the RFP as required.

Addendum # 1 Dated _7/23/2024_________ Date Received _____________

Company Name: ______________________________

Address: ______________________________

City/State/Zip Code: ______________________________

Telephone: ____________________ Fax: ____________________

Printed Name: ______________________________

Authorized Signature: ______________________________

Email Address: ______________________________

Kansas City Area Transportation Authority

Compliance Report
December 31, 2022

Contents

RSM US LLP

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*

Independent Auditor's Report

Board of Commissioners
Kansas City Area Transportation Authority

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 business-type activities and fiduciary activities of the Kansas City Area Transportation Authority (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 12, 2023. The financial statements of the Authority's pension trust funds (fiduciary activities) were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Authority's pension trust funds (fiduciary activities). Our report includes an emphasis of matter paragraph for the Authority's implementation of GASB Statement No. 87, *Leases*. Our opinions were not modified with respect to this matter.

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 opinions 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.

RSM US LLP

Kansas City, Missouri
May 12, 2023

RSM US LLP

**Report on Compliance for the Major Federal Program,
Report on Internal Control Over Compliance, and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Commissioners
Kansas City Area Transportation Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Kansas City Area Transportation Authority'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 the Authority's major federal program for the year ended December 31, 2022. The Authority'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, the Authority 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 December 31, 2022.

Basis for Opinion on the 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 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.

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 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 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 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.

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 and fiduciary activities of the Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 12, 2023, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter paragraph for the Authority's implementation of GASB Statement No. 87, *Leases*. Our opinions were not modified with respect to this matter. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
May 12, 2023

Kansas City Area Transportation Authority

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Program	Grant Number or Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Direct Funding				
Federal Transit Cluster:				
Federal Transit Formula Grants	MO-90-X295	20.507	$ 110,399	$ 166,982
Federal Transit Formula Grants	MO-90-X315	20.507	5,989	115,603
Federal Transit Formula Grants	MO-90-X316	20.507	-	489,918
Federal Transit Formula Grants	MO-90-X328	20.507	-	63,684
Federal Transit Formula Grants	MO-90-X331	20.507	-	554,868
Federal Transit Formula Grants	MO-90-X357	20.507	-	2,503,272
COVID-19 - Federal Transit Formula Grants - CARES	MO-90-X360	20.507	765	6,978,596
COVID-19 - Federal Transit Formula Grants - CARES	MO-90-X365	20.507	-	605,744
Federal Transit Formula Grants	MO-90-X369	20.507	399,998	491,450
Federal Transit Formula Grants	MO-90-X370	20.507	-	227,366
Federal Transit Formula Grants	MO-95-X262	20.507	-	7,920
Federal Transit Formula Grants	MO-95-X272	20.507	-	990,481
Federal Transit Formula Grants	MO-95-X282	20.507	-	43,480
Federal Transit Formula Grants	MO-90-X385	20.507	-	6,102,682
COVID-19 - Federal Transit Formula Grants - CRRSAA	MO-90-X387	20.507	1,183,858	24,451,849
Federal Transit Formula Grants	MO-90-X382	20.507	405,000	405,000
Federal Transit Formula Grants	MO-90-X384	20.507	496,136	496,136
COVID-19 - Federal Transit Formula Grants - ARPA	MO-90-X394	20.507	1,730,000	23,963,411
Federal Transit Formula Grants	MO-90-X395	20.507	-	35,598
Federal Transit Formula Grants	MO-90-X398	20.507	-	5,922,450
Federal Transit Formula Grants	MO-95-X291	20.507	50,595	50,595
Federal Transit Capital Investment Grant	MO-03-0121	20.500	-	35,585
Federal Transit Capital Investment Grant	MO-94-X001	20.500	-	11,693
Bus and Bus Facilities Formula Grant	MO-34-X019	20.526	-	159,249
Bus and Bus Facilities Formula Grant	MO-34-X023	20.526	-	25,553
Subtotal			4,382,740	74,899,165
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	MO-16-X057	20.513	132,446	155,193
Enhanced Mobility of Seniors and Individuals with Disabilities	MO-16-X073	20.513	732,406	801,321
Subtotal			864,852	956,514
Public Transportation Innovation	MO-26-X002	20.530	-	498,400
National Infrastructure Investments	MO-79-X005	20.933	1,222,230	1,225,422
Total U.S. Department of Transportation			6,469,822	77,579,501
U.S. Department of Health & Human Services				
Passed through Missouri Department of Social Services				
Title XIX Transportation Operating Assistance	1105-MO-5-ADM	93.778	-	93,780
Total expenditures of federal awards			$ 6,469,822	$ 77,673,281

See notes to schedule of expenditures of federal awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Kansas City Area Transportation Authority (Authority) under programs of the federal government for the year ended December 31, 2022. The information presented in this schedule is in accordance with the requirements of the 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 the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on 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.

Note 3. Indirect Cost Rate

The Authority elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Kansas City Area Transportation Authority

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

The prior year single audit disclosed no findings in the *Schedule of Findings and Questioned Costs* and no uncorrected or unresolved findings exist from the prior audit's *Summary of Prior Audit Findings.*

Kansas City Area Transportation Authority

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes _x_ No
- Significant deficiencies identified? ___ Yes _x_ None reported

Noncompliance material to financial statements noted? ___ Yes _x_ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes _x_ No
- Significant deficiencies identified? ___ Yes _x_ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? ___ Yes _x_ No

Identification of major federal program:

Federal ALN	Name of Federal Program or Cluster
	Federal Transit Cluster:
20.500	Federal Transit Capital Investment Grant
20.507	Federal Transit Formula Grants
20.507	COVID-19 - Federal Transit Formula Grants
20.526	Bus and Bus Facilities Formula Grant

Dollar threshold used to distinguish between type A and type B programs: $2,330,198

Auditee qualified as low-risk auditee? _x_ Yes ___ No

(Continued)

II. Financial Statement Findings

A. Internal Control

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported

B. Instances of Noncompliance

None reported

Kansas City Area Transportation Authority

Financial Report
December 31, 2022

Contents

RSM US LLP

Independent Auditor's Report

Board of Commissioners
Kansas City Area Transportation Authority

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the business-type activities and fiduciary activities of the Kansas City Area Transportation Authority (the Authority) as of and for the years ended December 31, 2022 and 2021, 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 present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Kansas City Area Transportation Authority as of December 31, 2022 and 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audits 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 Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Pension Trust Funds were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter
As discussed in Note 5, the Authority adopted GASB Statement No. 87, *Leases*. The impact to the financial statements, as a result of the adoption of this pronouncement is disclosed in Note 5. Our opinions are not modified with respect to this matter.

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.

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 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 and pension and other postemployment benefit plan information, 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 response 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules and statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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. Such information has been subjected to the auditing procedures applied in the audits 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 combining schedules and statements 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 May 12, 2023 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.

RSM US LLP

Kansas City, Missouri
May 12, 2023

The following management's discussion and analysis of the Kansas City Area Transportation Authority's (the Authority or KCATA) financial performance provides an overview of the financial activities for the fiscal years ended December 31, 2022 and 2021. Please read it in conjunction with the Authority's basic financial statements and notes.

Financial Highlights for Fiscal Year 2022 vs. 2021

- The KCATA continued the Zero Fare KC initiative which helped to offset the impacts of the COVID pandemic and to improve transportation access, the initiative eliminates most passenger fares which resulted in operating revenue remaining low. Net position of the Authority increased by $7.2 million in 2022 compared to 2021 due to a variety of factors. Federal COVID funding increased by $30.1 million as CRRSAA and ARP funding was utilized to offset operating costs. Depreciation expense increased $2.8 million. This activity resulted in a $17.2 million increase in the Authority's net position before capital funding for 2022 as compared to 2021. The remaining change to net position was due to capital related federal grants and funding recoveries decreasing $8.2 million.
- In April of 2004, Kansas City, Missouri retailers began collecting the 3/8-cent sales tax approved in November 2003 by citizens of Kansas City, Missouri (the City) to support public transit and the Authority. The sales tax was renewed, effective April 2009, for 15 years through March 2024. A total of $465,384,596 had been received by the Authority from the 3/8-cent sales tax from inception through December 2022.

Financial Highlights for Fiscal Year 2021 vs. 2020

- Net position of the Authority decreased by $1.9 million in 2021 compared to 2020 due to a variety of factors. To offset the impacts of the COVID pandemic and to improve transportation access, most passenger fares were eliminated which resulted in lost operating revenues of $2.1 million. Services were reduced for communities served however the City of Kansas City, Missouri sales tax transfers to KCATA were increased for zero fare which increased funding from local governments of $1.8 million. These same service reductions resulted in a $4.7 million decrease to operating expenses to offset the operating revenue loss. Depreciation expense decreased by $1.6 million due to fully depreciated assets and adjustment of lives on fleet vehicles. Federal COVID funding increased by $3.2 million as CARES and CRRSAA funding was utilized to offset operating costs not covered by these revenues. A prior year nonrecurring loss on disposition of capital assets for the transfer of all assets including property associated with the Country Club Right-of-Way to KCMO resulted in an increase of $1.5 million. This activity resulted in a $2.6 million increase in the Authority's net position before capital funding for 2021 as compared to 2020. The remaining change to net position was due to capital related federal grants and funding recoveries increasing $3.3 million due to purchase of fleet vehicles in 2021.
- In April of 2004, Kansas City, Missouri retailers began collecting the 3/8-cent sales tax approved in November 2003 by citizens of Kansas City, Missouri (the City) to support public transit and the Authority. The sales tax was renewed, effective April 2009, for 15 years through March 2024. A total of $434,728,106 had been received by the Authority from the 3/8-cent sales tax from inception through December 2021.

Overview of the Financial Statements

This report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information and Supplementary Information. The basic financial statements also include notes that provide more detail for some of the data presented.

Components of the Financial Statements

Basic financial statements. The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund using the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred.

The Authority's basic statements are the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows.

The statements of net position report the difference between the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and provides one way to measure the Authority's financial health or position.

The statements of revenues, expenses and changes in net position report all revenues earned and expenses incurred during the current fiscal year.

The statements of cash flows provide information on the Authority's cash receipts and cash payments during the reporting period.

The statements of fiduciary net position and changes in fiduciary net position provide information about the Authority's Pension Trust Funds. The resources of these funds are not available to support the Authority's programs or operations. These funds are comprised of the activity of the Authority's Salaried Employees Retirement Plan and Union Employees Pension Plan.

The basic financial statements can be found on pages 13–19 of this report and represent combined results for Fixed Route and RideKC Freedom operating divisions, as well as the RideKC Development Corporation, a blended component unit.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements, such as the Authority's accounting methods and policies. The notes to basic financial statements can be found on pages 20 through 55 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees and information regarding the Authority's other postemployment benefit plan. Required supplementary information can be found on pages 56 through 67 of this report.

Changes in Net Position

Fiscal Year 2022 vs. 2021

The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $149.7 million for the fiscal year ending December 31, 2022.

The Authority's net position primarily consists of its net investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles) which total $129.4 million. The second largest component are the restricted balances of $37.8 million. Restricted funds are comprised of two types: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations. Unrestricted funds increased from negative $19.7 million in 2021 to a negative $17.5 million due to decreases of $1.8 million OPEB liability, increase of $19 million pension liability, increase of $8.1 million current assets and a decrease of $0.8 million net pension asset.

These increases in net position are offset by reductions of $6.8 million of deferred inflows of pension and OPEB liabilities and increases of $9.9 million deferred outflows of pension and OPEB resources.

Fiscal Year 2021 vs. 2020
The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $142.6 million for the fiscal year ending December 31, 2021.

The Authority's net position primarily consists of its net investment in capital assets (e.g., land, buildings, transit facilities and revenue vehicles) which total $136.6 million. The second largest component are the restricted balances of $25.7 million. Restricted funds are comprised of two types: (1) restricted for the replacement of capital assets and (2) 3/8-cent sales tax not yet applied to operations. Unrestricted funds increased from negative $24.1 million in 2020 to a negative $19.7 million due to decreases of $6.9 million OPEB liability, $13.4 million pension liability and increases of $0.8 million current assets and $0.8 million net pension asset.

These increases in net position are offset by reductions of $15.6 million of deferred inflows of pension and OPEB liabilities and decreases of $2.2 million deferred outflows of pension and OPEB resources.

Table 1 - Condensed Statements of Net Position
As of December 31, 2022, 2021 and 2020

	2022	2021	2020
Current and other assets	**$ 74,757,103**	$ 54,896,130	$ 59,427,519
Capital assets, net	**135,955,286**	136,783,188	136,238,082
Total assets	**210,712,389**	191,679,318	195,665,601
Deferred outflows of resources	**16,930,683**	7,073,308	9,304,811
Current and other liabilities	**20,492,089**	11,481,503	11,992,958
Noncurrent liabilities	**39,697,867**	20,159,195	39,615,645
Total liabilities	**60,189,956**	31,640,698	51,608,603
Deferred inflows of resources	**17,707,817**	24,556,114	8,921,213
Net position:			
Net investment in capital assets	**129,387,343**	136,616,049	136,238,082
Restricted	**37,848,996**	25,686,232	32,271,433
Unrestricted	**(17,491,040)**	(19,746,467)	(24,068,919)
Total net position	**$ 149,745,299**	$ 142,555,814	$ 144,440,596

Fiscal Year 2022
A portion of the Authority's net position, $37.9 million, represents resources that are subject to external restrictions on how resources may be used. The restrictions are set by sales tax legislation and contracts with local jurisdictions. The restricted net position includes local contributions restricted for the replacement of capital assets and 3/8-cent sales tax funds which have not yet been applied to operations.

The $19 million or 36.2% increase in current and other assets in 2022 compared to 2021 is attributable to increases of $11 million due from federal government and $12.2 million restricted cash and investments. The increases are offset by decreases of $1.4 million of cash and investments and $0.7 million accounts receivable.

Capital assets, net, decreased by $0.8 million or 0.6% compared to 2021. The change was the result of Capital projects-in-progress accounts decreasing $15.1 million, primarily due to the capitalization of $17.2 million Prospect Max capital improvements and Security Camera Upgrades of $.8 million. Fixed Assets increased $31.2 million in 2022, primarily due to the capitalizations of Land with $4.1 million; and Prospect Max capitalizations, including Structures with $21.2 million; Bus Stop Signs with $4.7 million; and Bus Stop Improvements with $6.4 million. This was offset by $10.6 million in disposals in 2022. These items are reduced by a $5.4 million increase in accumulated depreciation.

Noncurrent liabilities experienced an increase of $19.5 million or 97%. This increase was due to increases of $19 million of net pension liability, $1.2 million in compensated absences and $1.0 million worker's compensation claims, the increase in noncurrent liabilities is offset by a reduction of $1.8 million of total OPEB liability.

Fiscal Year 2021

A portion of the Authority's net position, $25.7 million, represents resources that are subject to external restrictions on how resources may be used. The restrictions are set by sales tax legislation and contracts with local jurisdictions. The restricted net position includes local contributions restricted for the replacement of capital assets and 3/8-cent sales tax funds which have not yet been applied to operations.

The $4.5 million or 7.6% decrease in current and other assets in 2021 compared to 2020 is attributable to decreases of $3.8 million due from federal government and $6.2 million restricted cash and investments. The decreases are offset by increases of $4.4 million of cash and investments and $1.0 million accounts receivable.

Capital assets, net, increased by $0.5 million or 0.4% compared to 2020. The change was the result of additions in revenue fleet vehicles of $4.1 million, capital projects in progress of $1.6 million, equipment and structures of $0.8 million, and other furniture and equipment of $0.5 million. These items are reduced by a $6.5 million increase in accumulated depreciation.

Noncurrent liabilities experienced a decrease of $19.5 million or 37.7%. This decrease was due to reductions of $13.4 million of net pension liability and $6.9 million of total OPEB liability.

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Operating revenues:			
Passenger revenues	$ 463,100	$ 588,152	$ 2,789,376
Charter and stadium express	1,125	1,975	3,413
Other	567,250	360,031	260,837
Total operating revenues	1,031,475	950,158	3,053,626
Nonoperating revenues:			
Investment income (loss)	(1,027,295)	(297,031)	2,639,888
Operating funding	119,724,905	89,586,037	87,753,014
Federal grant revenue received for subrecipients	6,469,822	3,128,546	6,034,373
Federal grant revenue received on behalf of others	8,492,966	5,414,033	4,409,712
Other	1,703,028	1,543,601	2,029,045
Gain on disposal of assets	1,342	21,999	-
Total nonoperating revenue	135,364,768	99,397,185	102,866,032
Total revenue	136,396,243	100,347,343	105,919,658
Operating expenses:			
Transportation	48,141,215	43,899,400	46,508,336
Maintenance	23,043,325	20,731,352	23,371,639
Public liability and property damage claims	2,063,688	1,985,999	2,190,382
General and administrative	27,066,597	24,149,532	21,830,556
Depreciation and amortization	14,492,370	11,685,238	13,297,003
Total operating expenses	114,807,195	102,451,521	107,197,916
Nonoperating expenses:			
Debt service reimbursement to Jackson County	1,401,647	1,402,147	1,401,272
Federal funds passed through to subrecipients	6,469,822	3,128,546	6,034,373
Federal funds spent on behalf of others	8,492,966	5,414,033	4,409,712
Loss on disposal of assets		-	1,535,824
Total expenses	131,171,630	112,396,247	120,579,097
Excess (deficiency) before capital contributions	5,224,613	(12,048,904)	(14,659,439)
Capital related grants and funding	1,964,872	10,164,122	6,869,121
Change in net position	7,189,485	(1,884,782)	(7,790,318)
Net position, beginning of the year	142,555,814	144,440,596	152,230,914
Net position, end of year	$ 149,745,299	$ 142,555,814	$ 144,440,596

Revenues

Fiscal Year 2022 vs. 2021

In 2022, total revenue, which includes operating and non-operating revenues, increased by $36.0 million, or 35.9% when compared to 2021. Operating revenues for the fiscal year ended December 31, 2022, totaled $1.0 million which is a $.1 million increase from 2021. Operating revenues remain low due to the elimination of most passenger fares in response to the COVID pandemic and a program to improve transportation affordability within the communities served.

Non-operating revenues increased by $36 million or 36% from 2021 due to a combination of multiple factors. Investment income decreased $.7 million, federal grant revenue for subrecipients and on behalf of others, which are passed on, increased $6.4 million, $30.1 million increase in federal funding resulting from recoveries of CRRSAA and ARP funding, offset by a decrease in recoveries of Cares funding. Capital related grants funding decreased by $8.2 million.

Fiscal Year 2021 vs. 2020
In 2021, total revenue, which includes operating and non-operating revenues, decreased by $5.6 million, or 5.3% when compared to 2020. Operating revenues for the fiscal year ended December 31, 2021, totaled $1.0 million which is a $2.1 million decrease from 2020 resulting from the elimination of most passenger fares in response to the COVID pandemic and a program to improve transportation affordability within the communities served.

Non-operating revenues decreased by $3.5 million or 3.3% from 2020 due to a combination of multiple factors. Funding from local governments decreased $2.7 million due to the elimination of services, investment income decreased $2.9 million, federal grant revenue for subrecipients and on behalf of others, which are passed on, decreased $1.9 million. These reductions were offset by a $4.5 million increase in federal funding resulting from recoveries of CARES Act and CRRSAA funding. Capital related grants funding increased by $3.3 million with the addition of revenue fleet vehicles in 2021.

Expenses

Fiscal Year 2022 vs. 2021
Total expenses in 2022 were $131.2 million, resulting in an increase of $18.8 million or 18.3% from 2021. Operating expenses were higher in 2022 due to increases of $9.5 million of net costs related to services and higher depreciation of $2.8 million. Non-operating expenses increased by $6.4 million as compared to 2021 due to increases of $6.4 million for federal grant revenue received for subrecipients and on behalf of other, which are passed on.

Fiscal Year 2021 vs. 2020
Total expenses in 2021 were $112.4 million, resulting in a decrease of $8.2 million or 6.8% from 2020. Operating expenses were lower in 2021 due to savings of $3.1 million of net costs related to services and lower depreciation of $1.6 million. Non-operating expenses decreased by $3.4 million as compared to 2020 due to decreases of $1.9 million for federal grant revenue received for subrecipients and on behalf of other, which are passed on and prior year nonrecurring loss of $1.5 million for disposition of capital assets related to the transfer of Country Club Right-of-Way property and other assets to KCMO.

Table 3 - Schedules of Capital Assets
As of December 31, 2022, 2021 and 2020

	2022	2021	2020
Land	**$ 16,269,574**	$ 12,160,313	$ 12,160,313
Capital projects-in-progress	**21,447,342**	30,288,861	48,259,061
Building and improvements	**86,487,508**	71,950,636	65,809,717
Revenue equipment	**113,161,745**	113,969,961	109,900,781
Other equipment and structures	**65,444,037**	71,419,127	58,313,579
Other furniture and equipment	**7,051,723**	7,311,223	5,602,993
Lease right of use assets	**318,818**	-	-
	310,180,747	307,100,121	300,046,444
Less accumulated depreciation	**174,225,461**	170,316,933	163,808,362
Net capital assets	**$ 135,955,286**	$ 136,783,188	$ 136,238,082

Capital Assets

Fiscal Year 2022 vs. 2021
The Authority's investment in capital assets is $136 million (net of accumulated depreciation) as of December 31, 2022. Investments in capital assets decreased by $0.8 million or 0.6% below 2021 capital assets.

Capital projects-in-progress accounts decreased $8.8 million, or 29%, primarily due to the capitalization of $17.2 million Prospect Max capital improvements and Security Camera Upgrades of $.8 million.

Fixed Assets increased $31.2 million in 2022 (11%), primarily due to the capitalizations of Land with $4.1 million; and Prospect Max capitalizations, including Structures with $21.2 million; Bus Stop Signs with $4.7 million; and Bus Stop Improvements with $6.4 million. There were $10.6 million in disposals in 2022, much was $8.9 million in old Communications Equipment that was retired and past its useful life.

Accumulated depreciation increased $5.4 million or 3.1% as the result of depreciation expense for assets on hand during 2022 exceeded the depreciation associated with disposed assets.

For more detailed information on capital asset activity please refer to Note 4 Capital Assets in the Notes to Basic Financial Statements section of this report.

Fiscal Year 2021 vs. 2020
The Authority's investment in capital assets is $136.8 million (net of accumulated depreciation) as of December 31, 2021. Investments in capital assets increased by $0.5 million or 0.4% above 2020 capital assets.

Capital projects-in-progress decreased $18 million or 37% primarily due to capitalization of $10.7 million Prospect Max capital improvements, campus improvements of $3.1 million, radio system upgrades of $2.4 million and $1.9 million elevator upgrades that were incurred in prior year results.

Revenue equipment increased by $4.1 million or 3.7% from 2020 due to addition of fleet coaches for $7.3 million offset by the retirement of $2.3 million of coaches beyond their useful lives.

Accumulated depreciation increased $6.5 million or 4.0% as the result of depreciation expense for assets on hand during 2021 exceeded the depreciation associated with disposed assets. Depreciation related to revenue equipment decreased $2.6 million due to revised useful life on coaches purchased in a prior year offset by additional depreciation of $0.5 million on new fleet coaches purchased in 2021. Disposals of $3.3 million in revenue equipment and $1.9 million passenger stations were completed in 2021.

For more detailed information on capital asset activity please refer to Note 4 Capital Assets in the Notes to Basic Financial Statements section of this report.

For more detailed information on capital asset activity please refer to Note 4 Capital Assets in the Notes to Basic Financial Statements section of this report.

Economic Factors and Next Year's Operations

Economic conditions in the region in 2022 improved as effects of COVID-19 and associated variants impact lessened. Over the year restrictions gradually lifted and began to return to a more similar pre-pandemic environment. The region continues to lift restrictions, as the decline in positive cases has been substantial. However, the impacts of the pandemic still have had a lingering impact on service needs for many communities, especially in the suburbs.

Unemployment rates have continued to improve in the region. Many businesses have moved to a hybrid work model, gradually bringing employees back to offices two or three days per week. This has caused an uptick in the service needs of the suburban communities, as some of their citizens have returned to a weekly commute to the city. Some lasting COVID-19 impacts have changed business expectations on employee in-office work schedules. Also, to support the riders within the Kansas City, Missouri metropolitan area, KCATA and its regional partners continued the utilization of a zero-fare initiative to allow riders to use services at no cost. The current plan is to continue the zero-fare program throughout 2023 using CRRSAA funding and special tax funding provided by KCMO to subsidize the program.

In early 2020, the federal government passed the CARES Act which was signed into law on March 27, 2020 which included $25 billion for public transportation. Of that amount, the KCATA allocation for the region was $51.3 million. This funding has a 100% recovery rate and can be used to recover eligible operating and capital expenses. Items eligible for recovery include service costs, passenger revenue loss, local funding loss and capital projects started after the funding eligibility date of January 20, 2020. This funding has been extremely valuable as KCATA has been able to maintain the staffing for full-time bus operators, cover the costs of additional safety and security expenses to keep operators and riders safe and to extend the zero-fare program throughout 2022. To-date, KCATA has utilized $42.2 million of CARES Act funding.

In late 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was passed by the federal government and was signed into law on December 27, 2020. CRRSAA included an additional $14 billion for public transportation, of which the KCATA allocation for the region was $31.6 million. This funding recovery rate, funding eligibility date and expense eligibility are the same as for the CARES Act funding. As a result, KCATA has been able to create a region-wide pool of funding to continue the zero-fare initiative for 2022, provide funding for vaccine services, onsite testing and other special services and cover any other COVID related expenses that may be incurred. CRRSAA funding also allowed KCATA to support KCMO services with no use of sales tax reserve fund in 2022. To date, KCATA has utilized $21.4 million of CRRSAA funding.

In early 2021, in response to the COVID-19 pandemic, Congress passed the $1.9 trillion American Rescue Plan (ARP) Act which was signed into law by the President on March 11, 2021 which included funding of $30.5 billion for public transportation, of which the KCATA allocation for the region was more than $66.1 million. The funding recovery rate, funding eligibility date are the same as for CARES and CRRSAA funding, funds are to be directed to payroll and operations of public transit. ARP funding will be used to provide regional partners with funding for operational losses due to passenger fare and local funding sources, consideration of the success of the zero-fare initiative and requests for new services. KCATA has utilized $20 million of ARP funding.

As KCATA locked in contract pricing for diesel fuel and natural gas for future months, given the increased cost in fuel purchased at market the fixed pricing results in a stable fuel pricing for budget and actual purposes in a volatile market. Additionally, an electric fleet of buses and necessary infrastructure will go into service in 2023, starting with 3 buses. KCATA plans to continue to grow the electric fleet and continue to explore the positive impact of electric buses on the budget in years to come.

While ridership has not fully recovered, there was a steady increase in ridership throughout the year with the largest increase occurring in the 2nd half of the year. In June 2022 monthly ridership was up 17% as compared to June 2021. In September monthly ridership was up 16% as compared to September 2021. For the year KCATA ridership was 11.6% higher in 2022 as compared to 2021. KCATA is expecting a larger increase in ridership in 2023 and in the years to come. 2023 will bring the opening of the new Kansas City International Airport in February. Opportunities to host large national events, such as the NFL Draft in April 2023 and looking forward to preparing for the World Cup in 2026 are just a few of the exciting events that will greatly increase the need for more public transportation opportunities for visitors and Kansas Citians alike.

Ridership typically improves in a depressed economy as individuals forego the cost of owning and maintaining a personal vehicle and choose to pay for more efficient and convenient modes of transportation such as the non-traditional transportation alternatives. As restrictions from the pandemic have been lifted there has been more demand for services due to employees transitioning back to the office along with lower unemployment rates from a recovering economy. KCATA continues to support the riders as much as possible by continuing the zero-fare initiative in the foreseeable future especially as the loss of funding can be 100% supplemented with the recovery of CARES, CRRSAA and ARP funding.

The City of Kansas City, Missouri, provides approximately 60% of the funds required for transit and para-transit service through the Public Mass Transit Fund (1/2-cent sales tax) and 3/8-cent sales tax. Anticipated sales tax funding for 2023 will be reduced by 19% effective May 2022. CRRSAA federal funds that were earmarked for capital improvement projects will be repurposed for operations to offset this local funding reduction. The state of Missouri's fiscal year 2021/22 funding received for transit operating assistance was $310,478.

KCATA worked with the Director of Transportation and key City of Kansas City of Missouri staff to finalize service zones, fare arrangements and detailed information for the development of mobile applications. Multiple modes of services including several services utilizing mobile apps to schedule curb-to-curb trips continued to be offered. These services include Freedom-on-Demand used by both ADA and non-ADA customers and micro-transit services in JCT that provides a smaller scale alternative to the traditional public transit service. Additionally, scheduled to begin March 15, 2023, IRIS will serve the Kansas City Northland residents needing transportation in and around areas not on current routes. The project will include 10 vehicles in the Northland of Kansas City, MO. The service zone design for the Northland is a first, RideCo will continue to work on a similar design for Kansas City, MO south of the Missouri River in 2023. The fare structure is to allow for $3 single zone trips, $4 trips across the Northland, $15 trips to the airport, and it is planned to establish $5 trips to and from downtown Kansas City. The KCATA continues to adapt to rapidly changing needs for various transit options, accommodating a wider range of the population in Kansas City.

Kansas City Area Transportation Authority

Statements of Net Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and investments	$ **7,576,606**	$ 8,943,786
Accounts receivable	**969,275**	1,672,284
Due from other governments:		
Local governments	**181,164**	1,025,254
State governments	**355,125**	303,058
Federal government	**12,100,945**	1,075,004
Materials and supplies	**2,019,421**	1,801,520
Prepaid expenses and other assets	**486,599**	941,020
Lease receivable	**98,954**	-
Designated cash and investments	**902,000**	815,000
Total current assets	**24,690,089**	16,576,926
Noncurrent assets:		
Restricted cash and investments	**37,848,996**	25,686,232
Designated cash and investments	**11,983,444**	11,878,502
Lease receivable	**234,574**	-
Net pension asset	**-**	754,470
Capital assets:		
Land and other nondepreciable assets	**37,716,916**	42,449,174
Other depreciable capital assets, net of depreciation	**98,238,370**	94,334,014
Total noncurrent assets	**186,022,300**	175,102,392
Total assets	**210,712,389**	191,679,318
Deferred outflows of resources:		
OPEB related amounts	**3,132,961**	4,005,878
Pension related amounts	**13,797,722**	3,067,430
Total deferred outflows of resources	**16,930,683**	7,073,308

See notes to basic financial statements.

	2022	2021
Liabilities		
Current liabilities:		
Accounts payable	**$ 10,929,304**	$ 3,057,307
Accrued liabilities:		
Payroll and benefits	**2,315,784**	2,109,968
Compensated absences	**2,537,127**	3,864,716
Lease liabilities	**102,925**	-
Other	**676,670**	491
Liabilities payable from designated assets:		
Public liability and property damage claims	**771,000**	691,000
Workers' compensation claims	**131,000**	124,000
Unearned revenue	**3,028,279**	1,634,021
Total current liabilities	**20,492,089**	11,481,503
Noncurrent liabilities:		
Liabilities payable from designated assets:		
Public liability and property damage claims	**1,008,554**	1,023,908
Workers' compensation claims	**3,012,260**	1,983,093
Total OPEB liability	**13,411,813**	15,215,896
Net pension liability	**20,596,344**	1,597,007
Compensated absences	**1,551,193**	339,291
Lease liabilities	**117,703**	-
Total noncurrent liabilities	**39,697,867**	20,159,195
Total liabilities	**60,189,956**	31,640,698
Deferred inflows of resources:		
OPEB related amounts	**7,576,369**	7,129,024
Pension related amounts	**9,802,753**	17,427,090
Lease related amounts	**328,695**	-
Total deferred inflows of resources	**17,707,817**	24,556,114
Net Position		
Net investment in capital assets	**129,387,343**	136,616,049
Restricted for capital and operating purposes	**37,848,996**	25,686,232
Unrestricted (deficit)	**(17,491,040)**	(19,746,467)
Total net position	**$ 149,745,299**	$ 142,555,814

Kansas City Area Transportation Authority

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Passenger	$ 463,100	$ 588,152
Charter and stadium express	1,125	1,975
Advertising	298,833	360,031
START projects	268,417	-
Total operating revenues	1,031,475	950,158
Operating expenses:		
Transportation	48,141,215	43,899,400
Maintenance	23,043,325	20,731,352
Public liability and property damage claims	2,063,688	1,985,999
General and administrative	27,066,597	24,149,532
Depreciation	14,492,370	11,685,238
Total operating expenses	114,807,195	102,451,521
Operating loss	(113,775,720)	(101,501,363)
Nonoperating revenues (expenses):		
Grants and funding used for operations:		
Local governments	58,299,322	62,290,952
State government	376,172	403,312
Federal government	61,049,411	26,891,773
Federal grant revenue received for subrecipients	6,469,822	3,128,546
Federal funds passed through to subrecipients	(6,469,822)	(3,128,546)
Federal grant revenue, received on behalf of others	8,492,966	5,414,033
Federal funds spent on behalf of others	(8,492,966)	(5,414,033)
Investment income (loss)	(1,027,295)	(297,031)
Debt service reimbursement to Jackson County	(1,401,647)	(1,402,147)
Gain on disposition of capital assets	1,342	21,999
Rental and other nonoperating income	1,703,028	1,543,601
Total net nonoperating revenues	119,000,333	89,452,459
Increase (decrease) in net position before capital funding	5,224,613	(12,048,904)
Capital related grants and funding	1,964,872	10,164,122
Change in net position	7,189,485	(1,884,782)
Net position, beginning of year	142,555,814	144,440,596
Net position, end of year	$ 149,745,299	$ 142,555,814

See notes to basic financial statements.

Kansas City Area Transportation Authority

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from passengers and advertisers	$ 3,123,909	$ 1,624,695
Payments for payroll and related fringe benefits	(75,357,995)	(68,163,019)
Payments to suppliers for goods and services	(20,246,011)	(26,449,902)
Net cash used in operating activities	(92,480,097)	(92,988,226)
Cash flows from noncapital financing activities:		
Grants and other funding used for operations	109,490,987	92,836,717
Funding used for debt service payments	1,401,647	1,402,147
Debt service payments to Jackson County	(1,401,647)	(1,402,147)
Net cash provided by noncapital financing activities	109,490,987	92,836,717
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,165,472)	(12,349,703)
Proceeds from sale of capital assets	1,342	21,999
Principal payments on lease liabilities	(98,189)	-
Capital grants and funding	1,964,872	10,164,122
Net cash used in capital and related financing activities	(5,297,447)	(2,163,582)
Cash flows from investing activities:		
Interest received	560,812	1,508,219
Purchases of investments	(24,835,239)	(14,587,409)
Sales and maturities of investments	18,369,234	22,332,824
Rental and other receipts	301,381	141,454
Net cash (used in) provided by investing activities	(5,603,812)	9,395,088
Net increase in cash and cash equivalents	6,109,631	7,079,997
Cash and cash equivalents at beginning of year	10,922,927	3,842,930
Cash and cash equivalents at end of year	$ 17,032,558	$ 10,922,927

(Continued)

Kansas City Area Transportation Authority

Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$ (113,775,720)**	$ (101,501,363)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**14,492,370**	11,685,238
Changes in assets, liabilities, deferred outflows and deferred inflows of resources:		
(Increase) decrease in accounts receivable	**703,009**	(350,272)
(Increase) decrease in materials and supplies and prepaid expenses	**236,520**	(85,217)
Increase (decrease) in accounts payable and accrued liabilities	**2,458,129**	(976,718)
(Decrease) increase in unearned revenue	**1,394,258**	1,024,809
Increase (decrease) in self-insurance liabilities payable	**1,100,813**	391,805
Change in lease related amounts	**(4,833)**	-
Change in OPEB related amounts	**(483,821)**	662,937
Change in pension related amounts	**1,399,178**	(3,839,445)
Net cash used in operating activities	**$ (92,480,097)**	$ (92,988,226)
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments	**$ 7,576,606**	$ 8,943,786
Restricted cash and investments	**37,848,996**	25,686,232
Designated cash and investments	**12,885,444**	12,693,502
Total cash and investments	**$ 58,311,046**	$ 47,323,520
Reconciliation of cash and cash equivalents to specific assets on the statement of net position:		
Cash and investments	**$ 58,311,046**	$ 47,323,520
Less investments not meeting the definition of cash equivalents	**41,278,488**	36,400,593
Cash and cash equivalents at end of year	**$ 17,032,558**	$ 10,922,927
Supplemental schedules of noncash items:		
Noncash investing activities, increase (decrease) in fair value of investments	**$ (1,588,107)**	$ (1,805,250)
Noncash capital and related financing activities, capital assets acquired through accounts payable	**$ (6,347,315)**	$ (167,139)

See notes to basic financial statements.

Kansas City Area Transportation Authority

Statements of Fiduciary Net Position—Pension Trust Funds
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 211,744**	$ 2,421
Certificates of deposit	**228,332**	243,666
Due from brokers	**112,894**	98,679
Participant contribution receivable	**63**	224
Employer contribution receivable	**132,350**	129,284
Other receivables	**257,526**	249,514
Total current assets	**942,909**	723,788
Investments:		
Common stock	**7,767,341**	9,260,855
Equity funds	**7,586,583**	8,840,491
U.S. agencies	**148,203**	85,055
Debt funds	**350,874**	401,255
Corporate bonds	**2,912,177**	2,963,303
U.S. treasury	**1,760,586**	2,368,372
Money market	**764,340**	1,297,788
Common collective trusts	**49,054,387**	60,134,061
Total investments	**70,344,491**	85,351,180
Total assets	**71,287,400**	86,074,968
Liabilities		
Accrued administrative expenses	**345,660**	153,621
Fiduciary net position restricted for pension benefits	**$ 70,941,740**	$ 85,921,347

See notes to basic financial statements.

Kansas City Area Transportation Authority

Statements of Changes in Fiduciary Net Position—Pension Trust Funds
Years Ended December 31, 2022 and 2021

	2022	2021
Additions:		
Employer contributions	**$ 3,460,455**	$ 3,773,972
Participant contributions	**1,200,847**	1,219,922
	4,661,302	4,993,894
Transfer from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan	**75,114**	11,822
Investment income (loss):		
Net appreciation (depreciation) of fair value of investments, net of investment expense	**(11,885,163)**	8,602,915
Interest and dividends	**619,722**	873,590
Total investment earnings	**(11,265,441)**	9,476,505
Less investment expense	**453,069**	391,967
Net investment income (loss)	**(11,718,510)**	9,084,538
Total additions	**(6,982,094)**	14,090,254
Deductions:		
Benefits paid to participants	**7,824,704**	6,653,667
Administrative expenses	**172,809**	121,800
Total deductions	**7,997,513**	6,775,467
Net increase (decrease)	**(14,979,607)**	7,314,787
Net position restricted for pension benefits:		
Beginning of year	**85,921,347**	78,606,560
End of year	**$ 70,941,740**	$ 85,921,347

See notes to basic financial statements.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations: The Kansas City Area Transportation Authority (the Authority or KCATA) serves four Missouri counties and three Kansas counties as a corporate body and political subdivision of the states of Missouri and Kansas. The Authority was established in 1965, approved by the United States Congress in 1966, and commenced operations in 1969, providing mass transportation service, primarily via bus, to the greater Kansas City metropolitan area. The Board of Commissioners consists of five members from the state of Missouri and five from the state of Kansas. The Kansas Commissioners representing Johnson and Leavenworth counties are appointed by their respective County Commissions (2) and the Commissioners representing the Wyandotte County jurisdiction are appointed by the City Commissioners of the Unified Government of Wyandotte County/Kansas City, Kansas (3). The Missouri Commissioners are appointed by the Mayor of Kansas City, Missouri (3), the Governor of Missouri (1) and the Jackson County Executive (1).

Reporting entity: The Authority has considered all potential organizations for which the nature and significance of their relationships with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and (1) the ability of the Authority to impose its will on that organization or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Authority. Based on these criteria, the RideKC Development Corporation has been included in the accompanying basic financial statements as a blended component unit.

RideKC Development Corporation, a not-for-profit corporation, was formed in February 2018 to promote and facilitate transit-oriented development in the Kansas City metropolitan area. The Board of Directors are appointed by Kansas City Area Transportation Authority. Board members are a combination of members on the KCATA's Board of Commissioners and members from the surrounding community who work in either Kansas or Missouri. RideKC Development Corporation has a December 31 year-end. RideKC Development Corporation is presented as a blended component unit as it provides services exclusively to KCATA.

Measurement focus and basis of accounting: The Authority accounts for its activities as an enterprise fund. The accompanying basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expense-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to business-type activities. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Fiduciary fund type: The Authority also includes pension trust funds, fiduciary fund type, in its basic financial statements. Pension trust funds are accounted for in essentially the same manner as the enterprise fund, using the same measurement focus and basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Pension Trust Funds account for the assets of the Authority's Salaried Employees Pension Plan and Union Employees Pension Plan.

Summary of significant accounting policies:

Materials and supplies inventories: Materials and supplies inventories, consisting of bus parts, office supplies and maintenance supplies, are stated at average cost.

Prepaid expenses: Certain payments to vendors reflecting costs applicable to future accounting periods, such as the cost of insurance policies, have been recorded as prepaid expenses in the Authority's basic financial statements.

Capital assets: Capital assets with an initial cost of $1,000 or more and useful life greater than one year are recorded at cost. Donated capital assets are recorded at acquisition value as of the date of donation. Capital assets, except for land and capital projects-in-progress, are depreciated over their respective useful lives using the straight-line method as follows:

Buildings and improvements	10–45 years
Revenue equipment	4–12 years
Office furniture and equipment and other equipment and structures	3–15 years

Expenditures for renewals and betterments that increase property lives are capitalized. Maintenance and repair costs are charged to operations as incurred. When assets are retired or sold, historical cost and accumulated depreciation are removed from the accounts and any resulting gain or loss, net of any proceeds, is reflected in the statements of revenues, expenses and changes in net position.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets are expensed as incurred.

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents are demand deposit accounts, money market funds and securities with an original maturity of three months or less at the date of purchase.

Investments: The Authority's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. See Note 2 for additional information regarding fair value measures.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Compensated absences: Under the terms of the Authority's personnel policy, employees are granted vacation and sick leave in varying amounts. The liability for vacation pay is recorded as an expense in the period in which the vacation is earned. Sick pay may be carried forward indefinitely and 50% of any unused sick leave is paid at the time of retirement or death. The estimated amount to be paid to employees at the time of retirement or death is included in accrued compensated absences. Salaried employees hired after June 2016 are not eligible for sick pay benefit at the time of retirement.

Pensions: Measurement of the net pension (asset)/liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Salaried Employees Pension Plan and Union Employees Pension Plan and additions to/deductions from these fiduciary net positions has been determined on the same basis as they are reported by the plans. 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.

Other postemployment benefits (OPEB): Postemployment benefits, including medical and pharmacy benefits, are offered to retirees. A liability for OPEB is recognized when earned by employees.

Deferred outflows of resources: Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and OPEB expense.

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related amounts not yet recognized against pension expense and OPEB expense, as well as lease receivables.

Leases:

Lessee: The Authority is a lessee in equipment and real estate leases. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the business-type activities financial statements.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Lessor: The Authority is a lessor in real estate leases. The Authority recognizes a lease receivable and a deferred inflow of resources in the business-type activities financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

All leases: Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- For leases where the Authority is a lessee, the Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

- For leases where the Authority is a lessor, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease.

- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

Net position classifications: In the basic financial statements, net position is classified into the three components:

Net investment in capital assets—consisting of capital assets, net of accumulated depreciation, and reduced by any capital-related liabilities.

Restricted net position—consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority first utilizes restricted resources to finance qualifying activities.

Unrestricted net position—All other net position that does not meet the definition of "restricted" or "net investment in capital assets." Residual deficit amounts would also be reported as unrestricted.

Note 1. Nature of Operations, Reporting Entity, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Unearned revenues: Unearned revenues consist of passenger ridership revenue that has not yet been earned. The Authority recognizes this revenue once it has been earned. Unearned revenues also primarily consist of revenue from other governmental agencies, for which all eligibility requirements have not yet been satisfied. The Authority recognizes this revenue once those requirements have been met.

Operating revenues and expenses: Operating revenues of the Authority principally consist of user charges for bus and shuttle services, as well as advertising revenue. Nonoperating revenues include reimbursements for operating and capital expenses from local, state and federal sources, including those passed through to subrecipients, interest earned on the Authority's cash and investments and a variety of other miscellaneous items. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets.

Note 2. Cash and Investments

The Authority has separate investment policies and investment accounts by purpose of the investments. These investment accounts are the Self-Insurance Account, Capital Account, Operating Account and 3/8-cent Transit Sales Tax Account. As of December 31, 2022, the Authority had the following investments, by account:

		Investment Maturities (in Years)				
	Fair Value	Less Than 1	1 - 2	2 - 5	Greater Than 5	Standard & Poor's Rating
Self-insurance account:						
U.S. agencies	$ 529,739	$ 148,734	$ 289,078	$ 91,927	$ -	AA+
U.S. treasury notes	3,584,366	1,098,813	1,870,908	614,645	-	N/A
Taxable municipal bonds	253,465	-	87,669	165,796	-	AA+
Mutual funds	24,105	24,105	-	-	-	N/A
Corporate Bonds	726,592	-	289,135	437,457	-	A
Corporate Bonds	1,041,091	-	293,032	748,059	-	A-
Corporate Bonds	578,191	-	363,954	214,237	-	A+
Corporate Bonds	98,366	-	98,366	-	-	AA-
Corporate Bonds	95,192	-	95,192	-	-	AA+
Corporate Bonds	67,801	-	-	67,801	-	BBB+
Accrued interest (at cost)	40,004	-	-	-	-	N/A
Total self-insurance account	$ 7,038,912	$ 1,271,652	$ 3,387,334	$ 2,339,922	$ -	
Operating account:						
U.S. agencies	$ 95,016	$ -	$ 95,016	$ -	$ -	AA+
U.S. treasury notes	5,138,500	939,319	1,275,885	2,923,296	-	N/A
Mutual funds	581,330	581,330	-	-	-	N/A
Accrued interest (at cost)	31,686	-	-	-	-	N/A
Total operating account	$ 5,846,532	$ 1,520,649	$ 1,370,901	$ 2,923,296	$ -	
3/8-cent transit sales tax account:						
U.S. agencies	$ 1,734,691	$ 594,936	$ 457,371	$ 682,384	$ -	AA+
U.S. treasury notes	16,312,742	2,067,098	6,490,313	7,755,331	-	N/A
Mutual funds	8,813,668	8,813,668	-	-	-	N/A
Accrued interest (at cost)	85,457	-	-	-	-	N/A
Total 3/8-cent transit sales tax account	$ 26,946,558	$ 11,475,702	$ 6,947,684	$ 8,437,715	$ -	

N/A—Either the investment is not rated or a rating is not applicable for this investment type.

Note 2. Cash and Investments (Continued)

	Fair Value	Less Than 1	1 - 2	2 - 5	Greater Than 5	Standard & Poor's Rating
		Investment Maturities (in Years)				
Capital account:						
U.S. agencies	$ 821,435	$ 637,137	$ 184,298	$ -	$ -	AA+
U.S. agencies	16,063	-	-	-	16,063	N/A
U.S. treasury notes	5,093,513	1,847,576	1,616,174	1,629,763	-	N/A
Taxable municipal bonds	447,894	-	-	447,894	-	AA+
Taxable municipal bonds	471,418	-	267,878	203,540	-	AA-
Mutual funds	36,661	36,661	-	-	-	N/A
Corporate bonds	1,173,443	-	387,185	786,258	-	A
Corporate bonds	1,936,015	173,105	529,533	1,233,377	-	A-
Corporate bonds	178,102	-	178,102	-	-	N/A
Corporate bonds	472,288	-	120,168	352,120	-	A+
Corporate bonds	196,588	-	196,588	-	-	AA-
Accrued interest (at cost)	58,832	-	-	-	-	N/A
Total capital account	$ 10,902,252	$ 2,694,479	$ 3,479,926	$ 4,652,952	$ 16,063	

As of December 31, 2021, the Authority had the following investments, by account:

	Fair Value	Less Than 1	1 - 2	2 - 5	Greater Than 5	Moody's Rating	Standard & Poor's Rating
		Investment Maturities (in Years)					
Self-insurance account:							
U.S. agencies	$ 815,170	$ 251,018	$ 154,706	$ 409,446	$ -	Aaa	AA+
U.S. treasury notes	2,796,353	1,662,727	126,529	1,007,097	-	Aaa	N/A
Taxable municipal bonds	281,879	-	-	281,879	-	Aa2	AA+
Mutual funds	39,573	39,573	-	-	-	N/A	N/A
Corporate Bonds	105,529	-	-	105,529	-	A3	A
Corporate Bonds	268,104	-	-	268,104	-	A2	A-
Corporate Bonds	363,132	-	-	363,132	-	A2	A
Corporate Bonds	120,203	120,203	-	-	-	A2	N/A
Corporate Bonds	74,453	-	-	74,453	-	A2	BBB+
Corporate Bonds	99,155	-	-	99,155	-	A1	A
Corporate Bonds	566,827	-	-	566,827	-	A3	A-
Corporate Bonds	105,678	-	-	105,678	-	Aa3	AA-
Corporate Bonds	105,964	-	-	105,964	-	Aa3	A
Corporate Bonds	428,583	-	-	428,583	-	A1	A+
Corporate Bonds	197,885	125,563	-	72,322	-	A2	A+
Corporate Bonds	102,187	-	-	102,187	-	Aaa	AA+
Corporate Bonds	69,056	-	-	69,056	-	N/A	AA
Accrued interest (at cost)	29,837	-	-	-	-	N/A	N/A
Total self-insurance account	$ 6,569,568	$ 2,199,084	$ 281,235	$ 4,059,412	$ -		
Operating account:							
U.S. agencies	$ 609,081	$ -	$ 311,115	$ 297,966	$ -	Aaa	AA+
U.S. treasury notes	4,775,715	449,838	1,763,133	2,562,744	-	Aaa	N/A
Mutual funds	307,471	307,471	-	-	-	N/A	N/A
Accrued interest (at cost)	10,484	-	-	-	-	N/A	N/A
Total operating account	$ 5,702,751	$ 757,309	$ 2,074,248	$ 2,860,710	$ -		
3/8-cent transit sales tax account:							
U.S. agencies	$ 2,307,715	$ 1,000,110	$ 618,822	$ 688,783	$ -	Aaa	AA+
U.S. treasury notes	10,365,094	2,423,931	1,016,550	6,924,613	-	Aaa	N/A
Mutual funds	1,320,283	1,320,283	-	-	-	N/A	N/A
Accrued interest (at cost)	45,688	-	-	-	-	N/A	N/A
Total 3/8-cent transit sales tax account	$ 14,038,780	$ 4,744,324	$ 1,635,372	$ 7,613,396	$ -		

N/A—Either the investment is not rated or a rating is not applicable for this investment type.

Note 2. Cash and Investments (Continued)

		Investment Maturities (in Years)					
	Fair Value	Less Than 1	1 - 2	2 - 5	Greater Than 5	Moody's Rating	Standard & Poor's Rating
Capital account:							
U.S. agencies	$ 1,463,058	$ 33,795	$ 660,336	$ 768,927	$ -	Aaa	AA+
U.S. treasury notes	4,702,838	555,132	3,775,209	372,497	-	Aaa	N/A
Taxable municipal bonds	502,430	-	-	502,430	-	Aa2	AA+
Taxable municipal bonds	290,406	-	-	290,406	-	N/A	AA-
Taxable municipal bonds	229,002	-	-	229,002	-	Aa3	AA-
Mutual funds	237,624	237,624	-	-	-	N/A	N/A
Corporate bonds	836,235	-	-	836,235	-	A2	A
Corporate bonds	263,823	-	-	263,823	-	A3	A
Corporate bonds	698,875	-	-	698,875	-	A2	A-
Corporate bonds	188,051	-	-	188,051	-	Aa1	N/A
Corporate bonds	1,231,322	-	359,585	871,737	-	A3	A-
Corporate bonds	314,127	-	-	314,127	-	A1	A+
Corporate bonds	186,306	-	-	186,306	-	A2	A+
Corporate bonds	211,928	-	-	211,928	-	Aa3	A
Corporate bonds	214,042	-	-	214,042	-	Aa2	AA-
Corporate bonds	164,919	-	-	164,919	-	A1	A
Corporate bonds	197,302	-	-	197,302	-	N/A	AA
Accrued interest (at cost)	62,157	-	-	-	-	N/A	N/A
Total capital account	$ 11,994,445	$ 826,551	$ 4,795,130	$ 6,310,607	$ -		

N/A—Either the investment is not rated or a rating is not applicable for this investment type.

Authorized investments: The Authority was created as "a political subdivision of the states of Missouri and Kansas." There are no statutory restrictions on the deposits or investments of the Authority's funds. Pursuant to its investment policies, the Authority is limited to investments that are issued or guaranteed by the U.S. Government or Government Sponsored Enterprise (GSE) for the 3/8-cent transit sales tax account. For the self-insurance and capital accounts, investment grade bonds are also allowable investments. Mutual funds may be used for reserves.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority limits the final maturity of its investment portfolio to seven years or less for the Self-insurance Account, with a minimum of $2 million invested with a maximum average maturity of two years or less. The Authority's policy over the 3/8-cent Transit Sales Tax Account and the Capital Account states that investment maturities are determined by staff based on expenditure projections.

Information about the sensitivity of the fair values of the Authority's investment to market interest rate fluctuations is provided by the previous tables that show the distribution of the Authority's investments by maturity. The mutual funds are not subject to interest rate risk given they have no maturity dates.

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The December 31, 2022 and 2021 ratings are listed in the above tables.

Concentration of credit risk: The Authority manages its concentration of credit risk by limiting the amount invested in GSE to 75% of its portfolio, with a maximum of 20% per issuer. There were no investments at 5% or more of the Authority's investments as of December 31, 2022.

Note 2. Cash and Investments (Continued)

The following investments were 5% or more of the Authority's investments as of December 31, 2021:

Federal National Mortgage Association	$ 3,466,307	9%

Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2022, none of the Authority's bank balances with financial institutions were uninsured and uncollateralized. As of December 31, 2022, the Authority had $41,062,509 exposed to custodial credit risk for investments that were uninsured and unregistered held by the counterparty or agent but not in the Authority's name. The Authority had $9,455,765 of investments in mutual funds not exposed to custodial credit risk.

As of December 31, 2021, none of the Authority's bank balances with financial institutions were uninsured and uncollateralized. As of December 31, 2021, the Authority had $36,252,424 exposed to custodial credit risk for investments that were uninsured and unregistered held by the counterparty or agent but not in the Authority's name. The Authority had $1,904,951 of investments in mutual funds not exposed to custodial credit risk.

Fair value measurements: The Authority categorizes it assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the Authority's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Note 2. Cash and Investments (Continued)

For the Authority, the following fair value techniques were utilized in measuring the fair value of its investments:

Corporate bonds: These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

U.S. treasury notes and mutual funds: These investments are reported at fair value based on quoted market prices obtained from exchanges.

U.S. Government agency securities: U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes.

Municipal bonds: These investments are reported at fair value based on trades, bid price or spread, two-sided markets, quotes, benchmark curves, including but not limited to, treasury benchmarks and LIBOR and swap curves, market data feeds such as MSRB, financial statements, discount rate, capital rates and trustee reports.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

The Authority has no other assets meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

	Fair Value Measurement Using			
	Fair Value at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level securities:				
U.S. agencies	$ 3,196,944	$ -	$ 3,196,944	$ -
U.S. treasury notes	30,129,121	30,129,121	-	-
Taxable municipal bonds	1,172,777	-	1,172,777	-
Corporate bonds	6,563,669	-	6,563,669	-
Mutual funds	9,455,764	9,455,764	-	-
Total securities	$ 50,518,275	$ 39,584,885	$ 10,933,390	$ -

Note 2. Cash and Investments (Continued)

	Fair Value at December 31, 2021	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level securities:				
U.S. agencies	$ 5,195,024	$ -	$ 5,195,024	$ -
U.S. treasury notes	22,640,000	22,640,000	-	-
Taxable municipal bonds	1,303,717	-	1,303,717	-
Corporate bonds	7,113,686	-	7,113,686	-
Mutual funds	1,904,951	1,904,951	-	-
Total securities	$ 38,157,378	$ 24,544,951	$ 13,612,427	$ -

Salaried employee pension trust fund: UMB, N.A. has discretionary authority concerning the purchases of investments in the Salaried Plan subject to the overall investment policy guidelines as approved by the Board of Commissioners.

Investment valuation and income recognition: Investments are recorded at fair value, except for money market funds, and certificates of deposit, which are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All investments of the Salaried Plan are invested in common stocks, U.S. agencies, U.S. treasuries, corporate bonds, municipal bonds, money market accounts and mutual funds (debt and equity) through UMB Bank, N.A. The Equity Funds consist of mutual funds that comprise common and convertible stocks. The Debt Funds consist of mutual funds that comprise United States government and agency securities, corporate bonds and commercial paper. The Money Market Fund consists of investments similar to the Debt Funds; however, the maturity date of the Money Market Fund investments is less than one year.

As of December 31, 2022 and 2021, the Salaried Plan had the following investments. Those equity investments and corporate bonds that represent 5% or more of the Salaried Plan's net position are presented separately.

Note 2. Cash and Investments (Continued)

	2022		2021	
Investment Type	Balance	Standard & Poor's Rating	Balance	Standard & Poor's Rating
Common Stock	$ 7,767,341	NA	$ 9,260,855	NA
Mutual Funds:				
Equity Funds:				
Vanguard Developed Markets	1,415,368	NA	1,671,409	NA
Vanguard Institutional Index	1,296,455	NA	1,583,748	NA
Other equity funds	4,874,760	NA	5,585,334	NA
	7,586,583		8,840,491	
Debt Funds	350,874	Not rated	401,255	Not rated
Corporate Bonds:				
Corporate Bonds	796,437	AAA	209,548	AAA
Corporate Bonds	264,191	AA	384,110	AA
Corporate Bonds	138,961	AA-	158,229	AA-
Corporate Bonds	442,655	A+	602,736	A+
Corporate Bonds	491,671	A	564,963	A
Corporate Bonds	523,730	A-	574,860	A-
Corporate Bonds	46,662	BBB+	228,338	BBB+
Corporate Bonds	207,870	BBB	240,519	BBB
	2,912,177		2,963,303	
U.S. Agencies:				
FNMA UMBS Short 10 year	148,203	AA+	-	NA
Federal Home Loan	-	NA	85,055	AA+
	148,203		85,055	
U.S. Treasury	1,760,586	NA	2,368,372	NA
Federated Funds Group Government Obligations	764,340	NA	1,297,788	NA
	$ 21,290,104		$ 25,217,119	

N/A—Either the investment is not rated or a rating is not applicable for this investment type.

Note 2. Cash and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The Salaried Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Salaried Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Salaried Plan's investments by maturity. Common stocks, mutual funds (equity and debt funds) and money market funds are not subject to interest rate risk given they have no maturity dates.

	December 31, 2022					
		Investment Maturities (in Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 7,767,341	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	7,586,583	-	-	-	-	1
Debt funds	350,874	-	-	-	-	1
Corporate bonds	2,912,177	567,195	1,509,512	835,470	-	2
U.S. agencies	148,203	-	-	148,203	-	2
U.S. Treasury	1,760,586	-	1,017,666	742,920	-	1
Investments reported at amortized cost:						
Money market fund	764,340	-	-	-	-	N/A
	$ 21,290,104	$ 567,195	$ 2,527,178	$ 1,726,593	$ -	

	December 31, 2021					
		Investment Maturities (in Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 9,260,855	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	8,840,491	-	-	-	-	1
Debt funds	401,255	-	-	-	-	1
Corporate bonds	2,963,303	477,361	1,857,550	628,392	-	2
U.S. agencies	85,055	85,055	-	-	-	2
U.S. Treasury	2,368,372	427,242	823,108	1,118,022	-	1
Investments reported at amortized cost:						
Money market fund	1,297,788	-	-	-	-	N/A
	$ 25,217,119	$ 989,658	$ 2,680,658	$ 1,746,414	$ -	

Note 2. Cash and Investments (Continued)

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The December 31, 2022 and 2021 ratings are listed on the previous page. It is the Salaried Plan's policy that purchases of individual fixed income assets and bond mutual funds must be rated A3/A- or better by one major credit rating agency.

Concentration of credit risk: The Plan's investment policy is to apply the prudent-person rule: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. It is the Salaried Plan's policy that the portfolio should be well diversified in an attempt to reduce the overall risk of the portfolio. The policy specifically places the following constraints on the following specific asset classes:

Small cap	Maximum 20% of total portfolio
Foreign	Maximum 30% of total portfolio
Large cap	Minimum 20% and maximum 40% of total portfolio
Mid cap	Maximum 20% of total portfolio

Mutual funds may be used for these asset classes. The policy places no limit on the amount the Salaried Plan may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Plan does not have a policy for custodial credit risk.

At December 31, 2022 and 2021, the Plan's corporate bonds, common stock, municipal bonds and U.S. agencies were uninsured investments, but the securities were held by the counterparty's trust department or agent in the name of the Salaried Plan. The equity funds, debt funds, U.S. Treasury and money market funds are not exposed to custodial credit risk. The Salaried Plan's investments during the years ended December 31, 2022 and 2021 did not differ significantly from these at the respective year-ends in amounts or level of risk.

Note 2. Cash and Investments (Continued)

Union employee pension trust fund:

All of the Union Plan's investments are in common collective trusts, which are measured at net asset value and not assigned a level in the fair value hierarchy.

As of December 31, 2022 and 2021, the Union Plan had the following investments. All funds within the common collective trust are presented separately.

	2022			2021		
Investment Type		Fair Value	Standard & Poor's Rating		Fair Value	Standard & Poor's Rating
Investments measured at net asset value:						
Common collective trusts:						
Russell Multi Mgr Bond Fund	$	14,528,845	Not rated	$	17,694,982	Not rated
Russell Marketable Real Asset Fund		4,909,516	Not rated		-	Not rated
Russell 1000 Index Fund		9,812,768	Not rated		-	Not rated
Russell Large Cap Defensive Equity Fund		4,869,554	Not rated		-	Not rated
Russell International Fund		10,035,253	Not rated		-	Not rated
Russell Emerging Markets Fund		2,470,567	Not rated		-	Not rated
Russell Small Cap Fund		2,427,884	Not rated		-	Not rated
Russell Multi Asset Core Fund		-	Not rated		42,439,079	Not rated
	$	49,054,387		$	60,134,061	

The following table sets forth additional disclosures of the Union Plan's investments whose fair value is estimated using net asset value per share (or its equivalent) as of December 31, 2022 and 2021:

Investment	Fair Value at December 31 2022	Fair Value at December 31 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common collective trusts (A)	$ 49,054,387	$ 60,134,061	$ -	Quarterly	None

(A) These funds aim to generate consistent absolute returns by investing in assets with a diversified group of investment managers through managed account structures.

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Union Plan's investments are not rated. The Union Plan does not have a policy for credit risk.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The Union Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments in the common collective trusts are not subject to interest rate risk given they have no maturity dates.

Note 2. Cash and Investments (Continued)

Concentration of credit risk: The Union Plan's investment policy is to apply the prudent-person rule: Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. It is the Union Plan's policy that the portfolio should be well diversified in an attempt to reduce the overall risk of the portfolio.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the vent of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Union Plan does not have a policy for custodial credit risk.

At December 31, 2022 and 2021, the Union Plan's common collective trusts were uninsured investments, but the securities were held by the counterparty's trust department or agent in the name of the Union Plan. The Union Plan's investments during the years ended December 31, 2022 and 2021, did not differ significantly from these at the respective year-ends in amounts or level of risk.

Note 3. Grants and Operating Funding

The Authority has entered into several contracts with the federal government under the Federal Transportation Act of 1964, as amended, whereby the Authority receives financial assistance for capital improvement projects, preventive maintenance and planning assistance. The Authority also receives federal financial assistance for its RideKC Freedom program. The Federal Transit Administration allocates the amount appropriated by Congress for public mass transportation to metropolitan areas using a formula that considers such factors as population, population/density and revenue vehicle miles.

In addition, the Authority also received local funding under contracts with 10 local governmental units in the greater Kansas City area, but principally from the City of Kansas City, Missouri (the City). The amounts of local funding income from the City for the years ended December 31, 2022 and 2021 were $50,651,122 and $55,720,075, respectively. Local operating funding for the years ended December 31, 2022 and 2021 was approximately 49% and 70% of the total operating grants and funding, respectively.

Federal operating funding is comprised of the following, for the years ending December 31:

	2022	2021
Formula grants used for Fixed Transit operations	$ 53,023,095	$ 22,786,613
Formula grants used for RideKC Freedom operations	8,026,316	4,105,160
	$ 61,049,411	$ 26,891,773

As of December 31, 2022 and 2021, amounts due from the federal government were as follows:

	2022	2021
Fixed Transit expenditures	$ 11,342,628	$ 662,872
RideKC Freedom expenditures	758,317	412,132
	$ 12,100,945	$ 1,075,004

Note 4. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2022 is as follows:

	Beginning Balances, as Restated	Increases	Decreases/ Reclasses	Ending Balances
Capital assets not being depreciated/amortized:				
Land and rights-of-way	$ 12,160,313	$ 4,109,261	$ -	$ 16,269,574
Capital projects in progress	30,288,861	8,627,129	17,468,648	21,447,342
Total capital assets not being depreciated/ amortized	42,449,174	12,736,390	17,468,648	37,716,916
Capital assets being depreciated/amortized:				
Buildings and improvements	71,950,636	14,732,815	195,943	86,487,508
Revenue equipment	113,969,961	-	808,216	113,161,745
Other equipment and structures	71,419,127	3,114,088	9,089,178	65,444,037
Office furniture and equipment	7,311,223	231,005	490,505	7,051,723
Lease right of use assets	304,945	13,873	-	318,818
Total capital assets being depreciated/ amortized	264,955,892	18,091,781	10,583,842	272,463,831
Less accumulated depreciation/amortization for:				
Buildings and improvements	45,015,936	3,291,220	195,943	48,111,213
Revenue equipment	69,416,371	7,780,897	808,216	76,389,052
Other equipment and structures	50,239,740	3,256,422	9,089,178	44,406,984
Office furniture and equipment	5,644,886	60,263	490,505	5,214,644
Lease right of use assets	-	103,568	-	103,568
Total accumulated depreciation/amortization	170,316,933	14,492,370	10,583,842	174,225,461
Total capital assets being depreciated/ amortized, net	94,638,959	3,599,411	-	98,238,370
Total capital assets, net	$ 137,088,133	$ 16,335,801	$ 17,468,648	$ 135,955,286

A summary of changes in capital assets for the year ended December 31, 2021 is as follows:

	Beginning Balances	Increases	Decreases/ Reclasses	Ending Balances
Capital assets not being depreciated:				
Land and rights-of-way	$ 12,160,313	$ -	$ -	$ 12,160,313
Capital projects in progress	48,249,418	10,905,223	28,865,780	30,288,861
Total capital assets not being depreciated	60,409,731	10,905,223	28,865,780	42,449,174
Capital assets being depreciated:				
Buildings and improvements	65,809,717	6,140,919	-	71,950,636
Revenue equipment	109,900,781	7,344,789	3,275,609	113,969,961
Other equipment and structures	58,313,579	15,006,606	1,901,058	71,419,127
Office furniture and equipment	5,612,636	1,698,587	-	7,311,223
Total capital assets being depreciated	239,636,713	30,190,901	5,176,667	264,650,947
Less accumulated depreciation for:				
Buildings and improvements	42,868,169	2,147,767	-	45,015,936
Revenue equipment	66,526,634	6,165,346	3,275,609	69,416,371
Other equipment and structures	49,332,266	2,808,532	1,901,058	50,239,740
Office furniture and equipment	5,081,293	563,593	-	5,644,886
Total accumulated depreciation	163,808,362	11,685,238	5,176,667	170,316,933
Total capital assets being depreciated, net	75,828,351	18,505,663	-	94,334,014
Total capital assets, net	$ 136,238,082	$ 29,410,886	$ 28,865,780	$ 136,783,188

Note 5. Long-Term Liabilities

A summary of long-term liability transactions for the year ended December 31, 2022 is as follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	$ 4,204,007	$ 4,097,398	$ 4,213,085	$ 4,088,320	$ 2,537,127
Lease liabilities	304,945	13,872	98,189	220,628	102,925
Self insurance claims	3,822,001	5,611,676	4,510,863	4,922,814	902,000
Total long-term liabilities	$ 8,330,953	$ 9,722,946	$ 8,822,137	$ 9,231,762	$ 3,542,052

A summary of long-term liability transactions for the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Compensated absences	$ 4,524,820	$ 4,195,851	$ 4,516,664	$ 4,204,007	$ 3,864,716
Self insurance claims	3,430,196	3,776,495	3,384,690	3,822,001	815,000
Total long-term liabilities	$ 7,955,016	$ 7,972,346	$ 7,901,354	$ 8,026,008	$ 4,679,716

As of January 1, 2022, the Authority adopted GASB Statement No. 87, *Leases*. The impact as of January 1, 2022 on the financial statement is a follows:

- Increase lease liabilities and intangible right-of-use assets by $304,945, for agreements where the Authority is the Lessee.
- Increase lease receivable and deferred inflow of resources by $312,203, for agreements where the Authority is the Lessor.

The impact of the GASB 87 implementation is not material to the 2021 financial statements, therefore the 2021 financial statements have not been restated.

Lease obligations: The Authority is a lessee in lease agreements for the use of equipment. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

	Principal	Interest	Total
Years ending December 31:			
2023	$ 102,925	$ 5,621	$ 108,546
2024	106,370	2,211	108,581
2025	7,902	175	8,077
2026	2,933	68	3,001
2027	498	2	500
	$ 220,628	$ 8,077	$ 228,705

Note 6. Restrictions and Designations of Assets

The following is a summary of restrictions and designations of assets as of December 31, 2022 and 2021:

	2022	2021
Restricted assets—cash and investments used for the purchase of capital assets and long-term operating purposes	$ 37,848,996	$ 25,686,232
Designated assets—cash and investments used for the payment of self insurance claims	7,038,912	7,276,253
Designated assets—cash and investments used for long-term operating liabilities	5,846,532	5,417,249
Total restricted and designated assets	$ 50,734,440	$ 38,379,734

Note 7. Pension Plans

Each qualified Authority employee is included in one of two pension plans depending on their status as union or salaried personnel. Each plan is administered by a separate board of trustees and the assets are held in custody by certain banks.

Plan information is as follows:

Below is a summary of amounts reported by the Authority as of and for the year ended December 31, 2022:

	Union Plan	Salaried Plan	Total
Net pension liability	$ 14,725,389	$ 5,870,955	$ 20,596,344
Deferred outflows of resources	10,334,854	3,462,868	13,797,722
Deferred inflows of resources	(8,753,752)	(1,049,001)	(9,802,753)
Pension expense	1,815,808	3,043,825	4,859,633

Below is a summary of amounts reported by the Authority as of and for the year ended December 31, 2021:

	Union Plan	Salaried Plan	Total
Net pension asset	$ -	$ 754,470	$ 754,470
Net pension liability	1,597,007	-	1,597,007
Deferred outflows of resources	1,458,970	1,608,460	3,067,430
Deferred inflows of resources	(13,532,957)	(3,894,133)	(17,427,090)
Pension expense	(408,900)	343,427	(65,473)

Union Employees' Funded Pension Plan:

Plan description: The Union Plan is a single-employer defined benefit pension plan covering full-time union employees who meet the eligibility requirements of being a permanent employee (members). The Plan is administered by the Union Employees' Funded Pension Committee appointed by the Board of Commissioners of the Kansas City Area Transportation Authority (the Authority) and Division 1287, Amalgamated Transit Union, AFL-CIO (the Union).

Note 7. Pension Plans (Continued)

Basis of accounting: The Union Plan's financial information is prepared on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs of the Union Plan are financed through investment earnings.

The following represents the Union Plan's membership as of January 1, 2022 and 2021:

	2022	2021
Active employees	448	509
Retirees and beneficiaries currently receiving benefits	232	214
Terminated employees entitled to benefits but not yet receiving them	23	19
	703	742

Contributions: Each active participant is required to contribute 3.75% of their eligible earnings less allowances or other amounts provided in the applicable labor agreement for each week of credited service.

The Authority is required to contribute, per the terms of the Union labor agreement, (1) 7.50% of eligible wages per active participant for each week of credited service and (2) an actuarially calculated recommended contribution amount covering the difference between the 7.50% and the calculation. The Authority is required to pay the higher of the 7.50% or the calculation.

Investments: The Plan's investment policy has the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Russell Marketable Real Asset Fund	10%	9%
Russell 1000 Index Fund	20%	8%
Russell Large Cap Defensive Equity Fund	10%	8%
Russell International Fund	20%	9%
Russell Emerging Markets Fund	5%	11%
Russell Small Cap Fund	5%	11%
Russell Multi-Manager Bond Fund	30%	5%

Common collective trusts may be used for these asset classes. The policy places no limit on the amount the Plan may invest in any one issuer.

Rate of return: For the years ended December 31, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (13.70%) and 11.67%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7. Pension Plans (Continued)

Net pension liability: The total pension liability was determined using an actuarial valuation date of January 1, 2022 using generally accepted actuarial principals and methods. The Authority is utilizing December 31, 2022 as its measurement date for reporting its net pension liability and related deferred inflows/outflows in their financial statements. Standard update procedures were used to roll forward the total pension liability to December 31, 2022.

A schedule of the Authority's changes in its net pension liability for the Union Plan for the years ended December 31, 2022 and 2021 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2020	$ 68,799,740	$ 55,830,224	$ 12,969,516
Changes for the year:			
Service cost	2,346,612	-	2,346,612
Interest on total pension liability	4,796,882	-	4,796,882
Differences between expected and actual experience	(1,546,989)	-	(1,546,989)
Changes in assumptions	(7,160,835)	-	(7,160,835)
Contributions- employer	-	2,619,192	(2,619,192)
Contributions- employee	-	1,219,922	(1,219,922)
Net investment income	-	6,046,470	(6,046,470)
Benefit payments	(5,238,945)	(5,238,945)	-
Administrative expense	-	(77,405)	77,405
Other changes	-	-	-
Net changes	(6,803,275)	4,569,234	(11,372,509)
Balances at December 31, 2021	61,996,465	60,399,458	1,597,007
Changes for the year:			
Service cost	1,935,189	-	1,935,189
Interest on total pension liability	3,954,762	-	3,954,762
Differences between expected and actual experience	2,358,321	-	2,358,321
Changes in assumptions	-	-	-
Contributions- employer	-	2,342,515	(2,342,515)
Contributions- employee	-	1,200,847	(1,200,847)
Net investment income (loss)	-	(8,347,212)	8,347,212
Benefit payments	(6,178,331)	(6,178,331)	-
Administrative expense	-	(76,260)	76,260
Other changes	-	-	-
Net changes	2,069,941	(11,058,441)	13,128,382
Balances at December 31, 2022	$ 64,066,406	$ 49,341,017	$ 14,725,389

Plan fiduciary net position as a percentage of the total pension liability:	
2022	77.02%
2021	97.42%

Actuarial assumptions: The total pension liability in the January 1, 2022 actuarial valuation was determined using mortality rates based on the PubG-2010 mortality table, projected generationally with 75% of scale MP-2021. The actuary used a 6.50% long-term rate of return, and salary increases of 12.0% for 0-4 years of service, 4.0% for 5-11 years of service, and 2.5% for 12+ years of service.

Note 7. Pension Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan contributions from both employees and the employer will be made at the current contribution rates as determined annually by the Pension Committee in effect on the measurement date: (a) employee contribution rate of 3.75% of annual compensation; (b) employer contribution rate of the greater of 7.5% or the actuarially determined amounts per the actuarial valuation report; and (c) administrative expenses in the prior year projected forward with inflation as an estimate for administrative expenses in the current and future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's net pension liability to changes in the discount rate: The following presents the Authority's net pension liability calculated using the discount rate of 6.5% for 2022 and 2021, respectively, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability—2022	$ 22,548,361	$ 14,725,389	$ 8,079,051

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability (asset)—2021	$ 9,225,022	$ 1,597,007	$ (4,872,048)

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions: For the years ended December 31, 2022 and 2021, the Authority recognized pension expense of $1,815,808 and $(408,900), respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Union Plan from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 2,021,418	$ (3,638,872)	$ -	$ (4,789,793)
Changes of assumptions	890,828	(5,114,880)	1,458,970	(6,137,856)
Net difference between projected and actual earnings on pension plan investments	7,422,608	-	-	(2,605,308)
Total deferred amounts to be recognized in pension expense in future periods	$ 10,334,854	$ (8,753,752)	$ 1,458,970	$ (13,532,957)

Note: Change of assumptions—In the January 1, 2021, actuarial valuation, the discount rate was changed from 7.0% to 6.5%, and other assumption changes included the salary increase rate, the mortality improvement scale, termination rates, disability rates, and retirement rates. These assumption changes resulted in a $7,160,835 decrease in the total pension liability.

Note 7. Pension Plans (Continued)

Deferred inflows and outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of the measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:	
2023	$ 67,588
2024	540,893
2025	803,194
2026	1,095,805
2027	(1,263,281)
Thereafter	336,903
	$ 1,581,102

Salaried Employees' Pension Plan:

Plan description: The Plan is a single-employer defined benefit pension plan covering full-time salaried employees who meet the eligibility requirement of one year of continuous employment as an Employee (or at least one year of continuous employment as an employee of the Authority with at least six consecutive months of such employment as an Employee). The Plan is administered by the Salaried Pension Committee appointed by the Board of Commissioners of the Kansas City Area Transportation Authority (the Authority.) The Plan is a pension trust fund of the Authority. The Plan allows employee rollover contributions from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan (Union Plan).

Basis of accounting: The Salaried Plan's financial information is prepared on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. The Authority's contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Administrative costs of the Salaried Plan are financed through investment earnings.

The following represents the Salaried Plan's membership as of January 1, 2022 and 2021:

	2022	2021
Active employees	108	107
Retirees and beneficiaries currently receiving benefits	60	61
Terminated employees entitled to benefits but not yet receiving them	18	17
	186	185

Note 7. Pension Plans (Continued)

Contributions: Employer contributions are subject to annual appropriation by the Authority. The only employee contributions allowed are rollovers from the Union Plan sponsored by the Authority. The Plan receives an annual actuarial valuation for the purpose of determining the recommended contribution rates.

Investments: The Plan's investment policy has the following asset allocation ranges permitted, and the long-term expected geometric real rate of return for each major asset class.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	30.00%	7%
Mid cap domestic equity	11.00%	9%
Small cap domestic equity	8.00%	8%
International equity	16.00%	5%
Fixed income	30.00%	4%
Other	2.00%	1%
Cash	3.00%	1%

Mutual funds may be used for these asset classes. The policy places no limit on the amount the Plan may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Rate of return: For the years ended December 31, 2022 and 2021, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was (6.73%) and 13.46%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability (asset): The total pension liability was determined using an actuarial valuation date of January 1, 2022 using generally accepted actuarial principals and methods. The Authority is utilizing December 31, 2022 as its measurement date for reporting its net pension liability and related deferred inflows/outflows in their financial statements. Standard update procedures were used to roll forward the total pension liability to December 31, 2022.

Note 7. Pension Plans (Continued)

A schedule of the Authority's changes in its net pension liability (asset) for the Salaried Plan for the years ended December 31, 2022 and 2021 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2020	$ 24,767,977	$ 22,776,336	$ 1,991,641
Changes for the year:			
Service cost	581,409	-	581,409
Interest on total pension liability	1,724,942	-	1,724,942
Differences between expected and actual experience	(892,187)	-	(892,187)
Changes in assumptions	-	-	-
Contributions- employer	-	1,154,780	(1,154,780)
Net investment income	-	3,038,068	(3,038,068)
Benefit payments	(1,414,722)	(1,414,722)	-
Administrative expense	-	(44,395)	44,395
Other changes	-	11,822	(11,822)
Net changes	(558)	2,745,553	(2,746,111)
Balances at December 31, 2021	24,767,419	25,521,889	(754,470)
Changes for the year:			
Service cost	607,333	-	607,333
Interest on total pension liability	1,718,610	-	1,718,610
Differences between expected and actual experience	374,792	-	374,792
Changes in assumptions	-	-	-
Changes in benefit terms	1,649,897	-	1,649,897
Contributions- employer	-	1,117,940	(1,117,940)
Net investment income (loss)	-	(3,371,298)	3,371,298
Benefit payments	(1,646,373)	(1,646,373)	-
Administrative expense	-	(96,549)	96,549
Other changes	-	75,114	(75,114)
Net changes	2,704,259	(3,921,166)	6,625,425
Balances at December 31, 2022	$ 27,471,678	$ 21,600,723	$ 5,870,955

Plan fiduciary net position as a percentage of the total pension liability:	
2022	78.63%
2021	103.05%

Actuarial assumptions: The total pension liability in the January 1, 2022 actuarial valuation was determined using mortality rates based on the PubG-2010 mortality table, projected generationally with 75% of Scale MP-2021. The actuary used a 7.0% long-term rate of return, and salary increases of 5.5% per year for members with less than 10 years of service, and 4.0% per year for members with 10 or more years of service.

Discount rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. The projection also assumed employee contributions were none. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7. Pension Plans (Continued)

Sensitivity of the Authority's net pension liability (asset) to changes in the discount rate: The following presents the Authority's net pension liability (asset) calculated using the discount rate of 7.0% for 2022 and 2021, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability—2022	$ 9,063,479	$ 5,870,955	$ 3,168,257

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)—2021	$ 1,945,301	$ (754,470)	$ (3,057,045)

Pension expense and deferred outflows of resources related to pensions: For the years ended December 31, 2022 and 2021, the Authority recognized pension expense of $3,043,825 and $343,427, respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Salaried Plan pension from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual plan experience	$ 965,651	$ (893,904)	$ 1,092,976	$ (1,191,872)
Changes of assumptions	300,620	(155,097)	515,484	(206,796)
Net difference between projected and actual earnings on pension plan investments	2,196,597	-	-	(2,495,465)
Total deferred amounts to be recognized in pension expense in future periods	$ 3,462,868	$ (1,049,001)	$ 1,608,460	$ (3,894,133)

Note 7. Pension Plans (Continued)

Deferred outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of the measurement period. The deferred outflows related to the difference between expected and actual investment earnings is being amortized over a closed 5-year period as of the beginning of the measurement period. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31:	
2023	$ 334,907
2024	514,070
2025	462,215
2026	1,102,675
	$ 2,413,867

The union employees' pension plan and salaried employees' pension plan issue their own stand-alone financial reports. Copies may be requested from the Kansas City Area Transportation Authority, 1200 East 18th Street, Kansas City, Missouri 64108.

Note 8. Other Postemployment Benefits (OPEB)

Plan description: The Authority's defined benefit OPEB plan, a single-employer health care plan, provides the same medical and pharmacy benefits to active employees as it does to eligible early retirees and their spouses. The plan is administered by the Authority and the Authority has the authority to establish or amend the plan provisions or contribution requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Benefits provided: Employees who have attained age 55 and retire from active employment with 15 consecutive years of service are eligible for retiree benefits. Eligible retirees and their dependents receive medical and pharmacy benefits through a fully-insured plan. These are the same plans that are available for active employees. The Authority also provides a life insurance benefit of $1,000 to each retiree.

Contributions: The Authority establishes and amends contribution requirements. Currently, retirees less than age 65 pay 10% of active premium rates, while the Authority contributes 90%. Retirees equal to or greater than age 65 pay 100% of the premium rates. Spouses pay 100% of the active premium rates. The current funding policy of the Authority is to pay premiums as they occur on a pay-as-you-go basis.

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Employees covered by benefit terms: At January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	375
Inactive employees entitled to but not yet receiving benefits	
Active employees	658
Covered spouses	-
	1,033

Total OPEB liability: The Authority's total OPEB liability of $13,411,813 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022.

Actuarial methods and assumptions: The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	Varies by service
Discount rate	4.31%-measurement date of December 31, 2022 2.25%–measurement date of December 31, 2021 1.93%–measurement date of December 31, 2020
Health care cost trend rates	7.5% decreasing to 4.0%
Retirees' share of benefit-related costs	10%
Mortality rates	Pub-2010 General Employees Headcount-Weighted Mortality (SOA Scale MP-2021)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of December 31, 2020	$ 22,140,188
Changes for the year:	
Service cost	1,633,310
Interest	411,702
Changes in assumptions or other inputs	(6,125,973)
Difference between actual and expected experience	(2,044,015)
Contributions and payments made	(799,316)
Net changes	(6,924,292)
Balance as of December 31, 2021	15,215,896
Changes for the year:	
Service cost	927,207
Interest	354,249
Changes in assumptions or other inputs	(2,283,625)
Difference between actual and expected experience	-
Contributions and payments made	(801,914)
Net changes	(1,804,083)
Balance as of December 31, 2022	$ 13,411,813

Note: Changes of assumptions—In 2021, the discount rate was changed from 1.93% at the beginning of the year to 2.25% at the end of the year. Assumption changes also include updated health care costs and premiums, updated health care cost trend rates, and updated mortality improvement, retirement, termination, and salary increases. These assumption changes resulted in a $6,125,973 decrease in the total OPEB liability.

Difference Between Expected and Actual Experience reflects the impact of changes to the census data from the prior valuation to the valuation as of January 1, 2021.

In 2022, the discount rate was changed from 2.25% at the beginning of the year to 4.31% at the end of the year. This assumption change resulted in a $2,283,625 decrease in the total OPEB liability.

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	2022		
	1% Decrease 3.31%	Discount Rate 4.31%	1% Increase 5.31%
Total OPEB liability	$ 14,470,016	$ 13,411,813	$ 12,443,785

	2021		
	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total OPEB liability	$ 16,445,193	$ 15,215,896	$ 14,085,699

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00%–6.50%) or 1-percentage-point higher (5.00%–8.50%) than the current healthcare cost trend rates:

	2022		
	(6.50% Decreasing to 3.00%)	Health Care Cost Trend Rates (7.50% Decreasing to 4.00%)	(8.50% Decreasing to 5.00%)
Total OPEB liability	$ 11,981,861	$ 13,411,813	$ 15,087,678

	2021		
	(6.50% Decreasing to 3.00%)	Health Care Cost Trend Rates (7.50% Decreasing to 4.00%)	(8.50% Decreasing to 5.00%)
Total OPEB liability	$ 13,591,753	$ 15,215,896	$ 17,132,540

Note 8. Other Postemployment Benefits (OPEB) (Continued)

OPEB expense and deferred inflows of resources related to OPEB: For the years ended December 31, 2022 and 2021, the Authority recognized OPEB expense of $321,193 and $1,472,253, respectively. At December 31, 2022 and 2021, the Authority reported and deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,762,045	$ (1,365,238)	$ 2,254,236	$ (1,706,969)
Changes of assumptions or other inputs	1,370,916	(6,211,131)	1,751,642	(5,422,055)
	$ 3,132,961	$ (7,576,369)	$ 4,005,878	$ (7,129,024)

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending December 31:	
2023	$ (963,363)
2024	(963,363)
2025	(908,020)
2026	(1,233,635)
2027	(375,027)
Thereafter	-
	$ (4,443,408)

Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the Authority's risk management program, the Authority retains up to a maximum of $600,000 per occurrence ($1,500,000 aggregate retention) for workers' compensation and $2,000,000 per occurrence for vehicular liability. The Authority purchases commercial insurance for claims in excess of the maximum under an umbrella policy and purchases commercial insurance for employee health insurance and general liability coverage. Claims did not exceed coverage for the year ended December 31, 2022, and for each of the past three fiscal years.

A provision for claims expense and related liability is established when information available prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred and the amount of the loss can be reasonably estimated.

Note 9. Risk Management (Continued)

Changes in the estimated liability for claims during 2022 and 2021 are as follows:

	2022	2021
Beginning balance	$ 3,822,001	$ 3,430,196
Claims expense	5,611,676	3,776,495
Claims payments and adjustments	(4,510,863)	(3,384,690)
Ending balance	$ 4,922,814	$ 3,822,001

The Authority has established a Board-designated cash and investment account, which is available to pay such claims. The level of funding is determined based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Designated assets available to pay claims were $7,038,912 and $7,276,253 as of December 31, 2022 and 2021, respectively.

In addition to these designated assets, the Authority maintains a letter of credit, which has been renewed through 2022, as collateral for the payment of self-insurance claims. As of December 31, 2022 and 2021, the amount available to the Authority on this letter of credit was $1,745,000 and $1,637,000, respectively. There were no draws on the letter of credit in fiscal years 2022 and 2021.

The excess of designated assets available for payment of these claims over the recorded liability was $2,116,098 and $3,454,252 as of December 31, 2022 and 2021, respectively.

Note 10. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation plan is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was amended to comply with IRC Section 457(g) which allowed the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the creditors of the Authority and the liability and corresponding investments are not reflected in the financial statements.

Note 11. Commitments and Contingencies

Pending/threatened litigation: The Authority is involved in lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury and personnel practices, property damage and disputes over eminent domain proceedings. In the opinion of the General Counsel to the Authority, payment of claims by the Authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority's financial position.

Grants: The Kansas City Area Transportation Authority obtains financial assistance from various federal and state agencies in the forms of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the Authority.

Note 11. Commitments and Contingencies (Continued)

Purchase commitments as of December 31, 2022:

The Authority has committed to purchase the following:

1. $56,488 in construction projects;
2. $2,108,639 miscellaneous materials;
3. $16,756,822 in services;
4. $4,130,048 for vehicles and buses; and
5. $338,109 for equipment.

KCATA's legal services and A&E Professional Services are procured on an "as needed" basis with an annual "not to exceed" contract amount.

Rock Island Railroad Corridor Project: The Authority and Jackson County, Missouri have forged a partnership for the acquisition and public use of the 17.7 mile railroad corridor running from near the Truman Sports Complex through Raytown and into Lee's Summit into southern Jackson County (the County).

Jackson County has constructed a 13 mile shared use pathway for walking/biking for transportation purposes. The Authority will study the appropriate future transit option for the corridor as well as TOD (Transit Oriented Development) opportunities for economic development at key location along the corridor.

The Rock Island Corridor was purchased from Union Pacific for $52 million by the County in partnership with the Authority with annual debt service for the cost of acquisition funded on 50/50 basis. The funding agreement requires the Authority to reimburse the County for 50% of the annual debt service payment of approximately $1.4 million each year for 30 years through 2046.

Key dates for the project:

- September 2015 the Authority and the County enter into a Cooperative Agreement for funding the purchase of Rock Island.
- April 2016 Jackson Legislature approves issuance of Bonds to purchase the Corridor.
- May 2016 Jackson County closes the purchase transaction.
- January 2017 the County and the Authority enter a Cooperative Agreement for the Maintenance and Operations of the RIRR Corridor.
- June 2019 Jackson County holds Trail ribbon cutting ceremony to open southern leg of the Trail.
- In 2019 FTA grant pilot program for land use planning around future transit corridors awarded to KCATA in the amount of $250,000.
- July 2021 Phase two of the Trail (7 miles) opened.

Initial phases of land use planning for this corridor was finished in 2022. Future phase will involve community planning and development of a master plan.

Note 11. Commitments and Contingencies (Continued)

Under Section 8 of the Cooperative Agreement approved by the Authority Board on September 30, 2015:

The Authority retains the exclusive right to purchase the rail corridor ROW excluding the Trail for purposes of constructing and operating a Multi-Modal Corridor Project. Should County bonds issued for the purchase be outstanding at the time purchase occurs, the Authority will assume responsibility of that outstanding debt.

At this time, there are no plans to exercise this option in the near future.

These commitments will be paid with federal, state or local grants and funding, or possible private funding.

Prospect MAX Bus Rapid Transit (BRT) Project: The Authority, in partnership with the City of Kansas City, Missouri, has implemented a plan for enhanced transit service along Kansas City's Prospect Avenue corridor. The ten-mile Prospect Avenue Corridor is a key urban commercial arterial and residential street that parallels US 71. Prospect MAX operates along 11th and 12th Streets into the downtown area and connect with the downtown Streetcar line. The two mobility hubs include options like paratransit connections, bikeshare, scooters and connections to other local routes.

Benefits of MAX service:

- Improved faster service with fewer stops
- Improved streets and sidewalks
- 10-minute service intervals
- Enhanced passenger stations with attractive, well-lit shelters
- New technologies

Key dates:

- August 2015 FTA approval for entry into project development
- April 2017 KCATA/City of Kansas City, Missouri Cooperative Agreement signed
- April 2017 environmental clearance
- April 2018 FTA Single Year Grant Agreement executed
- November 2019 Complete Construction (All construction except 12th and Charlotte Transit Center scheduled to open in June 2020)
- December 2019 Begin Prospect MAX BRT Service
- August 2020 Completion of East Village Transit Center
- March 2021 Installation of Interactive Kiosks and Visually Impaired Wayfinding System
- October 2022 Concrete pavement changes
- January 2023 Finalize visually impaired Wayfinding system

Project costs for the Prospect MAX is $55.8 million, with $38 million in Federal funds and $17.8 million in local matching funds ($12.5 million from KCMO and $5.3 million from KCATA.) Capital improvements included 48 new MAX stations, two transit centers, 12 BRT compressed natural gas (CNG) buses and pedestrian safety and access improvements such as new sidewalk and pedestrian traffic signal upgrades.

Prospect MAX was substantially completed in 2021. Some phases were capitalized in 2021 and 2022. The remainder will be capitalized in 2023.

Note 11. Commitments and Contingencies (Continued)

Kansas City Streetcar Riverfront Extension: The Authority has partnered with the Port Authority of Kansas City, Missouri (Port KC), the Kansas City Streetcar Authority (KCSA), and the City of Kansas City, Missouri (KCMO) to implement the Riverfront Streetcar Extension (RFE Project) that will extend the existing Kansas City Streetcar from 3rd and Grand, north across the existing Grand Avenue Bridge to the Berkley Riverfront approximately .7 miles. KCATA is the project sponsor and grant recipient. KCMO and KCSA will own and operate this extension.

Key dates for the project:

- January 2019 Preliminary Design (30%) complete
- September 2020 Environmental Finding/ Categorical Exclusion
- October 2021 KCATA /KCMO/KCSA/Port KC Cooperative agreement signed
- January 2022 BUILD Grant Executed
- June 2022 60% Design Complete
- October 2022 100% Design Complete
- March 2023 Request for Proposals General Construction
- Project cost for the RFE is $34.9 million, with $14.2 million in Federal (BUILD) funds, $6.5 million in Federal 5307 funds and $14.3 million in local matching funds ($1.0 million from KCATA, $4.75 million from KCSA and $8.5 million from Port KC.) Capital improvements include guideway and track elements, stations, site work and special conditions, systems, and professional services.

Note 12. RideKC Development Corporation Blended Component Unit

Presented below is the RideKC Development Corporation summarized financial statements as of and for the years ending December 31, 2022 and 2021:

Condensed Statement of Net Position as of December 31, 2022 and 2021

	2022	2021
Assets, current assets	$ 1,549,259	$ 2,089,973
Noncurrent assets, capital assets	614,760	539,357
Total assets	2,164,019	2,629,330
Current liabilities, accounts payable and unearned revenue	373,572	126,677
Noncurrent liabilities, due to the Authority - Fixed Transit and leases	3,843,163	3,805,837
Total liabilities	4,216,735	3,932,514
Net position (deficit)	$ (2,052,716)	$ (1,303,184)

Note 12. RideKC Development Corporation Blended Component Unit (Continued)

Condensed Statement of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenue	$ 268,417	$ -
Operating expense	1,032,744	950,482
Operating loss	(764,327)	(950,482)
Nonoperating revenues	14,795	503
Change in net position (deficit)	(749,532)	(949,979)
Net position (deficit), beginning of the year	(1,303,184)	(353,205)
Net position (deficit), end of the year	$ (2,052,716)	$ (1,303,184)

Note 13. Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements not yet required to be implemented by the Authority:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the Authority with its year ending December 31, 2023.

- GASB Statement No. 101, *Compensated Absences*, this Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2023. The Authority is evaluating the impact that adoption of this Statement will have on its financial position, results of operations and cash flows.

The Authority has not yet determined the effect these Statements will have on the Authority's financial statements.

Note 14. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively affect the Authority's operations, suppliers or other vendors, as well as intergovernmental entities and citizens it collects fees from. The operations for the Authority's services could be negatively impacted by the regional and global outbreak of COVID-19, including the potential for stop-work orders on existing construction projects for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Authority's operations, or that of its suppliers and vendors, may adversely affect the Authority's revenues, ability to provide its services and operating results. In addition, a significant outbreak of an epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the Authority operates, resulting in an economic downturn that could affect demand for services. As of the date of this report, management believes COVID-19 has not had any such impact on the Authority's financial statements or operations. The extent to which COVID-19 may affect the Authority's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information, which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

As of December 31, 2022, CARES Act funds of $44.8 million have been expended on eligible operating expenses and regional pass-throughs out of a budget of $51.3 million; Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funds of $25.6 million been expended on eligible operating expenses, zero fare initiative and regional pass-throughs out of a budget of $35.9 million; and ARP (American Rescue Plan) funds of $16.4 million have been expended on eligible operating expenses and regional pass-throughs out of a budget of $66.3 million.

Kansas City Area Transportation Authority

Required Supplementary Information—Salaried Employees Pension Plan
Schedule of Changes in Net Pension Liability
For the Last Nine Fiscal Years

	2022	2021	2020
Total Pension Liability			
Service cost	**$ 607,333**	$ 581,409	$ 761,008
Interest on total pension liability	**1,718,610**	1,724,942	1,596,941
Difference between expected and actual experience	**374,792**	(892,187)	1,160,692
Changes in assumptions	**-**	-	110,761
Changes of benefit terms	**1,649,897**	-	-
Benefit payments including refunds of member contributions	**(1,646,373)**	(1,414,722)	(1,827,718)
Net change in total pension liability	**2,704,259**	(558)	1,801,684
Total pension liability, beginning of year	**24,767,419**	24,767,977	22,966,293
Total pension liability, end of year	**$ 27,471,678**	$ 24,767,419	$ 24,767,977
Plan Fiduciary Net Position			
Contributions, employer	**$ 1,117,940**	$ 1,154,780	$ 1,303,000
Net investment income (loss)	**(3,371,298)**	3,038,068	2,778,936
Benefit payments including refunds of member contributions	**(1,646,373)**	(1,414,722)	(1,827,718)
Administrative expenses	**(96,549)**	(44,395)	(89,786)
Other (transfers)	**75,114**	11,822	148,734
Net change in plan fiduciary net position	**(3,921,166)**	2,745,553	2,313,166
Plan fiduciary net position, beginning of year	**25,521,889**	22,776,336	20,463,170
Plan fiduciary net position, end of year	**$ 21,600,723**	$ 25,521,889	$ 22,776,336
Net Pension Liability (Asset)	**$ 5,870,955**	$ (754,470)	$ 1,991,641

Information prior to 2014 is unavailable.

Changes in assumptions:
2020:
- Salary increases were changed form a flat rate to table of rates varying on service.
- Retirement, withdrawal, and disability rates were adjusted based on experience.
- Form of payment elections for retirements were adjusted based on experience.

In 2019, the mortality rates were changed to reflect the PubG-2010 tables.

In 2017, the discount rate was lowered from 7.5% to 7.0%.

In 2015, the mortality assumption was changed from the 2014 IRS Static Mortality Table to the RP-2014 Mortality Table. The assumed form of payment was also updated from 100% electing a lump sum to 75% lump sum, 25% annuity.

2019	2018	2017	2016	2015	2014
$ 613,725	$ 695,574	$ 554,860	$ 471,547	$ 398,735	$ 393,564
1,634,915	1,515,929	1,466,353	1,375,401	1,349,207	1,267,046
(836,714)	379,181	877,084	890,536	65,236	-
(361,892)	-	903,754	-	636,032	-
-	-	-	-	-	-
(1,651,901)	(1,334,736)	(2,045,437)	(1,022,654)	(995,727)	(1,547,409)
(601,867)	1,255,948	1,756,614	1,714,830	1,453,483	113,201
23,568,160	22,312,212	20,555,598	18,840,768	17,387,285	17,274,084
$ 22,966,293	$ 23,568,160	$ 22,312,212	$ 20,555,598	$ 18,840,768	$ 17,387,285
$ 1,264,022	$ 1,312,552	$ 1,256,289	$ 754,000	$ 750,000	$ 860,445
3,673,717	(1,110,631)	2,558,624	1,060,105	94,531	925,775
(1,651,901)	(1,334,736)	(2,045,437)	(1,022,654)	(995,727)	(1,547,409)
(123,577)	(74,239)	(70,560)	(28,313)	(39,208)	(31,415)
93,569	47,189	181,749	113,455	41,178	27,314
3,255,830	(1,159,865)	1,880,665	876,593	(149,226)	234,710
17,207,340	18,367,205	16,486,540	15,609,947	15,759,173	15,524,463
$ 20,463,170	$ 17,207,340	$ 18,367,205	$ 16,486,540	$ 15,609,947	$ 15,759,173
$ 2,503,123	$ 6,360,820	$ 3,945,007	$ 4,069,058	$ 3,230,821	$ 1,628,112

Kansas City Area Transportation Authority

Required Supplementary Information—Union Employees Pension Plan
Schedule of Changes in Net Pension Liability
For the Last Nine Fiscal Years

	2022	2021	2020
Total Pension Liability			
Service cost	**$ 1,935,189**	$ 2,346,612	$ 2,287,146
Interest on total pension liability	**3,954,762**	4,796,882	4,849,796
Difference between expected and actual experience	**2,358,321**	(1,546,989)	-
Changes in assumptions	**-**	(7,160,835)	(2,849,681)
Benefit payments including refunds of member contributions	**(6,178,331)**	(5,238,945)	(4,966,361)
Net change in total pension liability	**2,069,941**	(6,803,275)	(679,100)
Total pension liability, beginning of year	**61,996,465**	68,799,740	69,478,840
Total pension liability, end of year	**$ 64,066,406**	$ 61,996,465	$ 68,799,740
Plan Fiduciary Net Position			
Contributions, employer	**$ 2,342,515**	$ 2,619,192	$ 2,674,814
Contributions, employee	**1,200,847**	1,219,922	1,245,030
Net investment income (loss)	**(8,347,212)**	6,046,470	4,053,993
Benefit payments including refunds of member contributions	**(6,178,331)**	(5,238,945)	(4,966,361)
Administrative expenses	**(76,260)**	(77,405)	(92,370)
Other (transfers)	**-**	-	-
Net change in plan fiduciary net position	**(11,058,441)**	4,569,234	2,915,106
Plan fiduciary net position, beginning of year	**60,399,458**	55,830,224	52,915,118
Plan fiduciary net position, end of year	**$ 49,341,017**	$ 60,399,458	$ 55,830,224
Net Pension Liability	**$ 14,725,389**	$ 1,597,007	$ 12,969,516

Information prior to 2014 is unavailable.

Changes in assumptions:

In 2021, the discount rate was lowered from 7.0% to 6.5%, and other assumption changes included the salary increase rate, the mortality improvement scale, termination rates, disability rates, and retirement rates.

In 2019, the mortality rates were changed to reflect the PubG-2010 tables.

In 2017, the discount rate was lowered from 7.5% to 7.0%.

In 2015, the mortality assumption was changed from the 2014 IRS Static Mortality Table to the RP-2014 Blue Collar Mortality Table.

	2019	2018	2017	2016	2015	2014
	$ 2,330,904	$ 2,109,637	$ 1,996,043	$ 1,894,701	$ 1,823,167	$ 1,657,267
	4,766,860	4,556,580	4,522,438	4,524,248	4,483,228	4,199,534
	(670,910)	(1,290,395)	(193,109)	(1,896,192)	(77,383)	-
	47,506	-	2,868,379	-	1,676,801	-
	(5,525,218)	(3,815,708)	(4,957,070)	(4,151,286)	(3,796,329)	(3,882,725)
	949,142	1,560,114	4,236,681	371,471	4,109,484	1,974,076
	68,529,698	66,969,584	62,732,903	62,361,432	58,251,948	56,277,872
	$ 69,478,840	$ 68,529,698	$ 66,969,584	$ 62,732,903	$ 62,361,432	$ 58,251,948
	$ 2,663,317	$ 2,550,097	$ 2,322,232	$ 2,530,180	$ 2,436,703	$ 2,490,987
	1,233,911	1,223,924	1,172,264	1,138,310	1,103,227	1,083,747
	7,525,490	(1,983,833)	6,655,989	3,453,539	(677,912)	2,463,634
	(5,525,218)	(3,815,708)	(4,957,070)	(4,151,286)	(3,796,329)	(3,882,574)
	(394,458)	(375,704)	(363,175)	(333,039)	(77,356)	(62,062)
	-	(44,748)	(181,749)	(113,455)	(61,563)	(27,314)
	5,503,042	(2,445,972)	4,648,491	2,524,249	(1,073,230)	2,066,418
	47,412,076	49,858,048	45,209,557	42,685,308	43,758,538	41,692,120
	$ 52,915,118	$ 47,412,076	$ 49,858,048	$ 45,209,557	$ 42,685,308	$ 43,758,538
	$ 16,563,722	$ 21,117,622	$ 17,111,536	$ 17,523,346	$ 19,676,124	$ 14,493,410

Kansas City Area Transportation Authority

Required Supplementary Information—Salaried Employees Pension Plan
Schedule of Net Pension Liability (Asset) and Related Ratios
For the Last Nine Fiscal Years

	2022	2021	2020
Total pension liability, end of year	**$ 27,471,678**	$ 24,767,419	$ 24,767,977
Plan fiduciary net position, end of year	**21,600,723**	25,521,889	22,776,336
Net pension liability (asset)	**$ 5,870,955**	$ (754,470)	$ 1,991,641
Plan fiduciary net position as a percentage of the total pension liability	**78.63%**	103.05%	91.96%
Covered payroll	**$ 9,631,295**	$ 9,071,602	$ 9,861,664
Net pension liability (asset) as a percentage of covered payroll	**60.96%**	(8.32)%	20.20%

Information prior to 2014 is unavailable.

2019	2018	2017	2016	2015	2014
$ 22,966,293	$ 23,568,160	$ 22,312,212	$ 20,555,598	$ 18,840,768	$ 17,387,285
20,463,170	17,207,340	18,367,205	16,486,540	15,609,947	15,759,173
$ 2,503,123	$ 6,360,820	$ 3,945,007	$ 4,069,058	$ 3,230,821	$ 1,628,112
89.10%	73.01%	82.32%	80.20%	82.85%	90.64%
$ 8,704,522	$ 8,728,639	$ 7,902,132	$ 6,795,068	$ 6,076,318	$ 5,761,978
28.76%	72.87%	49.92%	59.88%	53.17%	28.26%

Kansas City Area Transportation Authority

Required Supplementary Information—Union Employees Pension Plan
Schedule of Net Pension Liability and Related Ratios
For the Last Nine Fiscal Years

	2022	2021	2020
Total pension liability, end of year	**$ 64,066,406**	$ 61,996,465	$ 68,799,740
Plan fiduciary net position, end of year	**49,341,017**	60,399,458	55,830,224
Net pension liability	**$ 14,725,389**	$ 1,597,007	$ 12,969,516
Plan fiduciary net position as a percentage of the total pension liability	**77.02%**	97.42%	81.15%
Covered payroll	**$ 30,017,933**	$ 30,408,805	$ 31,552,950
Net pension liability as a percentage of covered payroll	**49.06%**	5.25%	41.10%

Information prior to 2014 is unavailable.

2019	2018	2017	2016	2015	2014
$ 69,478,840	$ 68,529,698	$ 66,969,584	$ 62,732,903	$ 62,361,432	$ 58,251,948
52,915,118	47,412,076	49,858,048	45,209,557	42,685,308	43,758,538
$ 16,563,722	$ 21,117,622	$ 17,111,536	$ 17,523,346	$ 19,676,124	$ 14,493,410
76.16%	69.18%	74.45%	72.07%	68.45%	75.12%
$ 33,830,248	$ 32,198,194	$ 30,963,093	$ 30,780,779	$ 29,217,865	$ 27,122,786
48.96%	65.59%	55.26%	56.93%	67.34%	53.44%

Kansas City Area Transportation Authority

Required Supplementary Information—Pension Plans
Schedule of Employer Contributions
For the Last Ten Fiscal Years

Salaried Employees Pension Plan

Year Ended December 31,	Annual Recommended Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	$ 860,445	$ 945,000	$ (84,555)	$ 6,005,404	15.74%
2014	748,911	860,445	(111,534)	5,761,978	14.93
2015	793,573	750,000	43,573	6,076,318	12.34
2016	931,915	754,000	177,915	6,795,068	11.10
2017	1,226,529	1,256,289	(29,760)	7,902,132	15.90
2018	1,312,552	1,312,552	-	8,728,639	15.04
2019	1,264,022	1,264,022	-	8,704,522	14.52
2020	1,469,995	1,303,000	166,995	9,861,664	13.21
2021	1,154,757	1,154,780	(23)	9,071,602	12.73
2022	**1,117,915**	**1,117,940**	**(25)**	**9,631,295**	**11.61**

Union Employees Pension Plan

Year Ended December 31,	Annual Recommended Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	$ 2,161,149	$ 2,050,024	$ 111,125	$ 26,890,312	7.62%
2014	2,210,419	2,490,987	(280,568)	27,122,786	9.18
2015	2,436,703	2,436,703	-	28,631,221	8.51
2016	2,530,180	2,530,180	-	30,780,779	8.22
2017	2,322,232	2,322,232	-	30,963,093	7.50
2018	2,550,097	2,550,097	-	32,198,194	7.92
2019	2,663,317	2,663,317	-	32,400,450	8.22
2020	2,674,814	2,674,814	-	31,692,019	8.44
2021	2,619,192	2,619,192	-	32,176,806	8.14
2022	**2,342,515**	**2,342,515**	**-**	**30,017,933**	**7.80**

The information presented in the required supplementary schedules was determined as part of the January 1, 2021 actuarial valuation. Additional information follows:

	Salaried Employees Pension Plan	Union Employees Pension Plan
1. Cost method	Entry age normal	Entry age normal
2. Long-term rate of return	7.0%	6.5%
3. Salary increases	4.0%	4.25%
4. Amortization method	Level dollar, Closed	Level amount, Open
5. Remaining amortization period	15 years	30 years

Kansas City Area Transportation Authority

Required Supplementary Information—Pension Plans
Schedule of Investment Returns
For the Last Ten Fiscal Years

Salaried Employees Pension Plan

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	**(6.73)%**	13.46%	11.99%	21.53%	(6.05)%

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.68%	6.91%	1.00%	6.16%

Union Employees Pension Plan

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	**(13.70)%**	11.67%	8.66%	16.13%	(4.01)%

	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	15.17%	8.18%	(1.60)%	5.95%

Information prior to 2014 is unavailable.

Kansas City Area Transportation Authority

Required Supplementary Information
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios

	2022	2021
Total OPEB liability		
Service cost	**$ 927,207**	$ 1,633,310
Interest	**354,249**	411,702
Differences between expected and actual experience	**-**	(2,044,015)
Changes of assumptions or other inputs	**(2,283,625)**	(6,125,973)
Benefit payments	**(801,914)**	(799,316)
Net change in total OPEB liability	**(1,804,083)**	(6,924,292)
Total OPEB liability—beginning	**15,215,896**	22,140,188
Total OPEB liability—ending	**$ 13,411,813**	$ 15,215,896
Covered-employee payroll	**44,132,992**	41,871,909
Total OPEB liability as a percentage of covered-employee payroll	**30.39%**	36.34%

Difference Between Expected and Actual Experience: Difference Between Expected and Actual Experience reflects *the impact of changes to the census data from the prior valuation to the valuation*

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.44%
2018	4.10%
2019	2.74%
2020	1.93%
2021	2.25%
2022	**4.31%**

Assumption changes in 2021—in addition to the above discount rate change, assumption changes also include updated health care costs and premiums, updated health care cost trend rates, and updated mortality improvement, retirement, termination, and salary increases. These assumption changes resulted in a $6,125,973 decrease in the total OPEB liability.

Assumption changes in 2020—in addition to the above discount rate change, the valuation was performed by a different actuarial firm.

Assumption changes in 2019—in addition to the above discount rate change, the actuarial method changed from the Projected *Unit Credit* to *Entry-Age-Normal as a Percentage of Salary*, the mortality assumption changed to the *Pub-2010 General Employees Headcount-Weighted Mortality (SOA Scale MP-2019)*.

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

	2020		2019		2018
$	1,572,718	$	1,534,359	$	849,282
	600,089		522,031		433,714
	-		3,730,809		(7,871)
	44,610		2,843,634		(688,874)
	(805,737)		(760,130)		(672,842)
	1,411,680		7,870,703		(86,591)
	20,728,508		12,857,805		12,944,396
$	22,140,188	$	20,728,508	$	12,857,805
	42,242,038		36,918,225		39,471,554
	52.41%		56.15%		32.57%

Kansas City Area Transportation Authority

Combining Schedule of Net Position
December 31, 2022

	Fixed Transit	RideKC Freedom	RideKC Development	Total
Assets				
Current assets:				
Cash and investments	$ 6,032,683	$ -	$ 1,543,923	$ 7,576,606
Intercompany	3,660,523	144,567	(3,805,090)	-
Accounts receivable	952,422	16,853	-	969,275
Due from other governments:				
Local governments	157,329	23,835	-	181,164
State governments	329,188	25,937	-	355,125
Federal government	11,342,628	758,317	-	12,100,945
Materials and supplies	2,019,421	-	-	2,019,421
Prepaid expenses and other assets	481,263	-	5,336	486,599
Lease receivable	98,954	-	-	98,954
Designated cash and investments	902,000	-	-	902,000
Total current assets	25,976,411	969,509	(2,255,831)	24,690,089
Noncurrent assets:				
Restricted cash and investments	37,848,996	-	-	37,848,996
Designated cash and investments	11,983,444	-	-	11,983,444
Lease receivable	234,574			234,574
Net pension asset	-	-	-	-
Capital assets:				
Land and other nondepreciable assets	37,187,202	-	529,714	37,716,916
Other depreciable capital assets, net of depreciation	98,153,324	-	85,046	98,238,370
Total noncurrent assets	185,407,540	-	614,760	186,022,300
Total assets	211,383,951	969,509	(1,641,071)	210,712,389
Deferred outflows of resources:				
OPEB related amounts	3,132,961	-	-	3,132,961
Pension related amounts	13,797,722	-	-	13,797,722
Total deferred outflows of resources	$ 16,930,683	$ -	$ -	$ 16,930,683

See note to other supplementary information.

	Fixed Transit	RideKC Freedom	RideKC Development	Total
Liabilities				
Current liabilities:				
Accounts payable	$ 9,694,937	$ 934,390	$ 299,977	$ 10,929,304
Accrued liabilities:				
Payroll and benefits	2,315,784	-	-	2,315,784
Compensated absences	2,515,549	21,578	-	2,537,127
Lease liabilities	62,663	-	40,262	102,925
Other	676,670	-	-	676,670
Liabilities payable from designated assets:				
Public liability and property damage	771,000	-	-	771,000
Workers' compensation claims	131,000	-	-	131,000
Unearned revenue	2,994,946	-	33,333	3,028,279
Total current liabilities	19,162,549	955,968	373,572	20,492,089
Noncurrent liabilities:				
Liabilities payable from designated assets:				
Public liability and property damage	1,008,554	-	-	1,008,554
Workers' compensation claims	3,012,260	-	-	3,012,260
Total OPEB liability	13,411,813	-	-	13,411,813
Net pension liability	20,596,344	-	-	20,596,344
Compensated absences	1,538,000	13,193	-	1,551,193
Lease liabilities	79,630	-	38,073	117,703
Total noncurrent liabilities	39,646,601	13,193	38,073	39,697,867
Total liabilities	58,809,150	969,161	411,645	60,189,956
Deferred inflows of resources:				
OPEB related amounts	7,576,369	-	-	7,576,369
Pension related amounts	9,802,753	-	-	9,802,753
Lease related amounts	328,695	-	-	328,695
Total deferred inflows of resources	17,707,817	-	-	17,707,817
Net Position (Deficit)				
Net investment in capital assets	128,850,918	-	536,425	129,387,343
Restricted, capital and operating purposes	37,848,996	-	-	37,848,996
Unrestricted (deficit)	(14,902,247)	348	(2,589,141)	(17,491,040)
Total net position (deficit)	$ 151,797,667	$ 348	$ (2,052,716)	$ 149,745,299

Kansas City Area Transportation Authority

Combining Schedule of Revenues, Expenses and Changes in Net Position (Deficit)
Year Ended December 31, 2022

	Fixed Transit	RideKC Freedom	RideKC Development	Total
Operating revenues:				
Passenger	$ 175,439	$ 287,661	$ -	$ 463,100
Charter and stadium express	1,125	-	-	1,125
Advertising	298,833	-	-	298,833
START projects	-	-	268,417	268,417
Total operating revenues	475,397	287,661	268,417	1,031,475
Operating expenses:				
Transportation	37,403,801	10,737,414	-	48,141,215
Maintenance	23,043,325	-	-	23,043,325
Public liability and property damage claims	2,063,688	-	-	2,063,688
General and administrative	24,542,295	1,533,785	990,517	27,066,597
Depreciation and amortization expense	14,450,143	-	42,227	14,492,370
Total operating expenses	101,503,252	12,271,199	1,032,744	114,807,195
Operating loss	(101,027,855)	(11,983,538)	(764,327)	(113,775,720)
Nonoperating revenues (expenses):				
Operating funding:				
Local governments	54,407,794	3,891,528	-	58,299,322
State government	310,478	65,694	-	376,172
Federal government	53,023,095	8,026,316	-	61,049,411
Federal grant revenue received for subrecipients	6,469,822	-	-	6,469,822
Federal funds passed through to subrecipients	(6,469,822)	-	-	(6,469,822)
Federal grant revenue, received on behalf of others	8,492,966	-	-	8,492,966
Federal funds spent on behalf of others	(8,492,966)	-	-	(8,492,966)
Investment income (loss)	(1,042,080)	-	14,785	(1,027,295)
Debt service reimbursement to Jackson County	(1,401,647)	-	-	(1,401,647)
Gain on disposition of capital assets	1,342	-	-	1,342
Rental and other nonoperating income	1,703,018	-	10	1,703,028
Total nonoperating revenues	107,002,000	11,983,538	14,795	119,000,333
Increase/(decrease) in net position before capital funding	5,974,145	-	(749,532)	5,224,613
Capital related grants and funding	1,964,872	-	-	1,964,872
Change in net position	7,939,017	-	(749,532)	7,189,485
Net position (deficit), beginning of year	143,858,650	348	(1,303,184)	142,555,814
Net position (deficit), end of year	$ 151,797,667	$ 348	$ (2,052,716)	$ 149,745,299

See note to other supplementary information.

Kansas City Area Transportation Authority

Combining Statement of Fiduciary Net Position—Pension Trust Funds
December 31, 2022

	Salaried	Union	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 211,744	$ -	$ 211,744
Certificates of deposit	228,332	-	228,332
Due from brokers	112,894	-	112,894
Participant contribution receivable	-	63	63
Employer contribution receivable	-	132,350	132,350
Other receivables	-	257,526	257,526
Total current assets	552,970	389,939	942,909
Investments:			
Common stock	7,767,341	-	7,767,341
Equity funds	7,586,583	-	7,586,583
U.S. agencies	148,203	-	148,203
Debt funds	350,874	-	350,874
Corporate bonds	2,912,177	-	2,912,177
U.S. treasury	1,760,586	-	1,760,586
Money market	764,340	-	764,340
Common collective trusts	-	49,054,387	49,054,387
Total investments	21,290,104	49,054,387	70,344,491
Total assets	21,843,074	49,444,326	71,287,400
Liabilities			
Accrued administrative expenses	242,351	103,309	345,660
Fiduciary net position restricted for pension benefits	$ 21,600,723	$ 49,341,017	$ 70,941,740

See note to other supplementary information.

Kansas City Area Transportation Authority

Combining Statement of Changes in Fiduciary Net Position—Pension Trust Funds
Year Ended December 31, 2022

	Salaried	Union	Total
Additions:			
Employer contributions	$ 1,117,940	$ 2,342,515	$ 3,460,455
Participant contributions	-	1,200,847	1,200,847
	1,117,940	3,543,362	4,661,302
Transfer from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan	75,114	-	75,114
Investment income (loss):			
Net appreciation (depreciation) of fair value of investments, net of investment expense	(3,849,323)	(8,035,840)	(11,885,163)
Interest and dividends	619,722	-	619,722
Total investment earnings	(3,229,601)	(8,035,840)	(11,265,441)
Less investment expense	141,697	311,372	453,069
Net investment income	(3,371,298)	(8,347,212)	(11,718,510)
Total additions	(2,178,244)	(4,803,850)	(6,982,094)
Deductions:			
Benefits paid to participants	1,646,373	6,178,331	7,824,704
Administrative expenses	96,549	76,260	172,809
Total deductions	1,742,922	6,254,591	7,997,513
Net increase	(3,921,166)	(11,058,441)	(14,979,607)
Net position restricted for pension benefits:			
Beginning of year	25,521,889	60,399,458	85,921,347
End of year	$ 21,600,723	$ 49,341,017	$ 70,941,740

See note to other supplementary information.

Kansas City Area Transportation Authority

Note to Other Supplementary Information

In addition to the basic financial statements, the Kansas City Area Transportation Authority (the Authority) presents a combining schedule of net position and a combining schedule of revenues, expenses and changes in net position for its two divisions and blended component unit. A brief explanation of these divisions and the component unit is as follows:

Fixed Transit: This is the main operating division of the Authority which accounts for mass transit operations.

RideKC Freedom: This operating division accounts for the activities of the Authority's para-transit program, which is primarily devoted to the transport of elderly and disabled Americans.

RideKC Development Corporation: A not-for-profit corporation formed to promote and facilitate transit-oriented development in the Kansas City metropolitan area.

The Authority also presents a combining statement of fiduciary net position and a combining statement of changes in fiduciary net position for its two defined benefit pension plans.

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Financial Report
December 31, 2022

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RSM US LLP

Independent Auditor's Report

Participants and the Salaried Pension Committee
Kansas City Area Transportation Authority
Retirement Plan for Salaried Employees

Opinion

We have audited the financial statements of the Kansas City Area Transportation Authority Retirement Plan for Salaried Employees (the Plan), a component unit of the Kansas City Area Transportation Authority, as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Plan'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 Kansas City Area Transportation Authority Retirement Plan for Salaried Employees as of December 31, 2022 and 2021, and the changes in plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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, 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 Plan'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 Plan'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 pension information on pages 16 through 22 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 response 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

RSM US LLP

Kansas City, Missouri
April 21, 2023

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Statements of Plan Net Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 211,744**	$ 2,421
Certificates of deposit	**228,332**	243,666
Due from brokers	**112,894**	98,679
Total current assets	**552,970**	344,766
Investments:		
Common stock	**7,767,341**	9,260,855
Equity funds	**7,586,583**	8,840,491
U.S. agencies	**148,203**	85,055
Debt funds	**350,874**	401,255
Corporate bonds	**2,912,177**	2,963,303
U.S. Treasury	**1,760,586**	2,368,372
Money market fund	**764,340**	1,297,788
Total investments	**21,290,104**	25,217,119
Total assets	**21,843,074**	25,561,885
Liabilities, accrued administrative expenses	**242,351**	39,996
Net position restricted for pensions	**$ 21,600,723**	$ 25,521,889

See notes to financial statements.

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Statements of Changes in Plan Net Position
Years Ended December 31, 2022 and 2021

	2022	2021
Additions:		
Employer contributions	$ 1,117,940	$ 1,154,780
Employee rollover contribution from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan	75,114	11,822
Investment (loss) income:		
Net (depreciation) appreciation of fair value of investments	(3,849,323)	2,217,041
Interest and dividends	619,722	873,590
Total investment (loss) income	(3,229,601)	3,090,631
Less investment expense	141,697	52,563
Net investment (loss) income	(3,371,298)	3,038,068
Total additions	(2,178,244)	4,204,670
Deductions:		
Benefits paid to participants	1,646,373	1,414,722
Administrative expenses	96,549	44,395
Total deductions	1,742,922	1,459,117
Net (decrease) increase	(3,921,166)	2,745,553
Net position restricted for pensions:		
Beginning of year	25,521,889	22,776,336
End of year	$ 21,600,723	$ 25,521,889

See notes to financial statements.

Note 1. Plan Description

The following brief description of the Kansas City Area Transportation Authority Retirement Plan for Salaried Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreements for more complete information. The Plan is included in the Kansas City Area Transportation Authority's financial report as a fiduciary fund.

General: The Plan is a single-employer defined benefit pension plan covering full-time salaried employees who meet the eligibility requirement of one year of continuous employment as an employee (or at least one year of continuous employment as an employee of Kansas City Area Transportation Authority (the Authority) with at least six consecutive months of such employment as an employee). The Plan is administered by the Salaried Pension Committee appointed by the Board of Commissioners of the Authority. The Plan allows employee rollover contributions from the Kansas City Area Transportation Authority Union Employees' Funded Pension Plan (Union Plan). Included in net position available for benefits at December 31, 2022 and 2021, are $858,897 and $847,727, respectively, related to employee pretax contributions, additional contributions, and accumulated interest at 5% annually. These amounts will be distributed to individual members in a lump-sum payment no later than the date that the member's accrued benefit distributions begin.

The following presents the Plan's membership as of January 1, 2022 and 2021:

	2022	2021
Active employees	108	107
Retirees and beneficiaries currently receiving benefits	60	61
Terminated employees entitled to benefits but not yet receiving them	18	17
	186	185

Pension benefits: Members with five or more years of service are entitled to annual pension benefits, beginning at normal retirement age (65), equal to 1.45% of monthly earnings, as defined by the Plan, multiplied by years and months of credited service.

Any member who is an employee on or after his or her normal retirement date shall be 100% vested in his or her accrued benefit. Vesting for all other members is as follows:

	Vesting Percentage
Years of service:	
Less than 5	0%
5 or more	100%

A member shall be entitled to his or her accrued benefit commencing on their early retirement date without actuarial reduction under any of the following circumstances: (i) the member reaches attained age 60 and completes at least 30 years of service, (ii) the member reaches attained age 62 and completes at least 10 years of service or (iii) the member had completed at least 30 years of service by January 1, 1979, regardless of age. The Plan also permits early retirement at age 55 and 15 years of service. Effective January 1, 2018, the Plan was amended to change the early retirement criteria for those employees hired after January 1, 2018 to age 63 and completes at least 15 years of service. The early retirement benefit is the accrued benefit reduced by 1/180 for each of the first 60 months and 1/360 for each of the next 60 months by which the early retirement date precedes the normal retirement date.

Note 1. Plan Description (Continued)

Prior to his or her retirement date, the member may elect, in a written application provided by the Retirement Committee, to receive his or her retirement benefit. If the member elects the immediate lump-sum payment his or her termination benefit will be calculated using the Actuarially Equivalent form and payable as of the first day of any month following his or her termination of employment.

Members may elect to receive their pension benefits over their lifetime, guaranteed for 60, 120 or 180 months; over their lifetime and then continuing to a beneficiary; in the form of a joint and survivor annuity; or in a lump-sum payment. Members may also elect to receive a one-time 25% lump-sum payment and the remaining 75% of the benefit payments in any of the Plan's existing annuity options.

Death benefits: If an active member dies after five years of service, a death benefit equal to 50% of the value of the employee's accumulated pension benefits is paid to the employee's beneficiary.

Disability benefit: Members who become totally and permanently disabled after 10 years of service receive benefits that are equal to the normal retirement benefits as long as the participant remains disabled.

Amendments: The Plan was amended during the year to eliminate differences in benefits for participants hired before or after January 1, 2018. The effect was to increase benefits for those hired on or after January 1, 2018 and this amendment increased the total pension liability by approximately $1.65 million.

Note 2. Summary of Significant Accounting Policies

The Plan's significant accounting policies are as follows:

Basis of accounting: The accompanying financial statements are prepared on 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 the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates. The Plan uses an actuary to determine the total pension liability. A change in the actuarial assumptions used could significantly change the amount of the total pension liability reported in the accompanying notes to the financial statements.

Investment valuation and income recognition: Investments are recorded at fair value, except for money market funds and certificates of deposit, which are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held, during the year. See Note 4 for additional information regarding fair value measurements.

Benefit payments: Benefit payments to participants are recorded upon distribution.

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions: Employer contributions are subject to annual appropriation by the Authority. The only employee contributions allowed are rollovers from the Union Plan sponsored by the Authority. The Plan receives an annual actuarial valuation for the purpose of determining the recommended contribution rates.

Funding policy: The Authority has voluntarily agreed to make contributions to the Plan sufficient to provide the Plan with assets with which to pay pension benefits to Plan participants. The Plan receives an annual actuarial valuation for the purpose of determining recommended contribution rates. The actuarially determined recommended employer contribution for 2022 was $1,117,915 and the actual employer contribution for 2022 was $1,117,940. The actuarially determined recommended employer contribution for 2021 was $1,154,757 and the actual employer contribution for 2021 was $1,154,780. According to the actuarial valuation as of January 1, 2022, the normal cost for the plan year beginning January 1, 2022, is $610,596, or 6.4% of eligible payroll for those under the assumed retirement age. According to the actuarial valuation as of January 1, 2021, the normal cost for the plan year beginning January 1, 2021, is $580,872, or 6.4% of eligible payroll for those under the assumed retirement age.

Administrative costs of the Plan are financed through investment earnings and are recognized when incurred.

Note 3. Net Pension Liability (Asset) and Actuarial Assumptions

Net pension liability (asset) of the Plan: As of December 31, 2022, the total pension liability was determined using an actuarial valuation date of January 1, 2022, rolled forward from the valuation date to the Plan year ended December 31, 2022, using generally accepted actuarial principles and methods.

As of December 31, 2021, the total pension liability was determined using an actuarial valuation date of January 1, 2021, rolled forward from the valuation date to the Plan year ended December 31, 2021, using generally accepted actuarial principles and methods.

The components of the net pension liability of the Plan at December 31, 2022 and 2021, were as follows:

	2022	2021
Total pension liability	$ 27,471,678	$ 24,767,419
Plan fiduciary net position	(21,600,723)	(25,521,889)
Net pension liability (asset)	$ 5,870,955	$ (754,470)
Plan fiduciary net position as a percent of the total pension liability	78.6%	103.0%

Note 3. Net Pension Liability (Asset) and Actuarial Assumptions (Continued)

Sensitivity analysis: The following presents the net pension liability (asset) of the Plan, calculated using the discount rate of 7.0% for 2022 and 2021, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2022	$ 9,063,479	$ 5,870,955	$ 3,168,257

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
2021	$ 1,945,301	$ (754,470)	$ (3,057,045)

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2011—December 31, 2019.

The significant actuarial assumptions used in the valuation as of January 1, 2022 and 2021 (and the December 31, 2022 and 2021 measurements), are as follows:

Economic assumptions:

Long-term rate of return: 7.0% per year

Discount rate: The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate from the prior year. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates projected forward with price inflation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Salary increases: 5.5% per year for members with less than 10 years of service and 4% per year for members with 10 or more years of service.

Lump sums: 75% of retirees are assumed to elect lump-sum distributions and 25% are assumed to elect life annuity distributions. 100% of others are assumed to elect lump-sum distributions. The lump sum is based upon an interest rate of 7.0% and the PubG-2010 Mortality tables.

Note 3. Net Pension Liability (Asset) and Actuarial Assumptions (Continued)

Demographic assumptions:

2022 and 2021:

Mortality:	PubG-2010 Employee mortality, projected generationally with 75% of Scale MP-2021
Termination:	See tables.
Disability:	See tables.
Retirement:	See tables.

2022 and 2021						
% Terminating During the Year		% Becoming Disabled During the Year			% Retiring During the Year	
Service	Rate	Age	Male	Female	Age	Rate
0-6	13.0%	25	0.04%	0.35%	60-64	20.0%
7-14	8.0%	30	0.05%	0.07%	65-66	50.0%
15+	4.0%	35	0.06%	0.10%	67-69	20.0%
		40	0.08%	0.14%	70+	100.0%
		45	0.14%	0.19%		
		50	0.26%	0.31%		
		55	0.48%	0.47%		
		60	0.74%	0.60%		

Funding method: The actuarial cost method is the Individual Entry Age Normal Cost Method, with entry age determined at the date each employee would have entered the Plan, had the Plan always been in existence.

The present value of the future normal costs is the excess of the present value of benefits over the assets. The normal cost accrual rate is the present value of future normal costs divided by the present value of future covered payroll. The normal cost is the normal cost accrual rate times the annual covered payroll.

Note 4. Investments

As of December 31, 2022 and 2021, the Plan had the following investments. Those equity investments and corporate bonds that represent 5% or more of the Plan's net position are presented separately.

Investment Type	2022 Balance	2022 Standard & Poor's Rating	2021 Balance	2021 Standard & Poor's Rating
Common stock	$ 7,767,341	NA	$ 9,260,855	NA
Mutual funds:				
Equity funds:				
Vanguard Institutional Index	1,296,455	NA	1,583,748	NA
Vanguard Developed Markets Index	1,415,368	NA	1,671,409	NA
Other equity funds	4,874,760	NA	5,585,334	NA
	7,586,583		8,840,491	
Debt funds	350,874	Not rated	401,255	Not rated
Corporate bonds:				
Corporate bonds	796,437	AAA	209,548	AAA
Corporate bonds	264,191	AA	384,110	AA
Corporate bonds	138,961	AA-	158,229	AA-
Corporate bonds	442,655	A+	602,736	A+
Corporate bonds	491,671	A	564,963	A
Corporate bonds	523,730	A-	574,860	A-
Corporate bonds	46,662	BBB+	228,338	BBB+
Corporate bonds	207,870	BBB	240,519	BBB
	2,912,177		2,963,303	
U.S. agencies:				
Federal Home Loan	-	NA	85,055	AA+
FNMA UMBS Short 10 year	148,203	AA+	-	NA
	148,203		85,055	
U.S. Treasury	1,760,586	NA	2,368,372	NA
Federated Funds Group Government Obligations	764,340	NA	1,297,788	NA
	$ 21,290,104		$ 25,217,119	

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The December 31, 2022 and 2021, ratings are listed in the table above. In December 2014, the Plan updated its investment policy to establish a policy to minimize credit risk. Purchases of individual fixed-income assets and bond mutual funds must be rated A3/A- or better by one major credit rating agency.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The Plan's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 4. Investments (Continued)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Plan's investments by maturity. Common stocks, mutual funds (equity and debt funds) and money market funds are not subject to interest rate risk given they have no maturity dates.

Fair value measurements: The Plan categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1: Inputs are quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2: Inputs—other than quoted prices included within Level 1—are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability, which are typically based upon the Plan's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The following fair value techniques were utilized in measuring the fair value of the Plan's investments:

Common stock, mutual funds and U.S. Treasury: These investments are reported at fair value based on quoted market prices obtained from exchanges.

Corporate bonds: These investments are reported at fair value based on evaluation using market sources and integrating relative credit information, observed market movements and sector news into the evaluated pricing applications and models.

U.S. agencies: These investments are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading and dealer quotes.

Note 4. Investments (Continued)

An option adjusted spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

		December 31, 2022				
		Investment Maturities (In Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 7,767,341	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	7,586,583	-	-	-	-	1
Debt funds	350,874	-	-	-	-	1
Corporate bonds	2,912,177	567,195	1,509,512	835,470	-	2
U.S. agencies	148,203	-	-	148,203	-	2
U.S. Treasury	1,760,586	-	1,017,666	742,920	-	1
Investments reported at amortized cost:						
Money market fund	764,340	-	-	-	-	N/A
	$ 21,290,104	$ 567,195	$ 2,527,178	$ 1,726,593	$ -	

		December 31, 2021				
		Investment Maturities (In Years)				
Security Description	Balance	Less Than 1	1-5	6-10	Greater Than 10	Fair Value Hierarchy
Investments reported at fair value:						
Common stock	$ 9,260,855	$ -	$ -	$ -	$ -	1
Mutual funds:						
Equity funds	8,840,491	-	-	-	-	1
Debt funds	401,255	-	-	-	-	1
Corporate bonds	2,963,303	477,361	1,857,550	628,392	-	2
U.S. agencies	85,055	85,055	-	-	-	2
U.S. Treasury	2,368,372	427,242	823,108	1,118,022	-	1
Investments reported at amortized cost:						
Money market fund	1,297,788	-	-	-	-	N/A
	$ 25,217,119	$ 989,658	$ 2,680,658	$ 1,746,414	$ -	

Note 4. Investments (Continued)

Concentration of credit risk: The Plan's investment policy is to apply the prudent-person rule: Investments shall be made with the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. It is the Plan's policy that the portfolio should be well diversified in an attempt to reduce the overall risk of the portfolio. The policy specifically places the following constraints on the following specific asset classes:

Small cap	Maximum 20% of total portfolio
Foreign	Maximum 30% of total portfolio
Large cap	Minimum 20% and maximum 40% of total portfolio
Mid cap	Maximum 20% of total portfolio

Rate of return: For the years ended December 31, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (6.73)% and 13.46%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Asset allocation: The Plan's investment policy has the following asset allocation ranges permitted and the long-term expected geometric real rate of return for each major asset class:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Large cap domestic equity	30.00%	7%
Mid cap domestic equity	11.00%	9%
Small cap domestic equity	8.00%	8%
International equity	16.00%	5%
Fixed income	30.00%	4%
Other	2.00%	1%
Cash	3.00%	1%

Mutual funds may be used for these asset classes. The policy places no limit on the amount the Plan may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are not subject to concentration of credit risk.

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan does not have a policy for custodial credit risk.

At December 31, 2022 and 2021, the Plan's corporate bonds, common stock, municipal bonds, and U.S. agencies were uninsured investments, but the securities were held by the counterparty's trust department or agent in the name of the Plan. The equity funds, debt funds, U.S. Treasury and money market funds are not exposed to custodial credit risk. The Plan's investments during the years ended December 31, 2022 and 2021, did not differ significantly from these at the respective year-ends in amounts or level of risk.

Note 5. Plan Termination

In the event that the Plan terminates, the assets of the Plan will be allocated to provide monthly retirement income, disability payments and death benefits in the following order:

(a) To refund any pretax employee contributions that were made by a member to the Union Plan and then transferred to this Plan. Any such refund shall include interest calculated in accordance with Plan provisions.

(b) To provide benefits to members and beneficiaries receiving such income or payments under the Plan prior to its termination.

(c) To provide benefits to members and beneficiaries qualified to receive such income or payments, but not yet receiving them as of the date of termination.

(d) To provide monthly retirement income at normal retirement date under the Plan terms as if it were in effect to members who have fulfilled the requirements for early retirement benefits or termination benefits. The amount of such monthly retirement income shall be equal to the member's accrued benefit fully vested as of the date of termination.

(e) To provide monthly retirement income at normal retirement date, equal to the member's accrued benefits fully vested at the date of termination, to every other member of the Plan.

If the assets available for allocation to (b), (c) or (d) are insufficient to satisfy in full all benefits in that class, the assets shall be allocated to individuals on the basis of the present value (as of the termination date) of the benefits in such class (adjusted for any subsequent payments).

Note 6. Tax Status

The Plan has received a favorable determination letter dated June 24, 2014, from the Internal Revenue Service indicating that it is qualified under section 401(a) of the Internal Revenue Code (the Code). The Plan has been amended since receiving this determination letter. The Plan Administrator believes the Plan is currently designed, and is being operated, in compliance with the applicable requirements of the Code.

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Required Supplementary Information
Schedule of Changes in Net Pension Liability
For the Last Nine Fiscal Years

	2022	2021	2020
Total pension liability:			
Service cost	**$ 607,333**	$ 581,409	$ 761,008
Interest on total pension liability	**1,718,610**	1,724,942	1,596,941
Difference between expected and actual experience	**374,792**	(892,187)	1,160,692
Changes in assumptions	**-**	-	110,761
Changes of Benefit Terms	**1,649,897**	-	-
Benefit payments including refunds of member contributions	**(1,646,373)**	(1,414,722)	(1,827,718)
Net change in total pension liability	**2,704,259**	(558)	1,801,684
Total pension liability—beginning of year	**24,767,419**	24,767,977	22,966,293
Total pension liability—end of year	**27,471,678**	24,767,419	24,767,977
Plan fiduciary net position:			
Contributions—employer	**1,117,940**	1,154,780	1,303,000
Net investment income (loss)	**(3,371,298)**	3,038,068	2,778,936
Benefit payments	**(1,646,373)**	(1,414,722)	(1,827,718)
Administrative expenses	**(96,549)**	(44,395)	(89,786)
Other (transfers)	**75,114**	11,822	148,734
Net change in plan fiduciary net position	**(3,921,166)**	2,745,553	2,313,166
Plan fiduciary net position—beginning of year	**25,521,889**	22,776,336	20,463,170
Plan fiduciary net position—end of year	**21,600,723**	25,521,889	22,776,336
Net pension liability (asset)	**$ 5,870,955**	$ (754,470)	$ 1,991,641

Information prior to 2014 is unavailable.

Changes in assumptions:
2020:
- Salary increases were changed from a flat rate to table of rates varying on service.
- Retirement, withdrawal, and disability rates were adjusted based on experience.
- Form of payment elections for retirements were adjusted based on experience.

In 2019, the mortality rates were changed to reflect the PubG-2010 tables.

In 2017, the discount rate was lowered from 7.5% to 7.0%.

In 2015, the mortality assumption was changed from the 2014 IRS Static Mortality Table to the RP-2014 Mortality Table. The assumed form of payment was also updated from 100% electing a lump sum to 75% lump sum, 25% annuity.

Changes in benefit terms:
In 2022, the Plan was amended during the year to eliminate differences in benefits for participants hired before or after January 1, 2018. The effect was to increase benefits for those hired on or after January 1, 2018.

See note to required supplementary information.

	2019	2018	2017	2016	2015	2014
	$ 613,725	$ 695,574	$ 554,860	$ 471,547	$ 398,735	$ 393,564
	1,634,915	1,515,929	1,466,353	1,375,401	1,349,207	1,267,046
	(836,714)	379,181	877,084	890,536	65,236	-
	(361,892)	-	903,754	-	636,032	-
	-	-	-	-	-	-
	(1,651,901)	(1,334,736)	(2,045,437)	(1,022,654)	(995,727)	(1,547,409)
	(601,867)	1,255,948	1,756,614	1,714,830	1,453,483	113,201
	23,568,160	22,312,212	20,555,598	18,840,768	17,387,285	17,274,084
	22,966,293	23,568,160	22,312,212	20,555,598	18,840,768	17,387,285
	1,264,022	1,312,552	1,256,289	754,000	750,000	860,445
	3,673,717	(1,110,631)	2,558,624	1,060,105	94,531	925,775
	(1,651,901)	(1,334,736)	(2,045,437)	(1,022,654)	(995,727)	(1,547,409)
	(123,577)	(74,239)	(70,560)	(28,313)	(39,208)	(31,415)
	93,569	47,189	181,749	113,455	41,178	27,314
	3,255,830	(1,159,865)	1,880,665	876,593	(149,226)	234,710
	17,207,340	18,367,205	16,486,540	15,609,947	15,759,173	15,524,463
	20,463,170	17,207,340	18,367,205	16,486,540	15,609,947	15,759,173
	$ 2,503,123	$ 6,360,820	$ 3,945,007	$ 4,069,058	$ 3,230,821	$ 1,628,112

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Required Supplementary Information
Schedule of Net Pension Liability and Related Ratios
For the Last Nine Fiscal Years

	2022	2021	2020
Total pension liability—end of year	$ 27,471,678	$ 24,767,419	$ 24,767,977
Plan fiduciary net position—end of year	21,600,723	25,521,889	22,776,336
Net pension liability (asset)	$ 5,870,955	$ (754,470)	$ 1,991,641
Plan fiduciary net position as a percentage of the total pension liability	78.63%	103.05%	91.96%
Covered payroll	$ 9,631,295	$ 9,071,602	$ 9,861,664
Net pension liability (asset) as a percentage of covered payroll	60.96%	-8.32%	20.20%

Information prior to 2014 is unavailable.

See note to required supplementary information.

2019	2018	2017	2016	2015	2014
$ 22,966,293	$ 23,568,160	$ 22,312,212	$ 20,555,598	$ 18,840,768	$ 17,387,285
20,463,170	17,207,340	18,367,205	16,486,540	15,609,947	15,759,173
$ 2,503,123	$ 6,360,820	$ 3,945,007	$ 4,069,058	$ 3,230,821	$ 1,628,112
89.10%	73.01%	82.32%	80.20%	82.85%	90.63%
$ 8,704,522	$ 8,728,639	$ 7,902,132	$ 6,795,068	$ 6,076,318	$ 5,761,978
28.76%	72.87%	49.92%	59.88%	53.17%	28.26%

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Required Supplementary Information
Schedule of Employer Contributions
For the Last Ten Fiscal Years

Years Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	$ 860,445	$ 945,000	$ (84,555)	$ 6,005,404	15.74%
2014	748,911	860,445	(111,534)	5,761,978	14.93%
2015	793,573	750,000	43,573	6,076,318	12.34%
2016	931,915	754,000	177,915	6,795,068	11.10%
2017	1,226,529	1,256,289	(29,760)	7,902,132	15.90%
2018	1,312,552	1,312,552	-	8,728,639	15.04%
2019	1,264,022	1,264,022	-	8,704,522	14.52%
2020	1,469,995	1,303,000	166,995	9,861,664	13.21%
2021	1,154,757	1,154,780	(23)	9,071,602	12.73%
2022	**1,117,915**	**1,117,940**	**(25)**	**9,631,295**	**11.61%**

See note to required supplementary information.

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Required Supplementary Information
Schedule of Investment Returns
For the Last Nine Fiscal Years

	Money-Weighted Rate of Return, Net
Year ending December 31:	
2014	6.16%
2015	1.00
2016	6.91
2017	15.68
2018	(6.05)
2019	21.53
2020	11.99
2021	13.46
2022	**(6.73)**

Information prior to 2014 is unavailable.

See note to required supplementary information.

Kansas City Area Transportation Authority Retirement Plan for Salaried Employees

Note to Required Supplementary Information (Continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation:

Frequency:	Annual
Latest date:	January 1, 2022
Cost method:	Entry age normal

The significant actuarial assumptions used in the valuations as of January 1, 2022 and 2021, are as follows:

Economic assumptions:

Long-term rate of return:	7.00% per year (net of investment expenses)
Salary increases:	5.5% per year for service 0-9 years; 4% per year for service 10+ years
Expenses:	$45,000 added to normal cost
Lump sums:	75% of retirees are assumed to elect lump-sum distributions and 25% are assumed to elect life annuity distributions. 100% of others are assumed to elect lump-sum distributions.
Amortization period:	15 years; 15 years left in amortization period
Amortization method:	Level dollar, closed period

Demographic assumptions:

Mortality—healthy lives:	PubG-2010 Employee mortality, projected generationally with 75% of Scale MP-2021.
Termination of employment:	Table T-3 of the Actuary's Pension Handbook
Disability:	1987 Commissioners Table
Retirement:	

Decrement Tables						
% Terminating During the Year		% Becoming Disabled During the Year			% Retiring During the Year	
Service	Rate	Age	Male	Female	Age	Rate
0-6	13.00%	25	0.04%	0.35%	60-64	20%
7-14	8.00%	30	0.05%	0.07%	65-66	50%
15+	4.00%	35	0.06%	0.10%	67-69	20%
		40	0.80%	0.14%	70+	100%
		45	0.14%	0.19%		
		50	0.26%	0.31%		
		55	0.48%	0.47%		
		60	0.74%	0.60%		

RSM

RSM US LLP

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
Kansas City Area Transportation Authority

We have performed the procedures enumerated below related to the Kansas City Area Transportation Authority's (the Authority) compliance with the requirements identified below, and that the information included in the NTD report FFA-10 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2021 Policy Manual* (the specified requirements) during the period from January 1, 2021 to December 31, 2021. The Authority's management is responsible for its compliance with those requirements.

The *Federal Transit Administration* (FTA) has established the following standards with regard to the data reported to it in the *Federal Funding Allocation* Statistics form (FFA-10) of a transit agency's annual *National Transit Database* (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system exists to record and gather data on a continuing basis.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following the FTA's receipt of the NTD Annual Report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the accuracy of the data collection process and that the recording system and reported documents are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by the FTA, or the FTA or a qualified statistician approved the methods as being equivalent in quality and precision.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, are accurate.
- Documentation that data has undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations.
- Documentation of the specific documents reviewed and tests performed.

The Authority's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the Authority complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings and/or observations are as follows:

A. We obtained and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the *2021 Policy Manual*. The Authority does not have formal written procedures or policies that include all NTD procedures. Therefore, an understanding of procedures for how information is accumulated, summarized, reviewed and entered into the NTD system was obtained through inquiry of the Authority's various personnel who each have assigned responsibility of supervising the preparation and maintenance of NTD data.

B. We discussed the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to inquire:

- The extent to which the Authority followed the procedures on a continuous basis, and
- Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the *2021 Policy Manual*.

No findings or observations were noted.

C. We inquired of the same personnel interviewed in Step A concerning the retention policy that is followed by the Authority with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (FFA-10). Based upon inquiry of Authority personnel, records are maintained for a minimum of three years. See further testing under Step D.

D. Based on a description of the Authority's procedures obtained in Steps A and B above, we identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document, we selected three months out of the current year and observed that each type of source document exists for each of these periods. No findings or observations noted.

E. We discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. We inquired whether separate individuals who are independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy, and reasonableness, and how often such reviews are performed. No findings or observations were noted.

F. We selected a random sample of the source documents and ascertained whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, we inquired how the supervisors' reviews are documented. No findings or observations were noted.

G. We obtained the worksheets utilized by the Authority to prepare the final data, which are transcribed onto the Federal Funding Allocation Statistics Form (FFA-10). We compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. We mathematically checked the arithmetical accuracy of the summarization. No findings or observations were noted.

H. We discussed with Authority staff the Authority's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements. We inquired whether the procedure used is one of the methods specifically approved in the 2021 Policy Manual.

Observation: The Authority uses an alternative sampling procedure for the Motor Bus—Directly Operated (MBDO). PMT data is collected using automatic passenger counters. The Authority obtained a written opinion from a statistician dated April 24, 2004 to approve the sampling method and the statistician determined that the sampling method meets the FTA requirements. The Authority submitted the required documentation of this alternative method to the FTA prior to the fiscal year ending December 31, 2005. Written approval of this method has not been provided by the FTA as of the date of this report.

During 2013, the Authority obtained permission from the FTA to report the Main MAX as Rapid Bus—Directly Operated (RBDO). The Authority uses the same alternative sampling procedure as the MBDO, with PMT data collected using automatic passenger counters. During 2014, the Authority obtained a written opinion from a statistician dated September 16, 2014 to approve the sampling method and the statistician determined the sampling method meets the FTA requirements. The Authority submitted the required documentation of this alternative method to the FTA in April 2015. Written approval of this method has not been provided by the FTA as of the date of this report.

I. We discussed with Authority staff the Authority's eligibility to conduct statistical sampling for PMT data every third year. We inquired whether the Authority meets the NTD criteria which allow the Authority to conduct statistical samples for accumulating passenger miles data every third year rather than annually. Specifically:

- According to the 2010 census, the Authority serves an urbanized area (UZA) of less than 500,000 population;
- The Authority directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size urbanized area (UZA)).
- The service purchased from a seller is included in the Authority's NTD Report.

We noted that the Authority does not meet the NTD criteria; therefore, this sampling is conducted annually.

We inquired how the Authority estimated annual passenger miles for the current report year.

No findings or observations were noted.

J. We obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We obtained a copy of the Authority's working papers documenting its methodology used to select the actual sample of runs for recording PMT data. For types of service in which the average trip length was used, we confirmed that the universe of runs was used as the sampling frame. We confirmed that the methodology used to select specific runs from the universe resulted in a random selection of runs. No findings or observations were noted.

K. We selected a random sample of the source documents for accumulating PMT data and confirmed that they are complete (all required data are recorded) and that the computations were accurate. We selected a random sample of the accumulation periods and re-computed the accumulations for each of the selected periods. We mathematically checked the arithmetical accuracy of the summarization.

No findings or observations were noted.

L. We discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with the Authority staff and inquired that they follow the stated procedures. Charter service miles comprised less than 0.01 percent of total vehicle revenue miles and there were no school bus or other ineligible vehicle miles.

M. For actual vehicle revenue miles (VRM) data, we documented the collection and recording methodology and observed that deadhead miles are systematically excluded from the computation. This was accomplished as follows:

- For motor bus and rapid bus, in which VRM are calculated from schedules, we documented the procedures used to subtract missed trips. We selected a random sample of the days that service was operated and recomputed the daily total of missed trips and missed vehicle revenue miles. We mathematically checked the arithmetical accuracy of the summarization. No findings or observations were noted.

- For demand taxi and vanpool, in which VRM are calculated from vehicle logs, we selected a random sample of the vehicle logs and confirmed that the deadhead mileage has been correctly computed in accordance with FTA's definitions.

- For Demand Response Directly Operated (DRDO), in which VRM are calculated from vehicle manifests, we selected a random sample of vehicle manifests and confirmed that the deadhead mileage has been correctly computed in accordance with FTA's definitions.

No findings or observations were noted.

N. We discussed with personnel that the Authority does not operate any rail modes.

O. We inquired of the person responsible for maintaining and reporting the NTD data whether the operations meet FTA's definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:

- Rail, trolleybus (TB), or ferry boat (FB) or aerial tramway (TR); or

- Bus (MB, CB, or RB) service operating over exclusive or controlled access rights of way (ROW), and:

  - Access is restricted,

  - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and

  - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation.

No findings or observations were noted.

P. We discussed the measurement of fixed guideway (FG) and HIB directional route miles (DRM) with the person reporting the NTD data and inquired that the mileage is computed in accordance with the FTA definitions of FG/HIB and DRM. We recomputed the average monthly directional route miles and agreed to the amount reported on the Federal Funding Allocation Statistics Form (FFA-10). No findings or observations were noted.

Q. We inquired of Authority personnel if any temporary interruptions in transit services occurred during the report year and noted that there were none. No findings or observations were noted.

R. We measured fixed guideway directional route miles (FG DRM) from maps or by retracing the route. No findings or observations were noted.

S. We discussed with the person reporting the NTD data whether other public transit agencies operate service over the same FG/HIB as the Authority. Per our inquiry, there are no other agencies that operate over the same fixed guideway.

T. We obtained the FG/HIB Segments form. We discussed with the persons reporting NTD data if any segments were added to this form in the 2021 report year, noting there were none. No findings or observations were noted.

U. We compared operating expenses with audited financial data after reconciling items were removed. No findings or observations were noted.

V. For purchased transportation services, we interviewed the personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues and reviewed the amount reported on the Contractual Relationship form (B-30). No findings or observations were noted. The Authority confirmed with NTD personnel the contractual relationship data for the City of Independence, Missouri will not be included in the Authority's Contractual Relationship form, as it is reported separately on its own Contractual Relationship form.

W. For purchased transportation services, we discussed with personnel the Authority's procedures for obtaining required data of the purchased transportation service. We confirmed through this inquiry that there were no PT services not included in the Authority's NTD Report; therefore, a copy of the Auditor Statement for Federal Funding Allocation Statistics data (AS-FFA) of the PT service is not required to be attached. No findings or observations were noted.

X. For purchased transportation services, we obtained a copy of the purchased transportation contract and verified that the contract (1) specified the public transportation services to be provided; (2) specified the monetary consideration obligated by the Authority contracting for the service; (3) specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the Authority's NTD Report; (4) was signed by representatives of both parties to the contract. We interviewed the person responsible for maintaining the NTD data regarding the retention of the executed contract and ascertained that copies of the contracts are retained for three years. No findings or observations were noted.

Y. For services that the Authority provides in more than one urbanized area (UZA), or between an urbanized area and a non-urbanized area, we inquired of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between urbanized areas and non-urbanized area. Per our inquiry, there are no allocations between UZAs. No findings or observations were noted.

Z. We compared the data reported on the Federal Funding Allocation Statistics Form (FFA-10) to data for the prior report year and calculated the percentage change from the prior year to the current year. For vehicle revenue miles, passenger miles traveled, or operating expense data that have increased or decreased by more than 10 percent, or fixed guideway directional route miles data that have also increased or decreased by more than 10 percent, we interviewed Authority management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period. The following observations were noted:

For the Demand Response Purchased Transportation services (DR/PT) type, vehicle revenue miles decreased by 13 percent and passenger miles decreased by 16 percent. Total operating expenses decreased by 12 percent. Explanation obtained from management is due to a change in the paratransit contract and model to revise and increase how many dedicated taxies their contractor is using to deliver services. The decrease is due to less drivers being hired for the segment, as a shift towards hiring more drivers for the DT/PT type was focused on during the year.

For the DT/PT type, vehicle revenue miles increased by 36 percent and passenger miles increased by 38 percent. Total operating expenses increased by 32 percent. Explanation obtained from management is that the increase is due to a service model change with the contractor. In prior years, the majority of the business was dedicated to fleet and only did overflow on taxi. DT/PT has changed its model to moving a majority of trips on the taxis, rather than the fleet.

For the Motor Bus Directly Operated (MB/DO) type, vehicle revenue miles decreased by 11 percent. Explanation obtained from management is that the decrease in vehicle revenue miles is due to reductions in services on various rates throughout the year due to the lack of driver supply.

For the Rapid Bus Directly Operated (RB/DO) type, vehicle revenue miles decreased by 13 percent. Explanation obtained from management is that the decrease in vehicle revenue miles is due to reductions in frequency of services, the stopping frequency for many routes went from every 15 minutes to every 30 minutes.

For the VP/PT type, total operating expenses decreased by 39 percent. Explanation obtained from management is that the decrease is due to increased efficiency with the van pools they have obtained. The mileage per pool has increased leading to revenue and passenger miles remaining consistent, while expenses decreased.

The procedures were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway directional route miles (FG DRM), passenger miles traveled (PMT) and operating expenses (OE) of the Kansas City Area Transportation Authority for the fiscal year ended December 31, 2021 of each of the following modes:

A. Directly operated:

- Motor bus
- Rapid bus
- Demand response

B. Purchased transportation:

- Demand response
- Demand taxi
- Vanpool

We were engaged by the Authority's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Commissioners, management and the FTA and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Kansas City, Missouri
June 16, 2022