



Comprehensive Annual Financial Report

Year Ended December 31, 2015



**Serving Benton and Franklin Counties
for over 30 years**

1000 Columbia Park Trail
Richland, WA 99352
Phone: (509) 735-4131
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www.bft.org

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Ben Franklin Transit

Comprehensive Annual Financial Report

Year Ended December 31, 2015



**Administrative Services Department
Richland, WA**

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Ben Franklin Transit
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Introductory Section



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Ben Franklin Transit
Letter of Transmittal



1000 Columbia Park Trail Richland, WA 99352-4851
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May 27, 2016

To the Board of Directors and Citizens Served in the Benton Franklin Public Transportation Benefit Area

I. TRANSMITTAL OF BEN FRANKLIN TRANSIT'S 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Ben Franklin Transit's (BFT's) Comprehensive Annual Financial Report for the year ended December 31, 2015 is presented herein. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh their benefits, BFT's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that its financial statements will be free from material misstatement. We believe the data, including management's discussion and analysis, the financial statements, supporting schedules and statistical tables, as presented, is accurate in all material aspects and that adequate internal controls are in place to ensure that it presents fairly the financial position and results of the operations of BFT. All disclosures necessary to enable the reader to gain the maximum understanding of BFT's business have been included.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A. BFT's operation is accounted for under a single enterprise fund, which uses the same accrual accounting method as private enterprise. Under revenue recognition and matching principles of the accrual accounting method, revenues are recorded when earned, and expenses are recorded as soon as they result in liabilities for benefits provided. Note 1 to the financial statements provides further details of BFT's accounting policies.

II. PROFILE OF THE AGENCY

BFT is a Public Transportation Benefit Area (PTBA) authorized by Washington State Law Chapter 36.57A RCW. It is located in Benton and Franklin counties in Washington State. The Benton Franklin PTBA, also known as "Ben Franklin Transit," was formed on May 11, 1981 when voters passed a 0.3 % sales tax to fund public transportation. By authorizing this taxing authority, a municipal corporation (BFT), was formed. Vanpool service was initiated in September 1982 under a contract with the Benton-Franklin Council of Governments.

II. PROFILE OF THE AGENCY (continued)

BFT took over vanpool operations on January 1, 1984. BFT assumed the operation of the PTBA's Dial-A-Ride system January 1, 1985. In 1997, Benton City and the City of Prosser annexed into the PTBA; BFT contracted with the City of Prosser to provide service to the communities of Prosser and Benton City using their Prosser Rural Transit system. In January 1999, BFT assumed these operations. In May 2001, an additional 0.3% sales tax proposition was defeated but then approved in March 2002 increasing the direct PTBA sales tax to its current rate of 0.6%. In April 2005, the unincorporated area of Finley (11.5 square miles in Benton County) was annexed to the PTBA.

Today, BFT provides fixed route, demand response and vanpool services in a 588.3 square mile area located in Benton and Franklin Counties. The service area includes the entire cities of Kennewick, Pasco, Richland, West Richland, Benton City, Prosser and certain unincorporated areas of Benton and Franklin Counties with a combined population of approximately 248,333 residents. In 2015, combined ridership for all modes of service totaled 3,961,583.

BFT is governed by an appointed nine-member Board of Directors. The Board consists of two Franklin County commissioners, one Benton County commissioner, and a city council member from each of six cities all within BFT's service area: Kennewick, Pasco, Richland, West Richland, Benton City, and Prosser. There is also one non-voting member of the Local Teamsters Union. The Board appoints a General Manager to implement policies authorized by the Board and oversee BFT's daily operations as well as its approximately 279 employees. The overall management of BFT is divided into six departments; Operations, Dial-A-Ride, Maintenance, Service Delivery, Human Resources and Administrative Services.

BFT operates twenty-one 21 fixed routes serving Benton City, Kennewick, Pasco, Prosser, Richland, and West Richland. There are five (5) inter-city routes, which travel between cities and sixteen (16) local routes that operate within each city. Fixed route service is derived from a network of four transit center hubs and eight park and ride lots connecting passengers with destinations such as the Tri-Cities Airport, Pasco Amtrak and Greyhound Stations, Grapeline service to Walla Walla, Tri-City Trolley service to Hermiston and Pendleton, and People for People service to Yakima. In addition, fixed route service serves both Columbia Basin Community College and Washington State University – Tri-Cities, most area schools and major local employers such as Battelle and the North Richland area business hub. In 2015, fixed route services carried 2,782,274 passengers.

BFT's demand response mode includes all non-fixed route services including taxi feeder routes in low-density areas, Trans+plus night service and specialized transportation service known as Dial-A-Ride. Dial-A-Ride provides transportation to individuals in the community, who, due to a disability, are unable to use fixed route bus services. Dial-A-Ride is provided directly by BFT and through contracts with local transportation providers. In 2015, total ridership was 350,523.

Since its inception in 1984, BFT's vanpool program has expanded to 262 vans with over 3,170 daily weekday riders serving rural employment locations such as the Hanford facility, Washington State Department of Corrections in both Walla Walla and Connell, WA and neighboring agricultural facilities.

As a community partner, BFT provides over 41,847 rides each year to special events such as

II. PROFILE OF THE AGENCY (continued)

the annual International Hydroplane Race and Air Show, Benton Franklin County Fair, Cable Bridge Run, Art in the Park, and Polar Bear Plunge.

In recent years, BFT has restored Sunday Service and Night Service through contracted transportation services and expanded operating hours to meet the gaps between regular service provided by BFT and contracted transportation services.

Long Term Financial Planning and Outlook

For long-term operating and capital financial planning purposes BFT has developed and annually updates its six-year Transit Development Plan (TDP). The current TDP is approved through 2020 and is sustainable at 2015 year-end service levels of 366,985 service hours through 2020.

Major Initiatives

BFT's Major Initiatives are formed from its Statement of Mission and Core Values:

- Customer Satisfaction
- Collaboration
- Diversity
- Fiscal Accountability
- Innovation
- Sustainability
- Safety

The initiatives for 2015 were planned in accordance with BFT's TDP; each initiative and/or project was carefully reviewed before implementation to ensure sustainability and adherence to BFT's strategic priorities. Planned initiatives and capital projects for 2015 included:

- Acquired 10 new Gillig buses as replacement vehicles
- Acquired 45 new Vans for Vanpool use
- Acquired 15 new Dial-A-Ride replacement vehicles
- Acquired 5 new Non-Revenue Support Vehicles
- Maintained Federal Fleet Safety Standards
- Continued successful Travel Training program
- Obtained 100% ADA Compliant Fleet Level
- Completed planning stages, engineering, and construction of Tulip Lane Park-n-Ride Lot
- Continued planning stages and engineering for updates and upgrades to Transit Centers

III. ECONOMIC CONDITION AND OUTLOOK

In 2015, continued evidence of a recovery of the local economic conditions was present. Local economic conditions and retail spending play major roles in the generation of sales tax revenue. As BFT's primary revenue source, sales tax is expected to generate nearly \$30.2 million or 71% of total revenues in 2016. The increase in sales tax revenue reflects consistent economic growth of 3.2% over the last four years. This is due in part to school bond approvals and

regional economic growth forecasts. BFT's 2016 receipts for the first three months are trending up as compared to 2015 receipts for the same periods.

Federal and State funding continue to play an important part of revenues at BFT. These funds are budgeted to contribute about 18% of total revenues for 2016. Federal and State funds are used to subsidize operations and to procure capital assets. BFT is optimistic in its position with these grantors and the ongoing availability of these funding sources. Staff and the Board of Directors are actively engaged in applying for new and additional funding as they become available.

Another indicator of the local economic condition is the unemployment rate of the region. According to the Employment Security Department, for the Kennewick-Pasco-Richland Metropolitan Statistical Area (that contains both Benton and Franklin counties), the July 2015 preliminary unemployment rate was 7.9 percent, up by 2.2 percent from the 5.7 percent rate in July 2014. Preliminary July 2015 estimates for the combined counties show that the total civilian labor force was down by 3.2 percent, from 132,600 in July 2014 to 128,279 in July 2015. The number of employed residents was 118,084 in July 2015, down by 2.0 percent from 125,100 in July 2014. These rates are higher as compared to 2014, however, as compared to the two prior years, 2013 (8.1%) and 2012 (8.9%), the rates are still favorable.

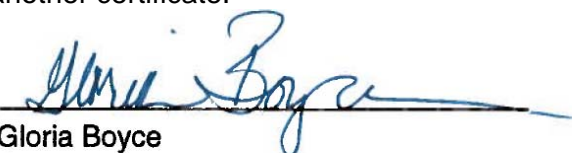
BFT's Board of Directors continues to believe that transit is an essential service for seniors, the disabled and for people who rely on BFT for mobility throughout the community. BFT is committed to reducing operating costs where applicable and to uphold the highest levels of services possible. These objectives assist BFT in meeting its mission of connecting communities with safe, reliable, customer-friendly, and sustainable transit options.

IV. ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the dedicated services of several departments and the tireless efforts of the Administrative Services staff. We would like to express our appreciation to all that assisted and contributed to the preparation of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ben Franklin Transit for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Gloria Boyce
General Manager



Kevin Hebdon
Interim Administrative Services Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Ben Franklin Transit
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in dark ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

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Board of Directors

Watkins, Matt, Chair – Mayor, City of Pasco
Olson, Bob, Vice Chair – Council Member, City of Kennewick
Becken, Steve – Council Member, City of Prosser
Bloom, Richard – Council Member, City of West Richland
Christensen, Terry – Council Member, City of Richland
Delvin, Jerome – Commissioner, Benton County
Koch, Bob – Commissioner, Franklin County
Miller, Rick – Commissioner, Franklin County
Stade, Lisa – Council Member, City of Benton County
Nelson, Norma – Non-Voting Rep, Teamsters Union

Board of Directors Alternates

Garrison, Mike – Council Member, City of Pasco
Parish, Paul – Council Member, City of Kennewick
Taylor, Randy – Council Member, City of Prosser
Peck, Brad – Commissioner, Franklin County
Buel, Rich – Council Member, City of West Richland
Thompson, Bob – Council Member, City of Richland
Small, Shon – Commissioner, Benton County
Meredith, Connie – Council Member, Benton County
Lilyblade, Chris – Non-Voting Rep, Teamsters Union

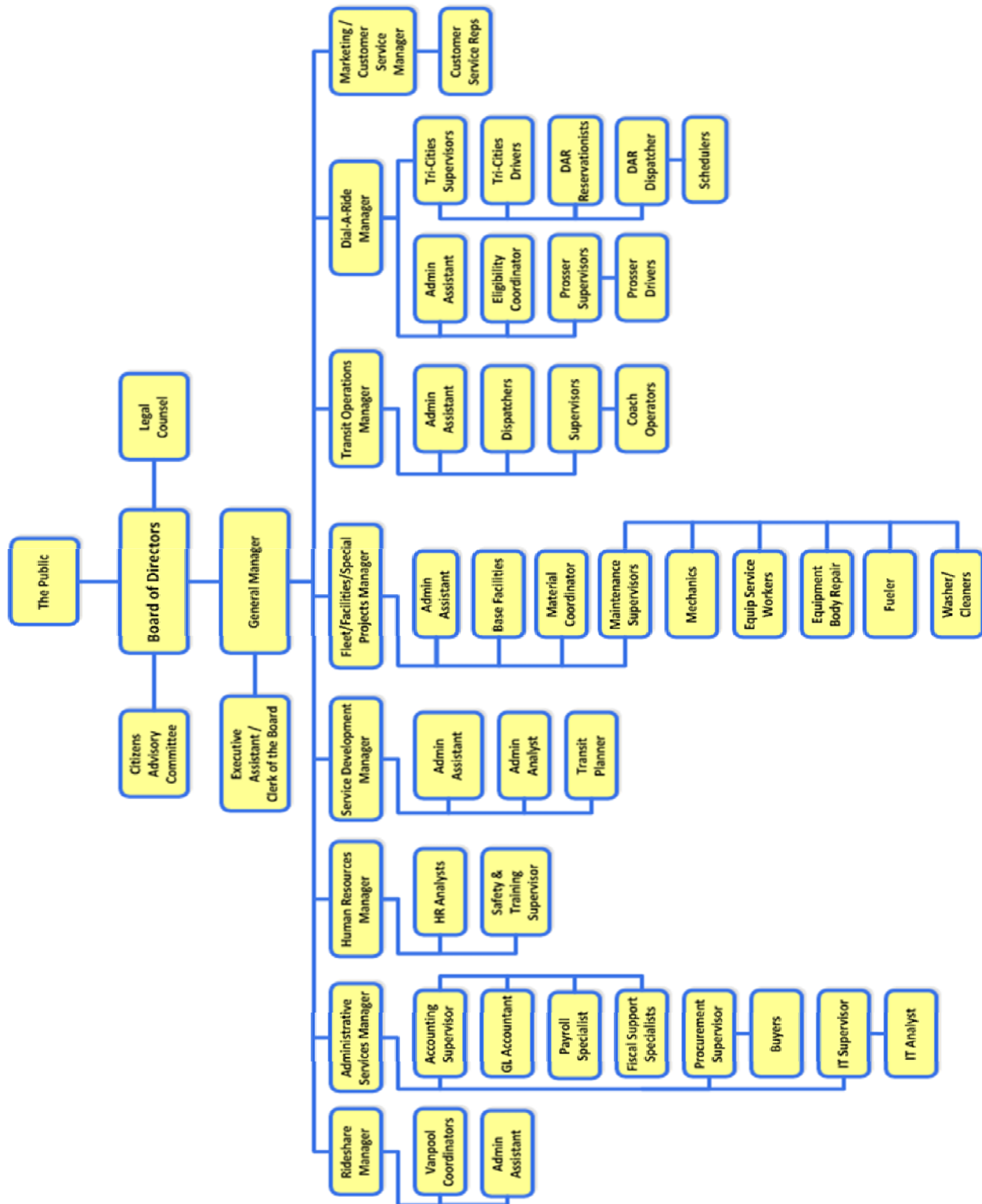
BFT Management Team

Interim General Manager
Gloria Boyce

Department Managers
Terry Dejuan, Rideshare
Christine DeVere, Interim Human Resources
Barb Hays, Transit Operations
Tony Kalmbach, Service Development
Kevin Hebdon, Interim Administrative Services
Katherine Ostrom, Dial-A-Ride
Jerry Otto, Fleet / Facilities / Special Projects
Christy Watts, Marketing/Customer Services

Ben Franklin Transit Organization Chart

BFT Organizational Chart





Financial Section



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Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 13, 2016

Board of Directors
Ben Franklin Transit
Richland, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Ben Franklin Transit, Benton County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the Transit Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Transit Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transit Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ben Franklin Transit, Benton County, Washington, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As described in Note 12, during the year ended December 31, 2015, the Transit Authority has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 26 and pension plan information on pages 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

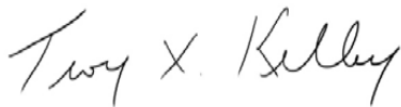
Supplementary and Other Information

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Transit Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated May 13, 2016, on our consideration of the Transit 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. That report will be issued under separate cover in the Transit Authority's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Transit Authority's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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Management's Discussion and Analysis

The Management's Discussion and Analysis of BFT's Comprehensive Annual Financial Report provides a narrative overview and analysis of BFT's financial performance for the fiscal years ended December 31, 2015 and 2014. To obtain a complete understanding of BFT's financial condition, this document should be read in conjunction with the financial statements and accompanying notes.

Financial Highlights

- The assets of BFT exceeded its liabilities (net position) at December 31, 2015 by \$52,336,306 compared to \$56,429,230 in 2014. Of this amount, \$30,350,571, and \$26,879,796 was invested in capital assets and \$21,985,735 and \$29,549,434, in unrestricted net position in 2015, and 2014 respectively. Unrestricted net position will be used to support ongoing operations and capital investments per BFT's six-year Transit Development Plan (TDP).
- BFT's total net position decreased for the year ended December 31, 2015 by 7.3 percent or \$4,092,924 compared to the year ended December 31, 2014 due to the implementation of GASB 68 as it relates to pension liability.
- BFT's total liabilities increased for the year ended December 31, 2015 by \$11,416,008 compared to the year ended December 31, 2014 due to the implementation of GASB 68 as it relates to pension liability.
- BFT saw a decrease of \$239,577 in fare revenue to \$3,980,658 or 5.7 percent in 2015 over 2014 due primarily to decreases in fixed route and vanpool ridership.
- BFT experienced an increase of \$2,802,940 in sales tax revenue to \$30,667,384 or 10.1 percent over 2014 due to increased recovery of the economy, increase in large construction projects for hospitals and schools and scheduled activity at the Hanford Nuclear site.
- Operating expenses for 2015, excluding depreciation and employer contributions to the state pension, totaled \$29,764,434, a decrease of \$2,319,461 or 7.2 percent over 2014. This reduction in expenses is mainly due to the implementation of GASB 68 regarding how pension liabilities and expenses are reported and lower fuel prices.
- Federal and State Operating Grants decreased by \$4,299,677 from 2014 to 2015. These fluctuations are due to the timing of grant availability and the years in which they are budgeted.
- Federal, State and Local Capital Contributions increased by \$632,826 from 2014 to 2015. Fluctuations are budget and project based.

Overview of the Financial Statements

The financial statements provide information about BFT's uses of accounting methods similar to those used by private sector companies. Under this method, revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

The Statement of Net Position presents information on all of BFT's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of BFT is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position present information showing how BFT's net position changed during the current year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., sales tax collected by merchants but not yet remitted to BFT and earned, and unused vacation leave).

The Statement of Cash Flows presents information on BFT's cash receipts, cash payments, and net changes in cash and cash equivalents for the year. Generally accepted accounting principles require that cash flows be classified into one of four categories:

- Cash flows from operating activities
- Cash flows from non-capital financing activities
- Cash flows from capital and related financing activities
- Cash flows from investing activities

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided within the financial statements.

Financial Statement Analysis

Net Position

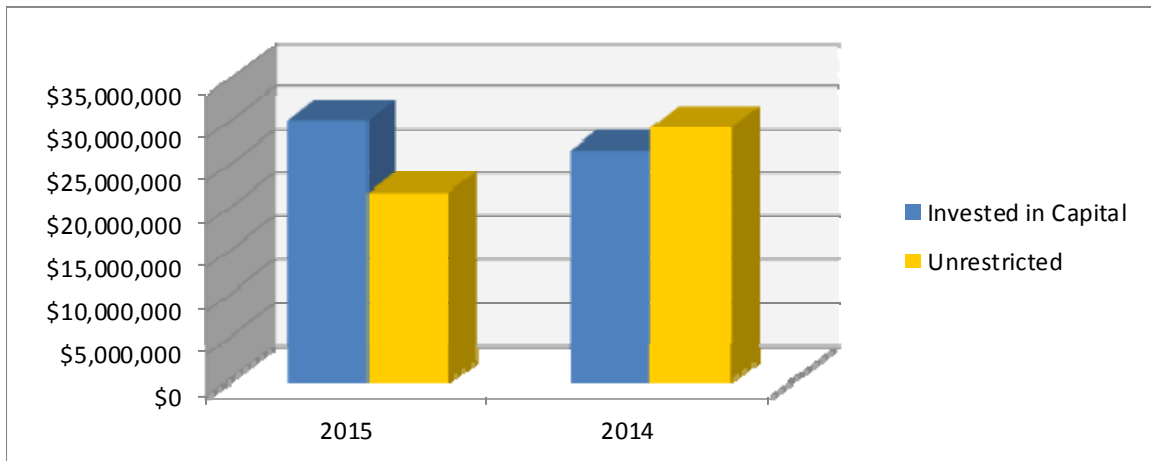
A large majority, \$30,350,571, of BFT's total net position reflects its investment in capital assets such as revenue vehicles, passenger facilities, and shop equipment. BFT uses these capital assets to provide transportation service to the community. Therefore, this portion of the net position balance is not available for future spending. The remaining portion of total net position, \$21,985,735 is unrestricted and available to support future obligations for transportation operations.

Ben Franklin Transit
Management's Discussion and Analysis

Summary Statement for Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Current Assets	\$35,522,791	\$32,376,034
Capital Assets (net)	30,350,571	26,879,796
Total Assets	<u>65,873,362</u>	<u>59,255,830</u>
Deferred Outflows of Resources:		
Deferred Outflows - PERS Pension	1,451,491	
Deferred Outflows - PERS Pension Employer Contributions	1,441,015	
Total Deferred Outflows	<u>2,892,506</u>	-
Liabilities:		
Current Liabilities	2,008,208	2,826,600
Other Noncurrent Liabilities	12,234,400	-
Total Liabilities	<u>14,242,608</u>	<u>2,826,600</u>
Deferred Inflows of Resources:		
Deferred Inflows - PERS Pension	1,868,658	
Deferred Inflows - PERS Pension Expense	318,297	
Total Deferred Outflows	<u>2,186,955</u>	-
Net Position:		
Investment in Capital Assets	30,350,571	26,879,796
Unrestricted Net Position	21,985,735	29,549,434
Total Net Position	<u>52,336,306</u>	<u>56,429,230</u>
Total Liabilities and Net Position	<u>\$66,578,914</u>	<u>\$59,255,830</u>

Net Position by Type



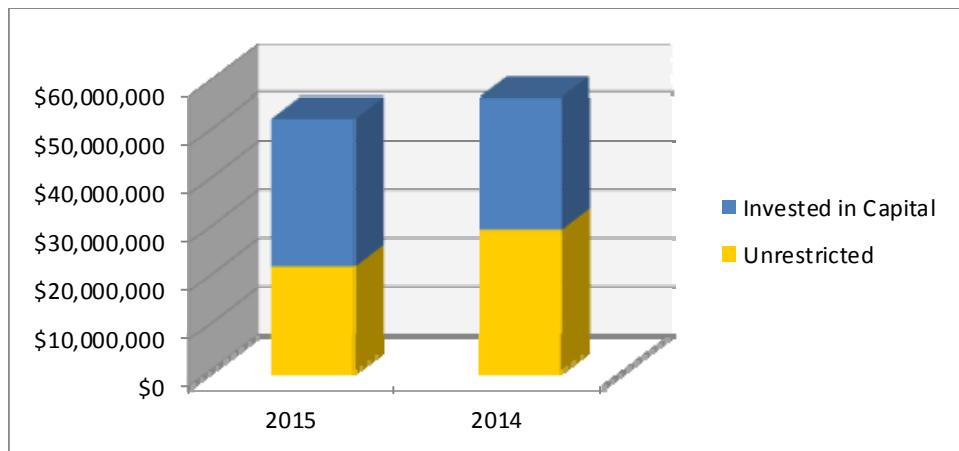
Net position may serve as a useful indicator of BFT's financial position over time. Total net position exceeded liabilities by \$38,093,698 and \$53,602,630 at December 31, 2015, and 2014 respectively. The reflected decrease is due to the implementation of GASB 68 and accounting for BFT's portion of the pension liability for the state pension plans it contributes to for its employees.

Ben Franklin Transit
Management's Discussion and Analysis

Even though the chart below indicates a decrease in Net Position which is due to the implementation of GASB 68, the financial condition of BFT has continued to improve over the past two years due mainly to:

- Completion of the Tulip Lane Park-N-Ride
- Increase of Federal funding
- Efficient operations
- Significant vehicle acquisitions

2014 – 2015 Trend of Net Position



**Summary of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2015, and 2014**

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 5,226,201	\$ 4,677,137
Nonoperating Revenues	153,783	61,511
Total Revenues	<u>5,379,984</u>	<u>4,738,648</u>
Operating Expenses	(29,764,434)	(32,083,895)
Nonoperating Expenses (Depreciation)	(3,802,469)	(3,209,868)
Total Expenses	<u>(33,566,903)</u>	<u>(35,293,763)</u>
Excess (Deficiency) Before Contributions	(28,186,919)	(30,555,115)
Operating Subsidies	30,860,840	32,357,578
Capital Contributions	5,933,185	5,300,359
Total Contributions	<u>36,794,026</u>	<u>37,657,937</u>
Change in Net Position	<u>\$ 8,607,107</u>	<u>\$ 7,102,822</u>
Total Net Position - Beginning	\$56,429,230	\$49,326,408
Prior Period Adjustment	269,833	-
Cumulative Effect of Change - GASB 68	(12,969,864)	-
Total Net Position - Ending	<u>\$52,336,306</u>	<u>\$56,429,230</u>

Ben Franklin Transit
Management's Discussion and Analysis

Revenues

BFT's passenger fares consist of revenues from the sale of passes and tickets as well as cash fares collected on-board revenue vehicles. Passenger fares also include fares paid by vanpool customers. BFT customers can purchase fare media and make vanpool payments via the BFT website. Fare media can also be purchased at many of the local sales outlet stores or in person at BFT customer service locations. Sales tax revenue is received at the end of each month and is based on the business conducted two months prior. These funds come directly from the State Treasurer and are deposited into BFT's bank account. State and Federal grants are remitted to BFT on an application basis and are also deposited directly into BFT's bank account.

Operating Revenues		2015	2014
Operating Revenues			
Passenger Fares		\$ 3,980,658	\$ 4,220,235
Other Operating Revenues		1,245,543	456,902
Total Operating Revenues		<u>5,226,201</u>	<u>4,677,137</u>
Nonoperating Revenues			
Operating Subsidies			
Sales Tax		30,667,384	27,864,444
Operating Grants		193,457	4,493,134
Other Nonoperating Revenues			
Investment Income		40,299	18,207
Miscellaneous Income		113,484	43,304
Total Nonoperating Revenues		<u>31,014,623</u>	<u>32,419,089</u>
Total Revenues		<u>\$36,240,825</u>	<u>\$37,096,226</u>

Ben Franklin Transit
Management's Discussion and Analysis

Expenses

Wages and benefits for 2015 of \$19.6 million make up 56% of operating expenses and decreased by 6.8% over 2014 levels due to the change in reporting of employer pension contributions. If the employer pension contributions were reported as in previous years, the percentage of change would be relatively flat mainly due to the contractual wage increases of 2% on June 1, 2015 and the offsetting attrition. With a large fleet of diesel and gasoline vehicles, fuel is a significant expense for BFT. However, fuel prices continued to be favorable in 2015 and a decrease in fuel costs of \$1,332,580 from 2014 costs was realized. BFT has also taken measures to lower the cost of providing public transportation by outsourcing some of the low ridership days and times to various contractors. These contractors are able to provide these transportation needs at a lower rate than BFT. The community continues to benefit from these services and the demand for them continues to increase from year to year, thus a slight increase in contracts and services from 2014 to 2015.

Operating Expenses

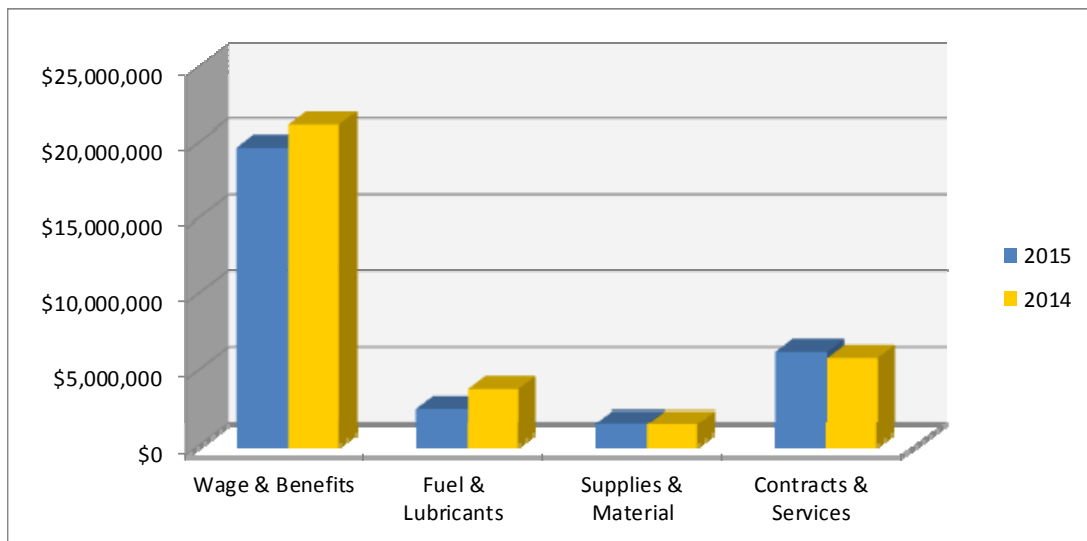
Operating Expenses

	2015	2014
Wage & Benefits	\$19,649,550	\$21,085,832
Fuel & Lubricants	2,401,718	3,734,298
Supplies & Material	1,505,155	1,465,878
Contracts & Services	6,208,011	5,797,887
Depreciation & Amortization	3,802,469	3,209,868
Total Operating Expenses	<u>\$33,566,903</u>	<u>\$35,293,763</u>

Nonoperating Expenses

Prior Period Adjustments	269,833	-
Total Non-Operating Expenses	<u>269,833</u>	<u>-</u>
Total Expenses	<u>33,836,736</u>	<u>35,293,763</u>

Operating Expenditures by Type



Ben Franklin Transit
Management's Discussion and Analysis

Operating Grants

In 2015, BFT received State operating grants for \$193,457 which was a decrease over 2014. These funds support operational expenses. BFT uses operating grants to pay for part of the wages of its fixed route coach operators. For 2016, BFT has budgeted to receive \$2,768,030 in Federal and State operating grant assistance.

Operating Grants

<u>2015</u>	<u>2014</u>
\$ 193,457	\$ 4,493,134

Capital Grants

BFT received Federal and State capital grants to assist with the procurement of buses and other capital projects. Investment in capital assets has decreased in recent years. In 2015, BFT received just under \$5,400,000 in capital contributions as focus has shifted to replacing older fleet vehicles. Additionally, BFT is gearing up for transit center technological updates and site improvements, and has budgeted for \$4,864,282 for 2016 federal and state capital grant contributions.

For more detailed information, please see Note 8 of the Notes to the Financial Statements (page 44).

Capital Assets

BFT's capital assets consist of land, vehicles, passenger facilities, shop equipment, and projects in progress with an acquisition value of more than \$5,000 and a useful life of more than one year. BFT's investment in capital assets net of depreciation as of December 31, 2015, totaled \$30,350,571 compared to \$26,879,796 in 2014. Capital assets increased in 2015 by 12.9 percent or \$3,470,775. Major capital acquisitions in 2015 and 2014 included the following:

- 2014 major vehicle acquisitions included six new Gillig buses (\$2.6 million), 33 new Dial-a-Ride vehicles (\$2.7 million) from Schetky NW Sales, and 64 Vanpool vehicles (\$1.6 million) from McCurley Integrity and Dwayne Lanes.
- 2015 major vehicle acquisitions included 11 new Gillig buses (\$4.9 million), and 7 new Dial-a-Ride vehicles (\$590 thousand) from Schetky NW Sales.

For more detailed information, please see Note 4 of the Notes to the Financial Statements (page 36).

Financial Outlook

BFT recognizes that its heavy reliance on sales tax revenues makes it more susceptible to economic fluctuations than most government agencies. In response, BFT has in place a reserve policy to insulate it from short-term revenue downturns and unanticipated expenditures. The operating reserve policy sets operating reserves to be equal to three months' operating expenses. This amounts to nearly \$8.6 million in 2015. BFT is currently in compliance with this policy.

Ben Franklin Transit
Management's Discussion and Analysis

Sales tax revenues for 2015 totaled \$ 30,667,384 or 2.1 percent over the budgeted amount of \$30,042,971. For 2016, BFT has projected sales tax revenue growth at 0.47 percent over 2015 estimated receipts. Trends in sales tax revenues are favorable and continue to contribute to the overall improved financial position of BFT. BFT closely monitors revenues when determining service levels and capital expansion as stated in its six-year TDP. Capital investments will focus on modest vehicle replacement as funds allow and maintaining a state of good repair of existing assets for safe and reliable transit operations. With current reserves and a conservative approach in uncertain economic conditions, BFT has a positive financial outlook.

BFT is currently in the process of completing a Comprehensive Service Plan Study (CSPS). Considering the scope of the project and yet to be determined service changes to the system, there is an uncertain impact on the 2016 budgeted ridership, miles, hours, operations budget and capital budget. However, BFT has the capacity to place additional and financially sustainable service on the street, whatever the mode may be, in an estimated amount of \$2,576,032.

Request for Information

This financial report is designed to provide a general overview of BFT's finances. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Ben Franklin Transit, Attention: Administrative Services Manager, 1000 Columbia Park Trail, Richland, WA 99352 or by calling 509.735.4131.

Basic Financial Statements



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Ben Franklin Transit
Statement of Net Position
For the Year Ended December 31, 2015

	2015
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 24,806,499
Sales Tax Receivables	5,204,506
Accounts Receivables	5,031,479
Inventories	412,853
Prepayments	67,454
Total Current Assets	<u>35,522,791</u>
Noncurrent Assets	
Capital Assets Not Being Depreciated	
Land	2,343,718
Construction in Progress	1,063,586
Capital Assets Being Depreciated	
Site & Structure Improvements	23,515,963
Vehicles & Equipment	39,026,307
Less: Accumulated Depreciation	<u>(35,599,003)</u>
Total Capital Assets (Net)	<u>30,350,571</u>
Other Noncurrent Assets	
Total Noncurrent Assets	<u>30,350,571</u>
Total Assets	<u>\$ 65,873,362</u>
Deferred Outflows of Resources	
Deferred Outflows - PERS Pension	1,451,491
Deferred Outflows - PERS Pension Employer Contributions	<u>1,441,015</u>
Total Deferred Outflows	<u>2,892,506</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 714,596
Accrued Expenses	582,351
Compensated Absences	<u>711,261</u>
Total Current Liabilities	<u>2,008,208</u>
Noncurrent Liabilities	
Net Pension Liability	<u>12,234,400</u>
Total Noncurrent Liabilities	<u>12,234,400</u>
Total Liabilities	<u>\$ 14,242,608</u>
Deferred Inflows of Resources	
Deferred Inflows - PERS Pension	1,868,658
Deferred Inflows - PERS Pension Expense	<u>318,297</u>
Total Deferred Inflows	<u>2,186,955</u>
Net Position	
Investment in Capital Assets	30,350,571
Unrestricted	<u>21,985,735</u>
Total Net Position	<u>\$ 52,336,306</u>

The notes to the financial statements are an integral part of this statement.

Ben Franklin Transit
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2015

	2015
Operating Revenues	
Passenger Fares	\$ 3,980,658
Other Operating Revenues	1,245,543
Total Operating Revenues	<u>5,226,201</u>
Operating Expenses	
Operations	19,254,950
Maintenance	5,690,660
Administrative Expenses	4,818,823
Depreciation & Amortization	3,802,469
Total Operating Expenses	<u>33,566,903</u>
Operating Income (Loss)	<u>(28,340,702)</u>
Nonoperating Revenues (Expense)	
Sales Tax	30,667,384
Interest Income	40,299
Operating Grants	193,457
Gain/(Loss) of Sale of Capital Assets	113,484
Total Nonoperating Revenues (Expenses)	<u>31,014,623</u>
Income (Loss) Before Contributions	2,673,922
Capital Contributions	5,933,185
Increase (Decrease) in Net Position	<u>8,607,107</u>
Net Position - Beginning of Period	56,429,230
Prior Period Adjustment	269,833
Cumulative Effect of Change - GASB 68	(12,969,864)
Net Position - End of Period	<u>\$ 52,336,306</u>

The notes to the financial statements are an integral part of this statement.

Ben Franklin Transit
Statement of Cash Flows
For the Year Ended December 31, 2015

	2015
Cash Flows from Operating Activities:	
Receipts From Customers	\$ 3,899,589
Other Receipts	1,245,543
Payments to Employees	(9,727,150)
Payments to Suppliers	(22,027,998)
Net Cash Provided (Used) by Operating Activities	<u>(26,610,017)</u>
Cash Flows from Noncapital Financing Activities	
Sales Tax Received	30,528,523
Operating Grants Received	3,579,895
Net Cash Provided (Used) by Noncapital Financing Activities	<u>34,108,418</u>
Cash Flows from Capital and Related Financing Activities	
Capital Contributions	4,430,830
Net proceeds from the Disposition of Capital Assets	113,484
Acquisition and Construction of Capital Assets	(7,273,244)
Net Cash Used in Capital and Related Financing Activities	<u>(2,728,930)</u>
Cash Flows from Investing Activities	
Proceeds from Investment Securities	-
Interest and Dividends	40,299
Net Cash Provided by Investing Activities	<u>40,299</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,809,771
Balances - Beginning of the Year	19,996,729
Balances - End of the Year	<u>\$ 24,806,499</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(28,340,702)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	3,802,469
PERS Pension Employer Contributions	(1,441,015)
Noncash Adjustments	269,833
Change in Assets and Liabilities:	
Receivables, Net	(81,069)
Inventories	19,459
Prepaid Expense	(20,600)
Payables	(659,114)
Vacation Accrual	(159,278)
Net Cash Used by Operating Activities	<u><u>\$ (26,610,017)</u></u>

The accompanying notes are an integral part of this financial statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ben Franklin Transit (BFT) was authorized May 11, 1981, as a municipal corporation formed under the authority of Chapter 36.57A of the Revised Code of Washington State. The financial statements of BFT have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

- A. Reporting Entity** – The transit is a special purpose government and provides Fixed Route, Para-transit, Vanpool, Taxi Feeder, General Demand, Night Service, and Sunday Service to the general public in portions of Benton and Franklin Counties and is supported primarily through user charges and locally generated sales tax.

BFT is governed by a nine member Board of Directors comprised of two Franklin County Commissioners, one Benton County Commissioner and one City Council member from Benton City, City of Kennewick, City of Pasco, City of Prosser, City of Richland, and the City of West Richland. In 2010, a non-voting board member was added to represent the labor unions of BFT. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The transit has no component units.

BFT is a separate entity and is fiscally independent of other state and local government entities. Per criteria of Government Accounting Standards Board (GASB) 14, BFT is a primary government for reporting and there are no additional entities or funds for which BFT has reporting responsibilities.

- B. Basis of Accounting and Reporting** – BFT's accounting records are maintained in accordance with methods prescribed by the Federal Transit Administration (FTA) per Section 15 of the Federal Transit Act of 1992, as amended and the Washington State Auditor under the authority of 43.09 Revised Code of Washington. The transit uses the Budgeting, Accounting and Reporting System for GAAP as modified for Transit Districts in the State of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on the statements of net position. The reported fund net position is segregated into net investment in capital assets, restricted and unrestricted components of net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The transit discloses changes in cash flows by a separate statement that presents operating, noncapital financing, capital and related financing and investing activities.

BFT uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The transit distinguishes between operating revenues and expenses from nonoperating ones. Operating revenues and expenses result from providing services and producing and

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

delivering goods in connection with the transit's principal ongoing operations. The principal operating revenues of the transit are charges to customers for passenger fares. Operating expenses for transit operations include all costs related to providing transit service. These costs include labor, fringe benefits, materials, supplies, services, utilities, rentals, leases, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents – It is BFT's policy to invest all temporary cash surpluses. At December 31, 2015, the treasurer was holding \$24,806,499 in short-term residual investments of surplus cash. This amount is classified on the statement of net position as cash and cash equivalents.

For purposes of the statement of cash flows, the transit considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes permit BFT to invest in obligations of the United States, certificates of deposits issued by banks that are designated as public depositories by the Washington Public Deposit Protection Commission (PDPC) and the Local Government Investment Pool (LGIP). Investments are reported at fair market value measured by quoted market price. The reported value of the LGIP is the same as the fair value of the pool shares.

2. Receivables – Taxes receivable consists of uncollected sales tax revenue from the state and related interest and penalties.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

3. Inventory – Inventory consists of fuel, tires, repair parts, and supplies. Purchases are recorded as increases to inventory and valued by the FIFO (First In, First Out) method.
4. Restricted Assets – Restricted assets are temporary restricted cash and cash equivalents resulting from the sale of property in which the FTA restricts the use of proceeds to the investment of approved capital assets.
5. Capital Assets and Depreciation – Capital assets, which include property, facilities, and equipment, are stated at historical cost or at fair market value as of the date contributed. The costs of asset replacements that improve or extend the asset's life are capitalized. The cost of normal maintenance and repairs is charged to operations as incurred. It is BFT's policy to capitalize all capital assets with an

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

individual cost of more than \$5,000, and a useful life in excess of one year. No depreciation is provided on works in progress until work is completed and the asset is placed in service.

BFT has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, BFT has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Asset	Years
Vehicles	5 - 12
Buildings and Structures	10 - 40
Equipment and Furnishings	5 - 20
Land Improvements	5 - 40

(Also, see Note 4 – Capital Assets)

6. Compensated Absences – Compensated absences are absences for which employees will be paid, such as general leave. BFT records compensated absences as expenses and as liabilities when incurred.

Per BFT policy, employees may accumulate up to 480 hours of general leave, which includes considerations for sick leave. BFT does not have a separate sick leave program. General leave hours do not expire and carry over year to year. Compensated absences are payable upon request, termination, resignation, retirement, and death. As the possibility exists for the full amount to be paid within one year, BFT records compensated absences as a current liability. The balance at January 1, 2015 was \$870,539 with increases of \$2,024,169 and decreases of \$2,183,447 and an ending balance at December 31, 2015 of \$711,261.

7. Federal, State, and Local Grant Funds – Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, building, and equipment are recorded as capital contributions as the related grant conditions are met. Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met. Advances on grants are recorded as a liability until related grant conditions are met.
8. Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

determined on the same basis as they are reported by the Washington State Department of Retirement Systems. 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as of December 31, 2015 as follows:

Composition of Cash and Cash Equivalents

	2015
Demand Deposits	\$ 24,806,499
Investments having original maturities of less than 3 months	-
Total Cash and Cash Equivalents	<u>\$ 24,806,499</u>

All bank deposits and certificates of deposit are entirely insured by the Federal Depositary Insurance Corporation (FDIC) and by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). Currently BFT does not have a policy for custodial credit risk as that risk does not currently exist.

NOTE 3 – RECEIVABLE AND PAYABLE BALANCES

Receivables and Payables as of December 31, 2015 consist of the following:

	2015
Accounts Receivable	\$ 5,031,479
Sales Tax Receivable	5,204,506
Total Receivables	<u>\$10,235,985</u>
Accounts Payable	\$ 714,596
Contracts Payable	-
Total Payables	<u>\$ 714,596</u>

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 4 – CAPITAL ASSETS

Activity for the year ended December 31, 2015 was as follows:

Description	Balance Jan 1, 2015	Increases	Decreases	Balance Dec 31, 2015
Capital Assets, Not Being Depreciated:				
Land	\$ 2,343,718	\$ -	\$ -	\$ 2,343,718
Work in Progress	\$ 96,731	1,063,586	96,731	1,063,586
Total Capital Assets, Not Being Depreciated	<u>2,440,449</u>	<u>1,063,586</u>	<u>96,731</u>	<u>3,407,304</u>
Capital Assets, Being Depreciated:				
Vehicles	\$ 34,910,483	5,903,884	3,093,840	37,720,528
Building and Structures	\$ 23,416,537	99,427		23,515,963
Equipment and Furnishing	\$ 1,000,335	305,444		1,305,779
Total Capital Assets, Being Depreciated	<u>59,327,355</u>	<u>6,308,756</u>	<u>3,093,840</u>	<u>62,542,270</u>
Less Accumulated Depreciation For:				
Vehicles	\$ 21,647,106	3,175,071	3,091,474	21,730,703
Building and Structures	\$ 12,431,749	457,883		12,889,632
Equipment and Furnishing	\$ 809,152	169,515		978,668
Total Accumulated Depreciation	<u>34,888,007</u>	<u>3,802,469</u>	<u>3,091,474</u>	<u>35,599,003</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 26,879,796</u>	<u>\$ 3,569,872</u>	<u>\$ 99,097</u>	<u>\$30,350,571</u>

Construction Commitments

At December 31, 2015, BFT had \$15,747 in outstanding construction commitments.

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$12,234,400
Pension assets	\$ - 0 -
Deferred outflows of resources	\$ 1,451,491
Deferred inflows of resources	\$ 2,186,955
Pension expense/expenditures	\$ 1,441,015

State Sponsored Pension Plans

Substantially all BFT's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 5 – PENSION PLANS (continued)

a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

BFT's actual contributions to the plan were \$18,064 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2

NOTE 5 – PENSION PLANS (continued)

members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

BFT's actual contributions to the plan were \$1,422,951 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation

NOTE 5 – PENSION PLANS (continued)

- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' 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 of 7.5 percent was used to determine the total liability.

NOTE 5 – PENSION PLANS (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the Ben Franklin Transit's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what BFT's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 8,015,737	\$6,583,753	\$5,352,378
PERS 2/3	\$16,522,784	\$5,650,647	(\$2,673,741)

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 5 – PENSION PLANS (continued)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, BFT reported a total pension liability of \$12,234,400 for its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	\$6,583,753
PERS 2/3	\$5,650,647

At June 30, BFT's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	.124525%	.125862%	.001337%
PERS 2/3	.156224%	.158146%	.001922

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, BFT recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$189,664
PERS 2/3	\$128,632
TOTAL	\$318,296

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 5 – PENSION PLANS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, BFT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1 Including UAAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 360,204
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 344,065	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
TOTAL	\$ 344,065	\$ 360,204
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 600,665	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 1,508,455
Changes of assumptions	\$ 9,104	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 61,844	\$ -
Contributions subsequent to the measurement date	\$ 435,813	\$ -
TOTAL	\$ 1,107,426	\$ 1,508,455

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 5 – PENSION PLANS (continued)

Deferred outflows of resources related to pensions resulting from the BFT's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 2/3
2016	\$18,189
2017	\$18,189
2018	\$18,189
2019	\$ 7,277
2020	\$ - 0 -
Thereafter	\$ - 0 -

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Balance Jan 1, 2015	Additions	Reductions	Balance Dec 31, 2015
Business-Type Activities				
Pension Liability - PERS 1	-	177,433	-	177,433
Pension Liability - PERS 1 UAAL	-	6,406,320	-	6,406,320
Pension Liability - PERS 2/3	-	5,650,647	-	5,650,647
Total Long-Term Liabilities:	-	12,234,400	-	12,234,400

(Also, see Note 1 item 6 – Compensated Absences)

NOTE 7 – CONTINGENCIES & LITIGATIONS

BFT has recorded in its financial statements all material liabilities, including an estimate for situations, which are not yet resolved, but where, based on available information, management believes it is probable that the transit will have to make payment. In the opinion of management, the transit's insurance policies are adequate to pay all known or pending claims.

BFT participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. BFT management believes that such disallowances, if any, will be immaterial.

NOTE 8 – CAPITAL CONTRIBUTIONS

	2015
Federal	\$5,361,579
State	571,606
Total	\$5,933,185

Ben Franklin Transit
Notes to the Financial Statements
For the Year Ended December 31, 2015

NOTE 9 – RISK MANAGEMENT

Ben Franklin Transit 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. To address these risks BFT retains membership in the Washington State Transit Insurance Pool (WSTIP).

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.94 RCW, the Inter-local Cooperation Act. The Pool was formed on January 1, 1989 when eight transits in the state of Washington joined together by signing an Inter-local Government Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Sixteen (16) other transits have joined the Pool since then. The Pool allows members programs of joint self-insurance; joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling and administrative services. The coverage provided by the pool are property and liability insurance protecting the member systems assets and personal property and from claims arising from the negligent or other tortuous conduct of the member Transit System, their officers, employees, or agents.

For the years ended December 31, 2015, 2014, and 2013 BFT claim settlements did not exceed insurance coverage.

Coverage as of December 31, 2015:

RISK	COVERAGE
Auto Liability	\$12,000,000 per occurrence with a \$0 deductible
General Liability	\$12,000,000 per occurrence with a \$0 deductible
Property	\$1,000,000,000 per occurrence with a \$5,000 deductible
Flood	\$10,000,000 per occ/agg \$5,000 deductible \$ 1,000,000 per occ/agg Flood Zone A
Earthquake	\$10,000,000 per occ/agg \$5,000 deductible
In-Transit	\$100,000 per occurrence \$5,000 deductible
Boiler & Machinery	\$100,000,000 per occurrence with a \$5,000 deductible
Public Officials	\$12,000,000 per claim/aggregate with a \$5,000 deductible
Public Honesty Bond / Faithful Performance	\$1,000,000 per claim with a \$10,000 deductible
Monies & Securities	\$1,000,000 per claim with a \$10,000 deductible
Depositors Forgery	\$1,000,000 per claim with a \$10,000 deductible
Auto Physical Damage	\$1,000,000,000 per occurrence with a \$5,000 deductible (fair market value)

NOTE 10 – LEASE OBLIGATIONS

BFT currently has eight operating lease agreements, primarily for Park-N-Ride lots and one for office space. While these are long-term leases, the combined annual commitments are less than \$10,000.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustment listed on the face of the financial statements is a decrease to an accounts payable liability account in the amount of \$269,833. This adjustment was made along with software configuration changes to allow discounts earned to be properly applied to the accounts payable liability account.

NOTE 12 – GASB STATEMENT No. 68 IMPLEMENTATION

Effective for the fiscal year ended December 31, 2015, BFT implemented provisions of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. As a result, the Schedule of Long-Term Liabilities now includes the transit's proportionate share of the net pension liability for the cost-sharing, multiple-employer plans in which the transit participates. As a result of this implementation the January 1, 2015 beginning Net Position was directly decreased by \$12,969,863.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan1
As of June 30, 2015
Last 10 Fiscal Years*

		<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
Employer's proportion of the net pension liability (asset)	%	0.003396%									
Employer's proportionate share of the net pension liability	\$	6,583,753									
TOTAL	\$	6,583,753									
Employer's covered employee payroll	\$	172,618									
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	3814.06%									
Plan fiduciary net position as a percentage of the total pension liability	%	59.10%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan1 UAAL
As of June 30, 2015
Last 10 Fiscal Years*

		<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
Employer's proportion of the net pension liability (asset)	%	0.122470%									
Employer's proportionate share of the net pension liability	\$	6,406,320									
TOTAL	\$	6,406,320									
Employer's covered employee payroll	\$	14,042,546									
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	45.62%									
Plan fiduciary net position as a percentage of the total pension liability	%	59.10%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan2/3
As of June 30, 2015
Last 10 Fiscal Years*

		<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
Employer's proportion of the net pension liability (asset)	%	0.158146%									
Employer's proportionate share of the net pension liability	\$	5,650,647									
TOTAL	\$	5,650,647									
Employer's covered employee payroll	\$	14,042,546									
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	40.24%									
Plan fiduciary net position as a percentage of the total pension liability	%	89.20%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Employer Contributions
PERS Plan1
As of December 31, 2015
Last 10 Fiscal Years*

		<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
<u>Statutorily or contractually required contributions</u>	\$	17,749									
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$	(17,749)									
<u>Covered employer payroll</u>	\$	175,398									
<u>Contributions as a percentage of covered employee payroll</u>	%	10.12%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Employer Contributions
PERS Plan1 UAAL
As of December 31, 2015
Last 10 Fiscal Years*

	<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
<u>Statutorily or contractually required contributions</u> \$	557,820									
<u>Contributions in relation to the statutorily or contractually required contributions</u> \$	(557,820)									
<u>Covered employer payroll</u> \$	13,945,492									
<u>Contributions as a percentage of covered employee payroll</u> %	4.00%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2015

Schedule of Employer Contributions
PERS Plan2/3
As of December 31, 2015
Last 10 Fiscal Years*

		<u>2015</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>	<u>20XX</u>
<u>Statutorily or contractually required contributions</u>	\$	840,029									
<u>Contributions in relation to the statutorily or contractually required contributions</u>	\$	(840,029)									
<u>Covered employer payroll</u>	\$	13,945,492									
<u>Contributions as a percentage of covered employee payroll</u>	%	6.02%									

Notes to Schedule:

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.



Statistical Section



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Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

This part of BFT's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about BFT's overall financial health.

CONTENTS

PAGE

Financial Trends: These schedules contain trend information to help the reader understand how BFT's financial performance and well-being have changed over time.

- Net Position..... 57
- Changes in Net Position..... 58

Revenue Capacity: These schedules contain information to help the reader assess BFT's most significant local revenue source, the sales tax.

- Taxable Sales by Category..... 59
- Direct and Overlapping Sales Tax Rates..... 60

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which BFT's financial activities take place.

- Demographic and Economic Statistics..... 61
- Principal Employers..... 62

Operating Information: This schedule contains service and infrastructure data to help the reader understand how the information in BFT's financial report relates to the services BFT provides and the activities it performs.

- Selected Operating Information..... 63

Source: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.*

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Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Position										
Invested in capital assets	\$ 30,350,571	\$ 26,879,796	\$ 22,778,512	\$ 23,517,995	\$ 26,423,460	\$ 28,197,257	\$ 24,861,623	\$ 23,561,317	\$ 22,147,012	\$ 22,580,847
Unrestricted	21,985,735	29,549,434	26,547,896	19,319,901	15,242,491	7,100,823	7,048,090	7,147,662	9,575,336	9,927,233
TOTAL Net Position	<u>\$ 52,336,306</u>	<u>\$ 56,429,230</u>	<u>\$ 49,326,408</u>	<u>\$ 42,837,896</u>	<u>\$ 41,665,951</u>	<u>\$ 35,298,080</u>	<u>\$ 31,909,713</u>	<u>\$ 30,708,979</u>	<u>\$ 31,722,348</u>	<u>\$ 32,508,080</u>

Source: Comprehensive Annual Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Passenger Fares	\$ 3,980,658	\$ 4,220,235	\$ 3,821,717	\$ 4,105,017	\$ 4,246,184	\$ 3,935,943	\$ 3,968,962	\$ 3,523,056	\$ 2,865,336	\$ 2,162,424
Other Operating Revenues	1,245,543	456,902	355,633	800,306	159,017	172,280	1,206,605	112,665	150,093	130,938
Total Operating Revenues	\$ 5,226,201	\$ 4,677,137	\$ 4,177,350	\$ 4,905,323	\$ 4,405,201	\$ 4,108,223	\$ 5,175,567	\$ 3,635,721	\$ 3,015,429	\$ 2,293,362
Operating Expenses										
Operations	\$ 19,254,950	\$ 19,985,195	\$ 18,353,725	\$ 17,552,235	\$ 17,515,588	\$ 16,875,777	\$ 18,120,044	\$ 18,708,584	\$ 17,007,204	\$ 15,652,177
Maintenance	5,690,660	7,199,220	7,415,593	7,930,019	7,105,350	6,599,674	6,880,505	7,477,613	6,235,244	5,616,279
Administrative Expenses	4,818,823	4,899,480	4,699,322	4,034,884	3,706,592	3,227,329	3,360,359	3,549,597	3,122,439	3,319,643
Depreciation & Amortization	3,802,469	3,209,868	3,388,275	3,995,734	3,082,137	3,163,320	3,443,315	3,113,690	2,966,544	3,088,414
Other Operating Expenses	-	-	-	-	-	-	804,805	-	-	-
Total Operating Expenses	33,566,903	35,293,763	33,856,915	33,512,872	31,409,667	29,866,100	32,609,028	32,849,484	29,331,431	27,676,513
Operating Income (Loss)	\$ (28,340,702)	\$ (30,616,626)	\$ (29,679,565)	\$ (28,607,549)	\$ (27,004,466)	\$ (25,757,877)	\$ (27,433,461)	\$ (29,213,763)	\$ (26,316,002)	\$ (25,383,151)
Nonoperating Revenues (Expense)										
Sales Tax	\$ 30,667,384	\$ 27,864,444	\$ 26,650,429	\$ 25,902,472	\$ 25,732,901	\$ 23,897,059	\$ 22,773,709	\$ 23,386,739	\$ 22,975,166	\$ 20,566,210
Interest Income	40,299	18,207	23,279	21,689	25,228	45,722	109,970	352,849	423,030	381,141
Operating Grants	193,457	4,493,134	7,323,664	1,982,509	4,800,003	1,040,723	1,089,671	1,003,811	-	1,133,373
Gain (Loss) of Sale of Assets	113,484	43,304	9,028	(133,660)	12,881	1,129	66,684	-	-	-
Total Nonoperating Revenues (Expense)	\$ 31,014,623	\$ 32,419,089	\$ 34,006,400	\$ 27,773,010	\$ 30,571,013	\$ 24,984,633	\$ 24,040,034	\$ 24,743,399	\$ 23,398,196	\$ 22,080,724
Net Income (Loss) Before Contributions	\$ 2,673,922	\$ 1,802,463	\$ 4,326,835	\$ (834,539)	\$ 3,566,547	\$ (773,244)	\$ (3,393,427)	\$ (4,470,364)	\$ (2,917,806)	\$ (3,302,427)
Capital Contributions	5,933,185	5,300,359	2,161,676	2,006,482	893,219	4,187,695	4,594,161	3,456,995	2,132,074	2,802,532
Net Income (Loss) After Contributions	\$ 8,607,107	\$ 7,102,822	\$ 6,488,511	\$ 1,171,943	\$ 4,459,766	\$ 3,414,451	\$ 1,200,734	\$ (1,013,369)	\$ (785,732)	\$ (499,895)
Changes in Net Position	\$ 8,607,107	\$ 7,102,822	\$ 6,488,511	\$ 1,171,943	\$ 4,459,766	\$ 3,388,367	\$ 1,200,734	\$ (1,013,369)	\$ (785,732)	\$ (499,895)

Source: Comprehensive Annual Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

TAXABLE SALES BY CATEGORY
Benton County PTBA and Franklin County PTBA (combined)
2014-2005
(in thousands of dollars)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
CATEGORY (NAICS version)*										
Retail Trade	\$ 25,756,472	\$ 25,257,152	\$23,425,357	\$ 21,047,366	\$17,989,638	\$ 2,923,946	\$12,389,867	\$ 8,625,856	\$ 8,022,230	\$ 5,580,966
Agriculture, Forestry, Fishing	158,094	347,349	5,503,141	1,135,244	458,275	11,611	1,541,752	120,422	85,525	1,132,902
Mining	D	12,474	D	36,456	D	-	-	-	-	-
Utilities	D	D	D	D	D	-	595,581	-	-	-
Construction	23,522,896	42,642,680	21,156,484	36,023,552	22,130,807	8,744,222	25,797,288	43,728,128	13,147,738	26,887,357
Manufacturing	6,223,627	4,249,159	2,578,969	6,264,291	4,805,586	1,026,327	6,016,468	2,995,520	2,307,554	17,447,822
Wholesale Trade	18,260,635	10,307,106	11,095,132	11,943,181	11,221,582	2,009,370	7,602,270	8,488,102	9,908,239	9,768,160
Transportation & Warehousing	456,702	394,274	419,773	437,808	339,217	21,864	385,081	-	-	-
Information	12,048,789	12,678,560	11,459,346	7,814,799	6,341,997	3,677,611	15,979,583	14,860,839	14,377,148	12,250,533
Finance, Insurance	166,393	263,649	252,325	175,018	136,743	15,702	99,854	327,903	412,072	718,636
Real Estate, Rental/leasing	5,569,242	5,772,828	5,676,918	5,039,648	4,333,198	2,552,082	2,820,608	1,916,461	1,525,455	1,282,312
Professional, Scientific & Technical Sr	6,588,340	11,372,470	10,987,017	6,460,247	2,530,303	387,286	3,034,012	17,701,664	1,152,179	629,943
Management, Education & Health Svcs	1,678,408	2,864,026	2,435,784	30,648,876	2,089,690	182,926	1,125,724	994,123	913,499	1,088,970
Arts, Entertainment & Recreation	387,431	392,720	361,648	330,322	64,885	-	84,010	79,347	-	70,082
Accommodations & Food Services	699,857	536,868	651,359	740,848	693,138	227,004	690,227	444,712	500,809	351,032
Other Services	2,510,899	2,409,311	2,692,778	2,371,187	3,033,713	615,133	2,944,216	1,595,334	1,080,948	1,058,188
Public Administration, Other	1,779	494	18,585	D	D	758	276	1,348	17,347	2,034,427
TOTAL TAXABLE SALES	\$ 104,029,564	\$ 119,501,120	\$ 98,714,616	\$ 130,468,843	\$ 76,168,772	\$ 22,395,842	\$ 81,106,817	\$ 101,879,759	\$ 53,450,743	\$ 80,301,330

Notes:

* QBR data switched from SIC codes to NAICS codes in 2004.

"D" = Did not report for confidentiality reasons.

Data for 2015 was not yet available to be included

Source: Quarterly Business Review (QBR), Washington Department of Revenue

Ben Franklin Transit
Statistical Section
For the Years Ended December 31, 2015

DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years

Fiscal Year	Direct PTBA Sales Tax Rate		Local Sales Tax Rate		State Sales Tax Rate		Total Sales Tax Rate	
2015 Benton	0.6	%	2.1	%	6.5	%	8.6	%
2015 Franklin	0.6		2.1		6.5		8.6	
2014 Benton	0.6	%	1.8	%	6.5	%	8.3	%
2014 Franklin	0.6		2.1		6.5		8.6	
2013 Benton	0.6	%	1.8	%	6.5	%	8.3	%
2013 Franklin	0.6		2.1		6.5		8.6	
2012 Benton	0.6		1.8		6.5		8.3	
2012 Franklin	0.6		2.1		6.5		8.6	
2011	0.6		1.8		6.5		8.3	
2010	0.6		1.8		6.5		8.3	
2009	0.6		1.8		6.5		8.3	
2008	0.6		1.8		6.5		8.3	
2007	0.6		1.8		6.5		8.3	
2006	0.6		1.8		6.5		8.3	

Note:
Franklin County Local Sales Tax Rate is 2.1% (effective 4/1/2012).

Source: Washington Department of Revenue

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	Population			Personal Income (In Thousands)			Per Capita		Unemployment Rate Seasonally Adjusted
	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Kennewick-Pasco-Richland (Benton & Franklin Counties)
2015	188,590	87,150	275,740	\$ -	DATA NOT YET PUBLISHED		\$ -		9.2%
2014	186,486	87,809	274,295	7,637,683	2,742,073	10,379,756	49,799	30,742	9.3%
2013	183,400	84,800	268,200	7,701,503	2,645,389	10,346,892	41,746	30,534	10.3%
2012	182,398	85,845	268,243	7,364,269	2,589,898	9,954,167	40,375	30,169	8.9%
2011	177,900	80,500	258,400	7,172,962	2,479,492	9,652,454	39,700	29,711	8.0%
2010	176,472	79,215	255,687	6,883,488	2,210,241	9,093,729	39,006	27,902	7.8%
2009	171,122	74,478	245,600	6,443,140	2,049,097	8,492,237	37,652	27,513	7.5%
2008	166,573	70,775	237,348	6,340,552	1,941,340	8,281,892	38,065	27,430	5.5%
2007	161,669	67,586	229,255	5,749,548	1,720,283	7,469,831	35,564	25,453	5.3%
2006	159,564	64,585	224,149	5,228,549	1,498,253	6,726,802	32,768	23,198	6.0%

Note:

2015 estimates of Personal Income (In Thousands) and Per Capita are scheduled to be released on November 2016

Sources:

Population data - Washington State Office of Financial Management, Forecasting Division
2015 PTBA Population are estimates from the TRIDEC fact sheet

Personal Income and Per Capita Personal Income data - US Department of Commerce, Bureau of Economic Analysis
Last updated April 1, 2016 - new estimates for 2014; revised.
All state and local area dollar estimates are in current dollars (not adjusted for inflation).

Unemployment Rates - Washington State Employment Security Department

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Principal Employers:	2015			2006		
	Number of Employees	Rank	Percent of Employment	Number of Employees	Rank	Percent of Employment
Battelle/PNNL	4,250	1	11.74%	4,198	1	18.63%
KADLEC Medical Center	3,000	2	8.29%	1,300	5	5.77%
Bechtel National	2,729	3	7.54%	3,503	2	15.54%
ConAgra (Lamb Weston)	2,498	4	6.90%	442	11	1.96%
Kennewick School District	2,110	5	5.83%	-	-	0.00%
Pasco School District	1,983	6	5.48%	-	-	0.00%
MISSION Support Alliance, LLC	1,923	7	5.31%	-	-	0.00%
Richland School District	1,691	8	4.67%	1,202	6	5.33%
Washington River Protection Solutions	1,490	9	4.12%	-	-	0.00%
CH2M Hill	1,380	10	3.81%	1,371	4	6.08%
Other	13,152		36.33%	10,519		46.68%
Total Number of Employees	<u>36,206</u>		<u>100%</u>	<u>22,535</u>		<u>100%</u>

Note:
Resident civilian labor force and employment in Kennewick/Richland/Pasco (Benton & Franklin Counties)

Sources:
2015 employer information – Tri-City Industrial Development Council (TRIDEC)
2005 data was unavailable, used 2006 employer information – City of Richland Comprehensive Land Use Plan page 18 (Original source Department of Energy, City of Richland)
Employee workforce – WA Employment Security Department, historical resident labor force and employment (not seasonally adjusted) annual averages

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

SELECTED OPERATING INFORMATION
2015 - 2006

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
UNLINKED PASSENGER TRIPS										
A. Fixed Route	2,652,058	2,824,121	2,789,196	3,009,253	3,079,844	3,299,955	3,663,535	3,084,422	3,286,960	3,146,208
B. Demand Response	509,463	495,848	466,614	468,310	468,735	513,722	656,510	668,991	631,686	580,528
C. Vanpool	794,579	828,189	861,716	1,201,093	1,293,163	1,261,296	1,177,060	1,140,777	859,028	695,500
Total	3,956,100	4,148,158	4,117,526	4,678,656	4,841,742	5,074,973	5,497,105	4,894,190	4,777,674	4,422,236
PASSENGER MILES										
A. Fixed Route	10,931,415	11,648,045	20,980,821	22,745,984	23,257,631	23,891,664	22,385,076	22,346,202	22,103,980	22,155,316
B. Demand Response	3,846,526	3,782,311	2,819,941	2,784,626	2,367,096	2,551,407	3,153,319	3,206,715	3,022,802	2,951,548
C. Vanpool	25,387,184	27,035,557	27,594,822	38,779,992	50,633,045	49,379,784	46,078,044	44,654,753	33,587,944	27,194,180
Total	40,165,125	42,465,913	51,395,584	64,310,602	76,257,772	75,822,855	71,616,439	70,207,670	58,714,726	52,301,044
TOTAL ACTUAL MILES										
A. Fixed Route	2,324,773	2,307,210	2,307,999	2,309,961	2,444,026	2,609,619	2,733,903	2,684,716	2,609,794	2,655,692
B. Demand Response	3,141,532	3,055,461	2,831,881	2,831,650	2,759,459	2,797,595	3,456,467	3,582,773	3,215,524	3,098,628
C. Vanpool	3,911,188	4,078,837	4,046,851	4,663,331	5,031,817	4,962,648	4,548,900	4,408,525	3,277,870	2,739,100
Total	9,377,493	9,441,508	9,186,731	9,804,942	10,235,302	10,369,862	10,739,270	10,676,014	9,103,188	8,493,420
TOTAL ACTUAL HOURS										
A. Fixed Route	139,114	138,651	139,617	140,966	142,086	139,995	154,572	154,981	152,792	155,376
B. Demand Response	175,364	170,389	162,587	175,945	168,493	162,098	219,849	222,785	200,870	190,528
C. Vanpool	83,688	84,232	88,208	113,963	116,561	109,896	107,940	104,489	74,168	61,360
Total	398,166	393,272	390,412	430,874	427,140	411,989	482,361	482,255	427,830	407,264

Notes:

- 1) 2015 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2014 and years prior and are computed on a statistically sampled basis and subject to statistical variations from year to year.
- 2) Data for total actual miles and hours match the NTD reported data for 2014 and years prior.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

SELECTED OPERATING INFORMATION (continued)
2015 - 2006

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
VEHICLE REVENUE MILES										
A. Fixed Route	2,143,997	2,120,371	2,117,991	2,089,388	2,246,232	2,453,253	2,534,794	2,537,360	2,468,650	2,485,080
B. Demand Response	2,788,137	2,711,700	2,455,788	2,479,744	2,503,154	2,537,750	3,063,058	3,346,119	2,984,254	2,851,940
C. Vanpool	3,870,039	4,033,627	4,046,851	4,663,331	5,031,817	4,962,648	4,548,900	4,408,525	3,277,870	2,739,100
Total	8,802,173	8,865,698	8,620,630	9,232,463	9,781,203	9,953,651	10,146,752	10,292,004	8,730,774	8,076,120
VEHICLE REVENUE HOURS										
A. Fixed Route	131,591	131,093	131,050	132,925	132,872	132,549	146,776	147,017	145,170	145,912
B. Demand Response	150,383	147,508	138,148	151,496	158,064	147,512	168,651	213,549	191,244	180,752
C. Vanpool	83,688	84,232	88,208	113,963	116,561	109,896	107,940	104,489	74,168	61,360
Total	365,662	362,833	357,406	398,384	407,497	389,957	423,367	465,055	410,582	388,024
TOTAL OPERATING EXPENSES										
A. Fixed Route	13,201,969	14,016,906	13,751,055	12,372,816	11,731,345	12,371,140	12,764,250	13,512,037	12,152,958	11,759,384
B. Demand Response	15,127,047	14,988,524	13,723,884	12,997,681	12,275,387	12,609,742	13,641,590	14,943,173	12,918,721	11,959,800
C. Vanpool	2,442,338	2,969,983	2,885,367	3,152,496	3,171,746	2,959,089	2,664,299	2,651,248	2,045,021	1,793,184
Total	30,771,354	31,975,413	30,360,306	28,522,993	27,178,478	27,939,971	29,070,139	31,106,458	27,116,700	25,512,368
FARE REVENUE										

Notes:

- 1) 2015 data source - BFT
- 2) Data for revenue miles and hours match the NTD reported data for 2014 and years prior.
- 3) Fare revenue includes passenger revenue, the sale of maps, revenue from contracts to provide additional service, advertising revenue and miscellaneous revenue.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

SELECTED OPERATING INFORMATION (continued)

	2015 – 2006									
Total	3,820,113	4,220,235	3,826,230	4,107,368	4,244,596	3,935,943	3,968,962	3,523,056	2,865,013	2,162,308
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
COST PER PASSENGER MILE										
A. Fixed Route	\$ 1.21	\$ 1.20	\$ 0.66	\$ 0.56	\$ 0.50	\$ 0.52	\$ 0.57	\$ 0.60	\$ 0.55	\$ 0.56
B. Demand Response										
Directly Operated	6.29	4.66	6.01	5.66	6.90	6.53	5.71	5.99	5.48	5.12
Purchased Transportation	5.21	148	2.27	2.20	2.05	168	2.34	2.82	2.57	2.53
Taxi / Purchased Transportation	3.33	2.89	3.00	3.01	2.72	2.91	N/A	N/A	N/A	N/A
Total	14.83	9.03	11.28	10.87	11.67	11.12	8.05	8.81	8.05	7.65
C. Vanpool	0.10	0.11	0.10	0.08	0.06	0.06	0.06	0.06	0.06	0.07
COST PER TOTAL ACTUAL MILE										
A. Fixed Route	\$ 5.68	\$ 6.08	\$ 5.96	\$ 5.51	\$ 4.80	\$ 4.74	\$ 4.67	\$ 5.03	\$ 4.66	\$ 4.43
B. Demand Response										
Directly Operated	5.42	5.53	5.47	5.03	4.74	4.88	4.59	4.68	4.30	4.11
Purchased Transportation	3.74	3.27	3.41	3.52	3.38	2.42	2.65	3.16	3.35	3.29
Taxi / Purchased Transportation	3.33	2.91	3.19	3.27	3.54	4.03	N/A	N/A	N/A	N/A
Total	12.49	11.71	12.07	11.82	11.66	11.33	7.24	7.84	7.65	7.40
C. Vanpool	0.62	0.73	0.71	0.68	0.63	0.60	0.59	0.60	0.62	0.65
COST PER UNLINKED PASSENGER TRIP										
A. Fixed Route	\$ 4.98	\$ 4.96	\$ 4.93	\$ 4.23	\$ 3.81	\$ 3.75	\$ 3.48	\$ 4.38	\$ 3.70	\$ 3.74
B. Demand Response										
Directly Operated	37.27	37.21	36.02	32.43	30.07	28.04	24.51	25.64	22.72	21.24
Purchased Transportation	13.76	12.92	13.34	12.97	12.07	9.93	13.58	16.22	15.70	18.95
Taxi / Purchased Transportation	19.16	17.23	19.07	20.83	20.97	21.00	N/A	N/A	N/A	N/A
Total	70.19	67.36	68.43	66.23	63.11	58.97	38.09	41.86	38.42	40.19
C. Vanpool	3.07	3.59	3.35	2.62	2.45	2.35	2.26	2.32	2.38	2.58
COST PER TOTAL ACTUAL HOUR										
A. Fixed Route	\$ 94.90	\$ 101.09	\$ 98.49	\$ 90.33	\$ 82.57	\$ 88.37	\$ 82.58	\$ 87.19	\$ 79.54	\$ 75.68
B. Demand Response										
Directly Operated	91.99	93.71	91.32	76.62	76.23	81.29	67.02	70.27	67.69	63.98
Purchased Transportation	62.18	56.65	55.39	53.58	50.48	38.54	49.31	59.21	55.88	59.50
Taxi / Purchased Transportation	74.69	64.55	69.83	71.53	68.68	90.49	N/A	N/A	N/A	N/A
Total	228.86	214.91	216.54	201.73	195.39	210.32	116.33	129.48	123.57	123.48

Notes:

- 1) 2015 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2014 and years prior and are computed on a statistically sampled basis and subject to statistical variations from year to year.
- 2) Data for total actual and revenue miles and hours match the NTD reported data for 2014 and years prior.
- 3) Fare revenue includes passenger revenue, the sale of maps, and revenue from contracts to provide additional service, advertising revenue and miscellaneous revenue.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2015

SELECTED OPERATING INFORMATION (continued)
2015 - 2006

FARE REVENUE PER PASSENGER
All modes combined

\$ 0.97 \$ 1.02 \$ 0.93 \$ 0.88 \$ 0.88 \$ 0.78 \$ 0.72 \$ 0.72 \$ 0.60 \$ 0.49

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
FULL-TIME EQUIVALENT EMPLOYEES										
A. Fixed Route	116.10	119.20	120.10	128.70	119.87	128.75	133.51	141.23	127.43	131.33
B. Demand Response	102.00	107.00	105.90	119.40	106.69	121.28	113.99	115.93	124.31	105.20
C. Vanpool	7.90	8.80	10.00	12.00	9.80	7.70	9.40	11.20	10.10	9.00
Total	226	235	236	260	236	258	257	268	262	246

Notes:

1) 2015 data source – BFT

2) 2014 and years prior data source - NTD

3) Full-Time Equivalent Employees excludes Purchased Transportation.

Ben Franklin Transit's Mission

The mission of Ben Franklin Transit is to provide exceptional and cost effective transportation services that consistently exceed customer expectations while promoting the principles and practices of livable communities and sustainable development.



Ben Franklin Transit Core Values

CUSTOMER SATISFACTION

The result of an ability to constantly and consistently exceed the expectations of external and internal customers

COLLABORATION

The process of bringing together knowledge, experience, ideas, and skills to achieve a common goal

DIVERSITY

The appreciation and respect for different characteristics of individuals and groups that make them unique and able to offer different perspectives, skills, and talents

FISCAL ACCOUNTABILITY

The commitment and practice of being exemplary stewards of public resources

INNOVATION

The use of progressive and creative approaches to problem solving and goal accomplishment

SUSTAINABILITY

The ability to successfully serve the future needs of the people who live, work and play within the community with available resources

SAFETY

The state of being free from the occurrence or risk of injury, danger, or loss; a condition of having removed or reduced the potential for harm, injury, danger, or loss