



Comprehensive Annual Financial Report

Years Ended December 31, 2019 and 2018



1000 Columbia Park Trail | Richland, WA 99352
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Comprehensive Annual Financial Report

Year Ended December 31, 2019 and 2018



**Administrative Services Department
Richland, Washington**

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Ben Franklin Transit
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Introductory Section



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1000 Columbia Park Trail | Richland, WA 99352-4851
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June 30, 2020

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

I. TRANSMITTAL OF BEN FRANKLIN TRANSIT'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018.

Ben Franklin Transit's (BFT's) Comprehensive Annual Financial Report for the years ended December 31, 2019 and 2018 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, required supplemental information, 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. These financial statements have been audited by the Office of the State Auditor of Washington State. The independent auditor's report has been included on pages 17 through 19. This report expresses an unmodified opinion as to the fair presentation of the financial statements noted on page 18.

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 the 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, referred to 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 into the PTBA.

Today, BFT provides fixed route, demand response including paratransit, and vanpool services in a 616-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 296,000 residents. In 2019, combined ridership for all modes of service totaled 3,126,689.

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. In 2010, a non-voting board member was added to represent the labor unions of BFT. The Board appoints a General Manager to implement policies authorized by the Board and oversee BFT's daily operations as well as its approximately 374 employees. The overall management of BFT is divided into six departments: Transit Operations; Fleet, Facilities and Capital Projects; Planning & Service Development; Marketing & Communications; Human Resources and Labor Relations; and Administrative Services.

BFT operates eighteen (18) fixed routes serving Benton City, Kennewick, Pasco, Prosser, Richland, and West Richland. There are eight (8) inter-city routes, which travel between cities and ten (10) local routes that operate within a given 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, and People for People service to Yakima and Connell. In addition, the fixed route system 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 2019, fixed route services carried 2,096,572 passengers.

BFT's demand response mode includes all non-fixed route services including feeder routes in low-density areas and a specialized ADA paratransit service, 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 2019, total demand response ridership was 377,314.

Since its inception in 1984, BFT's Vanpool program has expanded to 250 vans with over 2,100 daily weekday riders serving rural employment locations such as the Hanford nuclear cleanup site, Washington State Department of Corrections in both Walla Walla and Connell, Washington and neighboring agricultural facilities.

II. PROFILE OF THE AGENCY (continued)

As a community partner, BFT provides approximately 28,000 rides each year to special events such as the annual International Hydroplane Races and Air Show, Benton-Franklin Fair & Rodeo, Cable Bridge Run, and Art in the Park.

Service Changes

In early 2019, BFT introduced new services including General Demand service in Finley and the Tri-Cities, and extended service hours for most fixed routes and Dial-A-Ride. Hours were increased to 10pm daily, adding two hours weekdays and three hours on Saturday. The Board approved these services on an interim basis following the unexpected discontinuation of BFT's contracted taxi services in late 2018. Later in 2019, the extended fixed route and paratransit hours were approved to continue permanently.

Additionally, BFT melded the East Pasco Route 63D into Route 65 for better resource and routing efficiency. This ultimately benefited new customers in East Pasco with later, more frequent service, and made some re-alignments to a now permanent weekday Route 68.

In May 2019 BFT implemented changes to the scheduling and delivery of Dial-A-Ride service to improve efficiency and productivity, and to reduce expense. These changes reduced annual overtime by 66% and driver slack time by 74% while improving on-time performance to 96%.

In December 2019, BFT entered into a contract with River North Transportation Co., LLC, dba Via, to provide on-demand connections to BFT's fixed-route network. The service, named "BFT CONNECT" allows users to request a ride from anywhere in a zone to a designated connection point or from a designated connection point to anywhere in the zone. BFT's goal is for passengers to wait no more than 15 minutes for a CONNECT ride.

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 2024 and is sustainable at 2019 year-end service levels of 388,961 revenue service hours through 2022.

In February 2020, Governor Inslee declared a state of emergency in response to the COVID-19 virus pandemic. In subsequent Governor Proclamations, Mass Transit was identified as an essential critical subsector and, therefore, BFT continued operations with adjustments to routes, workforce and hygienics to accommodate the Governor's directive and the public's response to COVID-19. The length of time these measures will be in place, and the full extent of the financial impact on BFT, is unknown at this time with expected reductions in some revenue sources (sales taxes, fares, etc.) and expected increases in other revenue sources (Federal & State Grants).

II. PROFILE OF THE AGENCY (continued)

Major Goals and Initiatives

Initiatives established for 2019 were planned in accordance with the TDP. Each initiative and/or project was carefully reviewed before implementation to ensure sustainability and adherence to BFT's strategic priorities. The major initiatives identified for 2019 were:

- Safety
- Ridership Growth
- Strategic Planning
- Implementation of Operational Technology
- Agency Modernization
- FTA Triennial Review
- Labor Relations

Progress on Major Goals and Initiatives

Safety: Accident prevention efforts in 2019 included providing safety refresher training for Operators and Drivers, Maintenance staff, and Vanpool users. Numerous Operations employees were recognized for safe driving by the National Safety Council in 2019, indicative of the highly skilled professionals who work at BFT providing safe, reliable service to our community.

Ridership Growth: The Planning & Service Development Department completed a comprehensive review of demonstration routes and services from 2018 and 2019, driving the service changes noted above. BFT staff participated in approximately 30 different outreach events in the community, including several group travel training opportunities to encourage fixed route ridership.

Strategic Planning: BFT worked on several efforts in support of strategic planning during 2019. This involved work on the long-range service plan as well as on organizational infrastructure, including compensation and benefits policies, and on succession planning.

Implementation of Operational Technology: During 2019, BFT completed National Transit Database benchmarking and data validation and completed implementation of the new Vanpool software, RidePro, which allowed for streamlined Vanpool program management.

Agency Modernization: 2019 marked the beginning of BFT's multi-phase System Amenities Project. This project provides for modern new metal and glass shelters, benches, lean rails, lighting, bike racks and trash receptacles throughout the system. This effort continues in 2020 and beyond and is providing additional and safer customer amenities while contributing to a fresh, elevated look and feel to service. The Knight Street Transit Center was under construction during 2019 and completed early in 2020. This grant-funded capital project included new asphalt and concrete, shelters and lighting, pavement markings, landscaping, and operator restrooms.

FTA Triennial Review: During 2019, BFT successfully completed its Federal Transit Administration (FTA) Triennial Review, a deep dive, agency-wide, audit that occurs every three years.

II. PROFILE OF THE AGENCY (continued)

Labor Relations: BFT entered into negotiations for four labor contracts during 2019. Efforts continue in 2020 and BFT anticipates finalizing all collective bargaining agreements as early in 2020 as possible.

III. ECONOMIC CONDITION AND OUTLOOK

Per the Washington Employment Security Department (WESD), the 2019 Tri-Cities economy added 3,000 jobs - an increase of 2.3 percent over 2018. WESD reported an unemployment rate of 5.4 percent in December of 2019 over a full point below the 6.7 percent unemployment rate posted in December 2018.

According to WESD, the 2020 Tri-City region projected employment growth rate is between 2.0 percent and 2.5 percent. Highest growth is expected in education and health care services, construction, leisure and hospitality, government educational services and finance and insurance. Economic growth in these sectors factor into budgeted sale tax revenues of \$37.0 million or 72% of BFT's projected total revenue for 2020.

Federal and State funding remain an integral revenue source for BFT. These funds are budgeted to contribute about 20% of total revenues for 2020. 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 its significant funding sources.

The passage of I-976 may affect the State of Washington's ability to fund certain mobility projects throughout the state. In November of 2019, Initiative 976 was halted by injunction. It is difficult to definitively determine the effects of the initiative because its actual implementation will rely on future decisions of the Legislature and resolution of any potential legal challenges. Grant funds affected by this initiative represent a smaller component of BFT's total capital program funding. BFT continues to be actively engaged in applying for new and additional funding as funding becomes available.

BFT's Board of Directors continue 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, 2018. This was the seventh consecutive year that BFT has achieved this prestigious award. To be awarded a

Ben Franklin Transit
Letter of Transmittal

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



Jeff Lubeck
Director, Administrative Services



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, 2018

Christopher P. Morrill

Executive Director/CEO

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December 31, 2019

Board of Directors

Watkins, Matt, Chair – *Mayor, City of Pasco*
Koch, Bob, Vice Chair – *Commissioner, Franklin County*
Becken, Steve – *Council Member, City of Prosser*
Bloom, Richard – *Council Member, City of West Richland*
Small, Shon – *Commissioner, Benton County*
Stade, Lisa – *Council Member, City of Benton City*
Lemley, Phillip – *Council Member, City of Richland*
McKay, Bill – *Council Member, City of Kennewick*
Didier, Clint – *Commissioner, Franklin County*
Nelson, Norma – *Non-Voting Rep, Teamsters Union*

Board of Directors Alternates

Alvarado, Ruben – *Council Member, City of Pasco*
Peck, Brad – *Commissioner, Franklin County*
Taylor, Randy – *Council Member, City of Prosser*
Buel, Rich – *Council Member, City of West Richland*
Beaver, James “Jim” – *Commissioner, Benton County*
Sandretto, David – *Council Member, City of Benton City*
Christensen, Terry – *Council Member, City of Richland*
Frost, Ed – *Council Member, City of Kennewick*
Open – *Non-Voting Rep, Teamsters Union*

BFT Management Team

General Manager

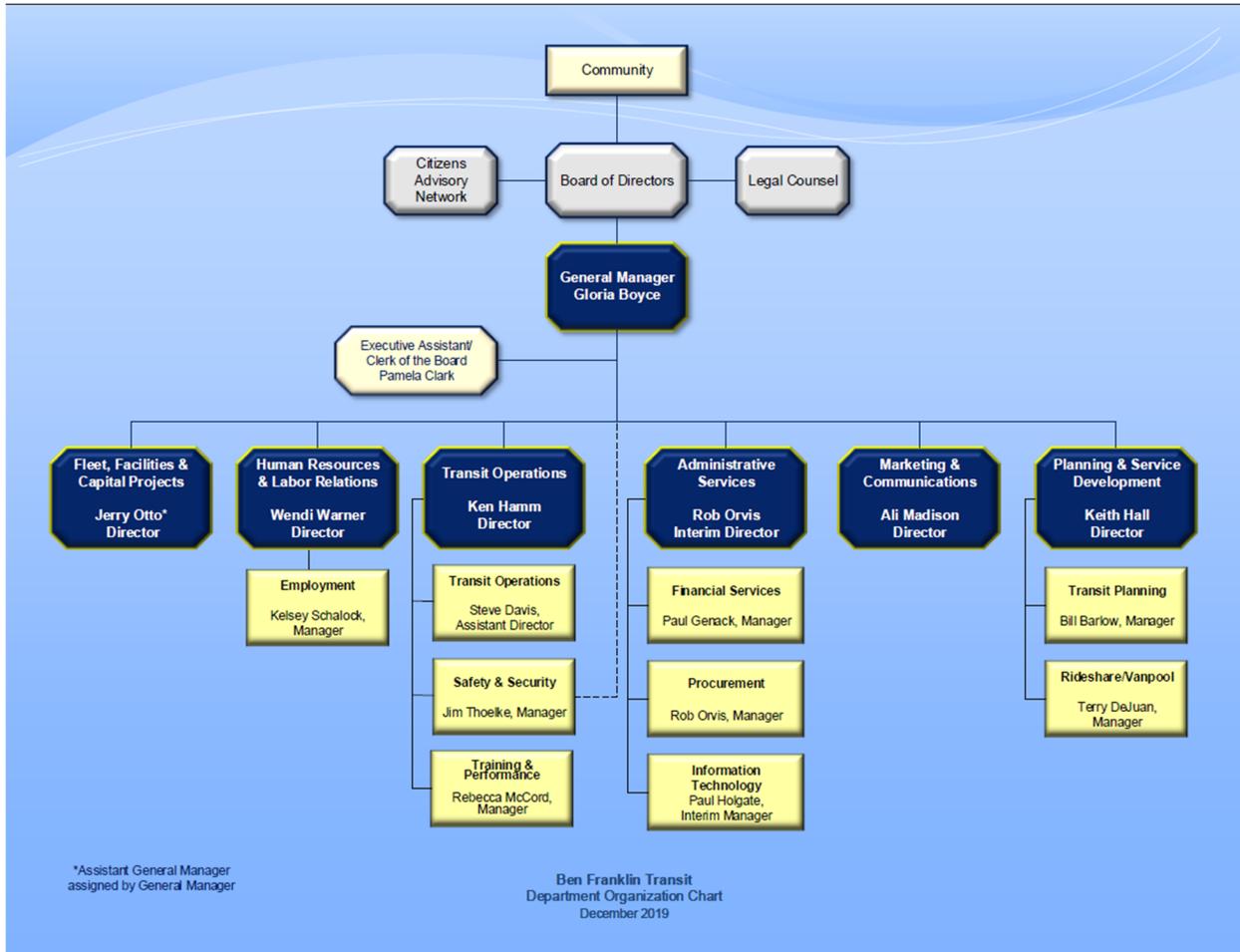
Gloria Boyce

Executive Management Team

Jerry Otto – *Assistant General Manager, Director of Fleet, Facilities, Capital Projects*
Ken Hamm – *Director of Transit Operations*
Wendi Warner – *Director of Human Resources & Labor Relations*
Keith Hall – *Director of Planning & Service Development*
Ali Madison – *Director of Marketing & Communications*
Robert H. Orvis – *Interim Director of Administrative Services*

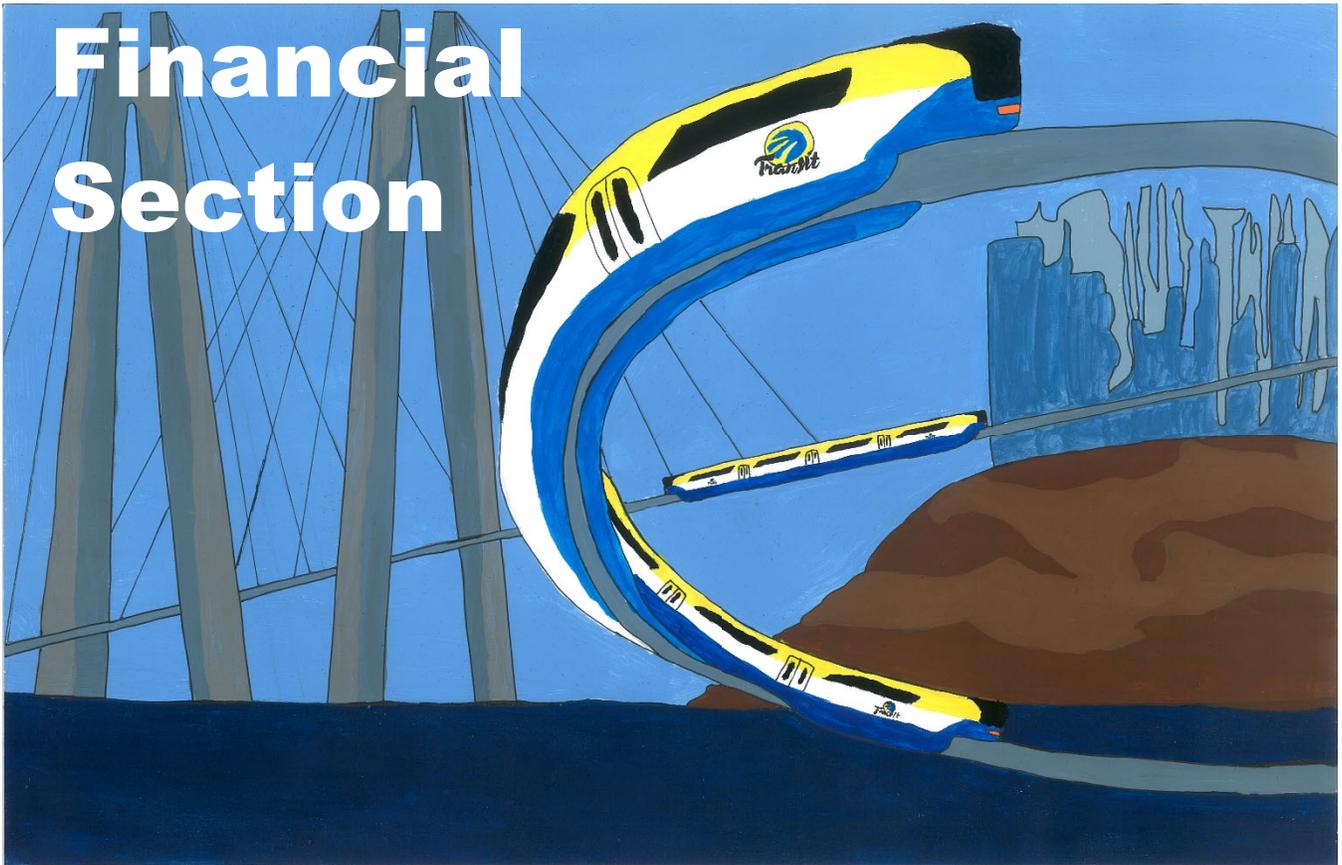
Ben Franklin Transit Organization Chart

BFT Organizational Chart





Financial Section



2019 BFT Transit Reimagined Art Contest Winner – 1st Place

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Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

April 29, 2020

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, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Transit'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 opinions on these financial statements based on our audits. We conducted our audits 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'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'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ben Franklin Transit, as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 13 to the financial statements, in February 2020, a state of emergency was declared that could have a negative effect on the Transit. 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 and required supplementary information listed in the table of contents 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transit's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the Transit. 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 April 29, 2020, on our consideration of the Transit'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'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's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

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, 2019 and 2018. 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 and deferred outflows of resources of BFT exceeded its liabilities and deferred inflows of resources (net position) at December 31, 2019 by \$79.6 million compared to \$72.3 million in 2018. Of this amount, \$36.4 million and \$37.1 million were invested in capital assets and \$43.2 million and \$35.1 million in unrestricted net position in 2019 and 2018 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 increased for the year ended December 31, 2019, by 10.1 percent or \$7.3 million compared to the year ended December 31, 2018, due to an increase in sales tax and use of operating grants.
- BFT's total liabilities decreased for the year ended December 31, 2019, by \$1.1 million compared to the year ended December 31, 2018 mainly due to the decrease in pension liability.
- BFT's total assets and liabilities increased for the year ended December 31, 2019 by \$0.4 million with the implementation of GASB Statement No. 87.
- BFT saw a decrease of \$0.4 million or 10.5 percent in fare revenue to \$3.2 million in 2019 over 2018 due primarily to a business closure. BFT's contracted service provider for general public paratransit, night (taxi), fixed route-feeder and Sunday services closed its business at the end of October 2018 resulting in a loss of revenues.
- BFT experienced an increase of \$2.7 million in sales tax revenue to \$39.3 million or 7.4 percent over 2018 due to growth in the local economy and increases in construction projects in 2019.
- Operating expenses for 2019, excluding depreciation and employer contributions to the state pension, totaled \$38.3 million, an increase of \$1.4 million or 3.7 percent over 2018. This increase in expense is mainly due to extended service hours as implemented by BFT in September 2018 and continued in 2019.
- Federal and State Operating Grants increased by \$1.0 million in 2019 as compared to 2018. Federal, State and Local Capital Contributions decreased by \$8.6 million over the same period. Fluctuations are due to the timing of grant availability and the years in which they are budgeted.

Overview of the Financial Statements

The financial statements provide information about BFT's use 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 BFT assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, 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 presents 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.

The Required Supplementary Information contains other information the Governmental Accounting Standards Board deems necessary. BFT's RSI contains additional information related to GASB 68, Accounting and Financial Reporting for Pensions, and GASB 75, Defined Benefit Other Postemployment Benefit (OPEB) Plans.

Financial Statement Analysis

Net Position

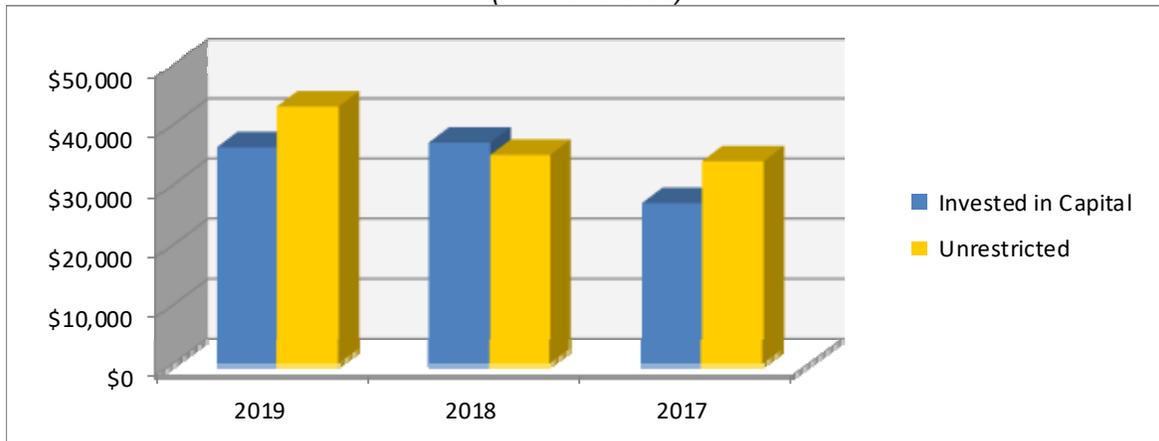
BFT's total net position reflects \$36.4 million investment in capital assets such as revenue vehicles, passenger facilities, and shop equipment. BFT uses these capital assets to provide transportation service to the community. Therefore, this portion of the net position balance is not available for future spending. The remaining portion of total net position, \$43.2 million, is unrestricted and available to support future obligations for transportation operations.

Ben Franklin Transit
Management's Discussion and Analysis

Summary Statement of Net Position
As of December 31, 2019, 2018 and 2017
(in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current Assets	\$ 58,672	\$ 51,558	\$ 48,043
Capital Assets (net)	36,380	37,143	27,109
Total Assets	<u>95,052</u>	<u>88,701</u>	<u>75,152</u>
Deferred Outflows of Resources:			
Deferred Outflows	2,224	2,021	1,800
Total Deferred Outflows	<u>2,224</u>	<u>2,021</u>	<u>1,800</u>
Total Assets and Deferred Outflows of Resources	<u>97,276</u>	<u>90,722</u>	<u>76,952</u>
Liabilities:			
Current Liabilities	3,209	2,388	3,109
Noncurrent Liabilities	10,879	12,763	10,607
Total Liabilities	<u>14,088</u>	<u>15,151</u>	<u>13,716</u>
Deferred Inflows of Resources:			
Deferred Inflows	3,633	3,300	2,061
Total Deferred Inflows	<u>3,633</u>	<u>3,300</u>	<u>2,061</u>
Net Position:			
Investment in Capital Assets	36,380	37,143	27,109
Unrestricted Net Position	43,175	35,128	34,066
Total Net Position	<u>\$ 79,555</u>	<u>\$ 72,271</u>	<u>\$ 61,175</u>

Net Position by Type
(in Thousands)

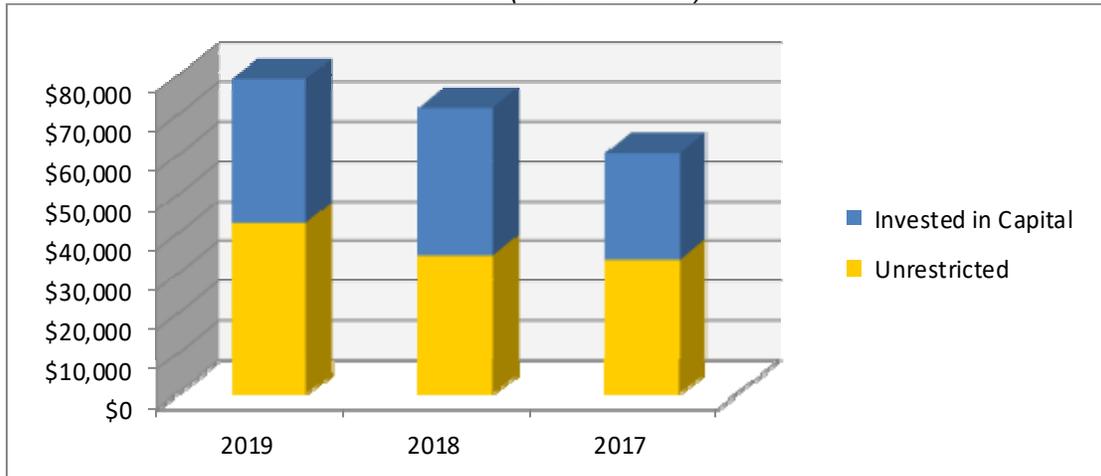


Net position may serve as a useful indicator of BFT's financial position over time. Total net position exceeded liabilities by \$65.5 million and \$57.1 million at December 31, 2019, and 2018 respectively.

The chart on the next page reflects an improvement in BFT's financial condition over 2018. The main contributors to this improved condition are increases in sales tax revenue and efficient operations.

Ben Franklin Transit
Management's Discussion and Analysis

2019 – 2017 Trend of Net Position
(in Thousands)



Summary of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2019, 2018 and 2017
(in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 3,595	\$ 3,894	\$ 4,434
Operating Subsidies	44,382	40,715	36,214
Nonoperating Revenues	738	696	689
Total Revenues	<u>48,715</u>	<u>45,305</u>	<u>41,337</u>
Operating Expenses	(38,310)	(36,918)	(34,976)
Depreciation Expenses	(4,665)	(3,787)	(3,360)
Total Expenses	<u>(42,975)</u>	<u>(40,705)</u>	<u>(38,336)</u>
Excess (Deficiency) Before Contributions	5,740	4,600	3,002
Capital Contributions	1,544	10,178	2,279
Total Contributions	<u>1,544</u>	<u>10,178</u>	<u>2,279</u>
Change in Net Position	<u>7,284</u>	<u>14,778</u>	<u>5,281</u>
Total Net Position - Beginning	72,271	61,175	58,076
Prior Period Adjustment	-	(3,682)	(2,182)
Total Net Position - Ending	<u>\$ 79,555</u>	<u>\$ 72,271</u>	<u>\$ 61,175</u>

Ben Franklin Transit
Management's Discussion and Analysis

Revenues

BFT's passenger fares consist of revenue 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.

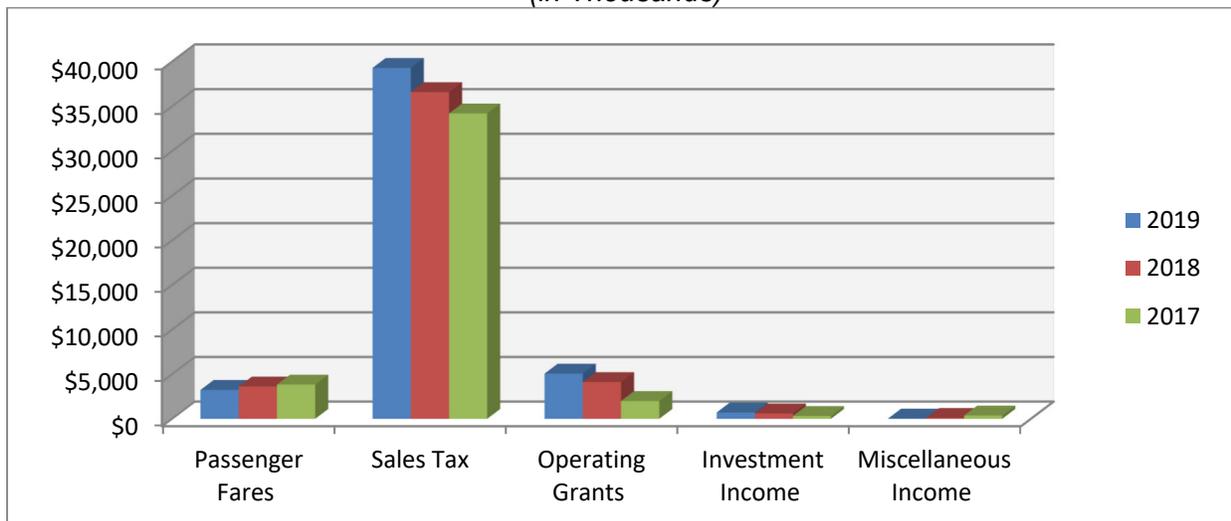
Operating Revenues
(in Thousands)

Operating Revenues	2019	2018	2017
Passenger Fares	\$ 3,239	\$ 3,621	\$ 3,841
Other Operating Revenues	356	273	593
Total Operating Revenues	3,595	3,894	4,434

Nonoperating Revenues

Operating Subsidies			
Sales Tax	39,312	36,600	34,214
Operating Grants	5,070	4,115	2,000
Other Nonoperating Revenues			
Investment Income	707	600	316
Miscellaneous Income	31	96	373
Total Nonoperating Revenues	45,120	41,411	36,903
Total Revenues	\$ 48,715	\$ 45,305	\$ 41,337

Revenues by Type
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

Expenses

Wages and benefits for 2019 of \$26.7 million make up 62.1 percent of operating expenses and increased by 5.8 percent over 2018 due to staffing increases associated with an extension of service hours as implemented by BFT in September 2018 and continued in 2019. Extended service hours result in additional service mile related costs. Fuel and lubricants decrease by 3.8 percent over 2018 due to a decrease in fuel prices; whereas supplies and materials, which include repair and maintenance costs, increased by 26.2 percent over 2018.

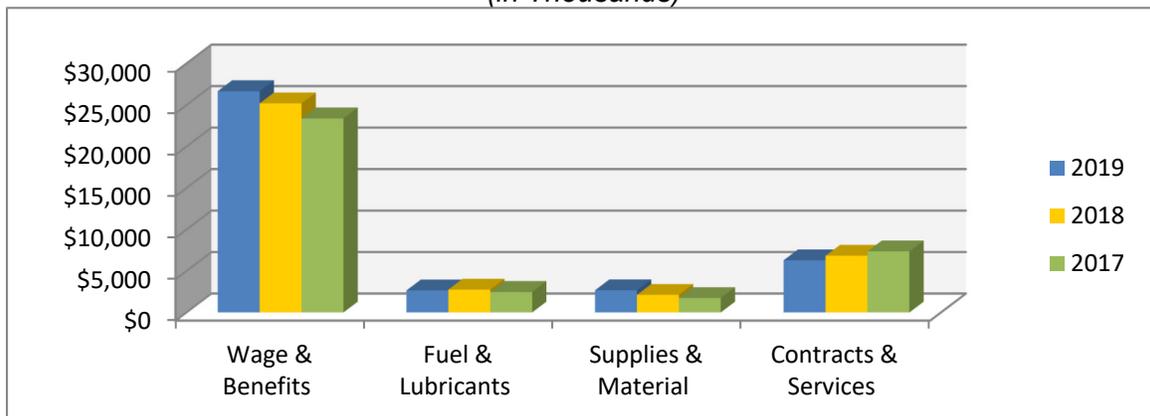
Contracts and services for 2019 of \$6.3 million decreased 8.0 percent due to a business closure when BFT's contracted service provider for general public paratransit, night (taxi), fixed route-feeder and Sunday services closed its business at the end of October 2018. These services were suspended pending a solicitation for a new service provider which took place in 2019. BFT and the new contracted services provider are in the process of outlining the new services to begin in 2020.

A prior period adjustment was recorded in 2018 as BFT implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), which now requires BFT to include their proportionate share of the net OPEB liability for the single-employer defined benefit plan in which the transit participates.

Operating Expenses
(in Thousands)

Operating Expenses	2019	2018	2017
Wage & Benefits	\$ 26,676	\$ 25,205	\$ 23,392
Fuel & Lubricants	2,650	2,754	2,476
Supplies & Material	2,678	2,122	1,742
Contracts & Services	6,293	6,837	7,366
Lease Interest	13		
Depreciation & Amortization	4,665	3,787	3,360
Total Operating Expenses	42,975	40,705	38,336
Nonoperating Expenses			
Prior Period Adjustments	-	(3,682)	(2,182)
Total Non-Operating Expenses	-	(3,682)	(2,182)

Operating Expenses by Type
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

Operating Grants

In 2019, BFT received \$5.1 million in Federal and State operating grants. BFT uses these operating grants to pay for a portion of the wages of its fixed route coach operators and Dial-A-Ride drivers. For 2020, BFT has budgeted to receive \$4.5 million in Federal operating grant assistance. Operating grant funds fluctuate based on need and BFT's choice to use funding for capital or operating needs.

Operating Grants		
<i>(in Thousands)</i>		
<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 5,070	\$ 4,115	\$ 2,000

Capital Grants

BFT received Federal and State capital grants to assist with the procurement of revenue vehicles and other capital projects. Investments in capital assets have decreased in recent years. In 2019, BFT received \$1.5 million in capital contributions as focus has shifted to normal fleet replacement. Additionally, BFT is gearing up for transit center technological updates and site improvements and has budgeted for \$1.6 million in federal and state capital grant contributions in 2020.

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

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, 2019, totaled \$36.4 million compared to \$37.1 million in 2018. Capital assets, net of depreciation, decreased in 2019 by 2.1 percent or \$764 thousand. Major capital acquisitions in 2019 and 2018 included the following:

- 2019 major vehicle acquisitions included 8 vans for the van pool program (\$213k), 3 paratransit vehicles (\$286k), maintenance equipment replacement (\$75k), facility improvements (\$133k) and technology upgrades/retrofits (\$493k).
- 2018 major vehicle acquisitions included 19 Gillig fixed route buses (\$9.2 million), 35 paratransit vehicles (\$3.2 million), 21 vans for the Vanpool program (\$657k) and integrated technology for fixed route buses (\$1.4 million).

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

Ben Franklin Transit
Management's Discussion and Analysis

Financial Outlook

BFT recognizes that its heavy reliance on sales tax revenues makes it susceptible to economic fluctuations. To prepare, BFT has in place a reserve policy to insulate it from short-term revenue downturns and unanticipated expenditures. The BFT Board-requested operating reserve is set at a minimum level equal to three months' budgeted operating expenses. In 2017 the BFT Board expanded the reserve policy establishing three additional reserve funds: Fuel Reserves, Fleet Replacement Reserves, and Non-Fleet Capital Reserves. BFT is in compliance with Board policy as all reserve funds are established and fully funded as noted in the following:

Operating Reserves	10,505,000
Fuel Reserves	1,000,000
Fleet Replacement Reserves	6,296,000
Non-Fleet Capital Reserves	<u>5,495,000</u>
Total Reserves	23,296,000

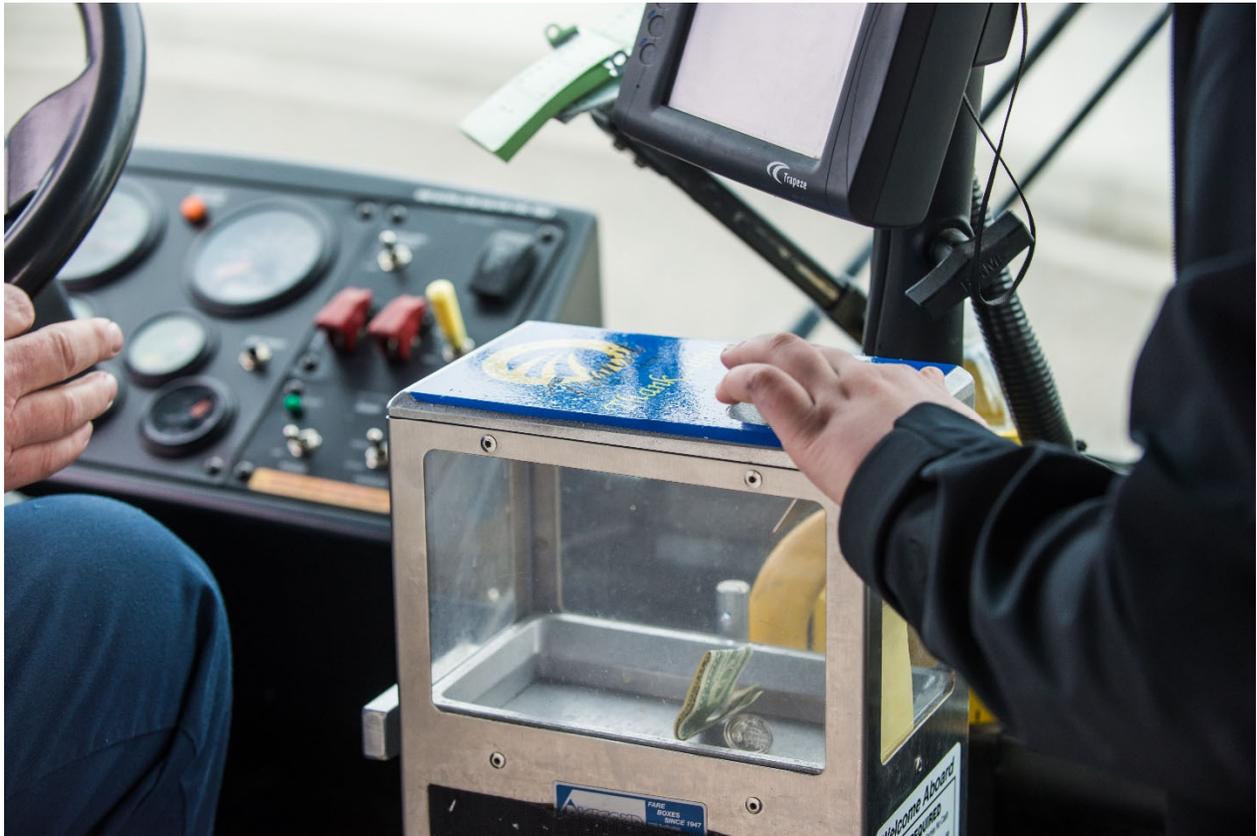
Sales tax revenues for 2019 totaled \$39.3 million exceeding the budgeted amount of \$37.0 million. Through the 2020 Budget process, BFT budgeted \$38.0 million in sales tax revenues. Increases in sales tax revenues in recent years continue to contribute to the overall improved financial position of BFT and help the agency meet operating, fleet, fuel, and non-fleet capital reserve needs as well as future service, restoration of prior services and expansion.

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 replacements 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.

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: Director of Administrative Services, 1000 Columbia Park Trail, Richland, WA 99352 or by calling 509.735.4131.

Basic Financial Statements



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Ben Franklin Transit
Comparative Statement of Net Position
As of December 31, 2019 and 2018
(in Thousands)

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 41,493	\$ 35,954
Accounts Receivables	8,898	8,460
Sales Tax Receivables	7,498	6,468
Inventories	505	470
Prepayments	277	205
Total Current Assets	<u>58,672</u>	<u>51,558</u>
Noncurrent Assets		
Capital Assets Not Being Depreciated/Amortized		
Land	2,209	2,209
Construction in Progress	2,623	429
Capital Assets Being Depreciated/Amortized		
Buildings & Structures	20,450	20,315
Vehicles	45,475	45,781
Equipment & Furnishings	4,631	4,068
Leases - Buildings & Structures	386	-
Leases - Equipment	120	-
Less: Accumulated Depreciation & Amortization	(39,514)	(35,658)
Total Capital Assets (Net)	<u>36,380</u>	<u>37,143</u>
Total Noncurrent Assets	<u>36,380</u>	<u>37,143</u>
Total Assets	<u>\$ 95,052</u>	<u>\$ 88,701</u>
Deferred Outflows of Resources		
Deferred Outflows - PERS Pension	\$ 2,201	\$ 1,997
Deferred Outflows - OPEB	23	24
Total Deferred Outflows	<u>\$ 2,224</u>	<u>\$ 2,021</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 97,276</u>	<u>\$ 90,722</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,587	\$ 1,381
Accrued Expenses	1,167	667
Contracts Payable	2	-
Compensated Absences	313	291
OPEB Liability	47	49
Lease Liability	93	-
Total Current Liabilities	<u>3,209</u>	<u>2,388</u>
Noncurrent Liabilities		
Net Pension Liability	6,460	8,280
OPEB Liability	3,329	3,726
Compensated Absences	767	757
Lease Liability	323	-
Total Noncurrent Liabilities	<u>10,879</u>	<u>12,763</u>
Total Liabilities	<u>\$ 14,088</u>	<u>\$ 15,151</u>
Deferred Inflows of Resources		
Deferred Inflows - PERS Pension	\$ 3,633	\$ 3,300
Total Deferred Inflows of Resources	<u>\$ 3,633</u>	<u>\$ 3,300</u>
Net Position		
Investment in Capital Assets	\$ 36,380	\$ 37,143
Unrestricted	43,175	35,128
Total Net Position	<u>\$ 79,555</u>	<u>\$ 72,271</u>

The accompanying notes are an integral part of this statement.

Ben Franklin Transit
Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2019 and 2018
(in Thousands)

	2019	2018
Operating Revenues		
Passenger Fares	\$ 3,239	\$ 3,621
Other Operating Revenues	356	273
Total Operating Revenues	3,595	3,894
Operating Expenses		
Operations	23,814	22,890
Maintenance	6,849	6,917
Administrative Expenses	7,634	7,111
Depreciation & Amortization	4,665	3,787
Total Operating Expenses	42,962	40,705
Operating Income (Loss)	(39,367)	(36,811)
Nonoperating Revenues (Expenses)		
Sales Tax	39,312	36,600
Investment Income	707	600
Lease Interest	(13)	-
Operating Grants	5,070	4,115
Gains/(Losses) on Capital Asset Disposition	31	96
Total Nonoperating Revenues (Expenses)	45,107	41,411
Income (Loss) Before Contributions	5,740	4,600
Capital Contributions	1,544	10,178
Change in Net Position	7,284	14,778
Total Net Position - Beginning of Period	72,271	61,175
Prior Period Adjustment	-	(3,682)
Total Net Position - End of Period	\$ 79,555	\$ 72,271

The accompanying notes are an integral part of this statement.

Ben Franklin Transit
Comparative Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018
(in Thousands)

	2019	2018
Cash Flows from Operating Activities		
Receipts From Customers	\$ 3,075	\$ 3,530
Other Receipts	426	287
Payments to Employees	(12,462)	(11,280)
Payments to Suppliers	(27,287)	(26,989)
Net Cash Provided (Used) by Operating Activities	(36,248)	(34,452)
Cash Flows from Noncapital Financing Activities		
Sales Tax Received	38,282	36,235
Operating Grants Received	3,170	1,314
Net Cash Provided (Used) by Noncapital Financing Activities	41,452	37,549
Cash Flows from Capital and Related Financing Activities		
Capital Contributions	3,095	6,399
Net proceeds from the Disposition of Capital Assets	31	96
Debt Service Leases	(103)	-
Acquisition and Construction of Capital Assets	(3,396)	(13,821)
Net Cash Used in Capital and Related Financing Activities	(373)	(7,326)
Cash Flows from Investing Activities		
Interest and Dividends	707	600
Net Cash Provided by Investing Activities	707	600
Net Increase (Decrease) in Cash and Cash Equivalents	5,539	(3,629)
Balances - Beginning of the Year	35,954	39,583
Balances - End of the Year	\$ 41,493	\$ 35,954
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (39,367)	\$ (36,811)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & Amortization Expense	4,665	3,787
PERS Pension Expense / (Credit)	(1,692)	(1,285)
OPEB Expense / (Credit)	(398)	69
Change in Assets and Liabilities:		
Receivables, Net	(89)	(68)
Inventories	(35)	(57)
Prepaid Expense	(72)	(72)
Payables	708	(156)
Vacation Accrual	32	143
Net Cash (Used) by Operating Activities	\$ (36,248)	\$ (34,452)

NON-CASH TRANSACTIONS:

Non-cash investing, capital, or financing activities includes net capital contributions accruals of \$3.6 million in 2019 and \$5.2 million in 2018.

The accompanying notes are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ben Franklin Transit (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 was incorporated on May 11, 1981 and operates under the laws of the State of Washington applicable to municipal corporations. BFT was formed under the authority of Chapter 36.57A of the Revised Code of Washington State.

As required by GAAP, the financial statements present BFT as the primary government. 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 GASB 14, BFT is a primary government for reporting and there are no additional entities or funds for which BFT has reporting responsibilities.

BFT is a special purpose government and provides Fixed Route, Para-transit, Vanpool, and General Demand services to the 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.

- B. Measurement Focus, Basis of Accounting** – 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 (BARS) for GAAP for Transit Districts in the State of Washington.

The transit’s statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

The transit distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the transit are charges to customers for passenger fares. Operating expenses for the transit include all costs related to providing transit service. These costs include labor, fringe benefits, materials, supplies, services, utilities,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

rentals, leases, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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, 2019, the treasurer was holding \$41.5 million 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.

2. Investments – 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 value measured by quoted market price. The reported value of the LGIP is the same as the fair value of the pool shares. For more details see Note 2, Deposits and Investments.
3. 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 account from private individuals or organizations for goods and services rendered.

4. Inventories – Inventory consists of fuel, tires, repair parts, and supplies. Purchases are recorded as increases to inventory and valued by the First In, First Out (FIFO) method (which approximates the market value).
5. Prepayments - Prepaid expenses are amounts paid to secure the use of assets or the receipt of services, software licensing and insurance, with an initial cost of more than \$5,000 or an estimated useful life in excess of one year. Such assets are recorded at cost and amortized over estimated economic useful life of the asset.
6. 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.
7. Capital Assets – Capital assets, which include property, facilities, and equipment, are defined by BFT as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs of normal maintenance and repairs are not capitalized. 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	4 - 14
Buildings and Structures	10 - 40
Equipment and Furnishings	2 - 20
Land Improvements	5 - 40

(Also, see Note 4 – Capital Assets)

8. Compensated Absences – Compensated absences are absences for which employees will be paid, such as general leave. General leave banks are split between Regular and Sick leave (I-1433).

Sick leave accrues and may be used beginning with the first day of employment. Employees accrue one hour of sick leave for every 40 hours worked.

Regular leave is calculated and added to the employee's leave bank upon completion of probation. Rates for regular leave are accrued per the employee's CBA for represented employees and per the Comprehensive Benefits Policy for non-represented employees.

Employees may accumulate up to 480 hours of general leave. General leave hours do not expire. Accrued compensated absences are payable upon request, termination, resignation, retirement and death.

9. 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 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.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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.
11. Leases - BFT implemented GASB 87 Leases in 2019. BFT's leases of Buildings & Structures and Equipment (or grouping of similar leases) must have a term of 12 months or greater and a Net Present Value (NPV) equal to or greater than \$5,000 to be accounted for per GASB 87 guidelines. For more details see Note 10 Leases – (Lessees).

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as of December 31, 2019 and 2018 respectfully as follows:

Composition of Cash and Cash Equivalents

	<i>(in Thousands)</i>	
	2019	2018
Demand Deposits	\$ 41,493	\$ 35,954
Investments having original maturities of less than 3 months	-	-
Total Cash and Cash Equivalents	\$ 41,493	\$ 35,954

BFT's bank deposits and certificates of deposit are entirely insured by the Federal Depository Insurance Corporation (FDIC) or 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, 2019 and 2018 consist of the following:

	<i>(in Thousands)</i>	
	2019	2018
Operating Grants Receivable	\$ 4,701	\$ 2,801
Customer Payments Receivable	492	328
Employee Payments Receivable	18	23
Capital Grants and Contributions Receivable	3,618	5,170
Other Cash Receivable	68	139
Sales Tax Receivable	7,498	6,468
Total Receivables	\$ 16,396	\$ 14,928
Accounts Payable	\$ 1,587	\$ 1,381
Contracts Payable	2	-
Total Payables	\$ 1,589	\$ 1,381

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 4 – CAPITAL ASSETS

Activity for the year ended December 31, 2019 was as follows (*in Thousands*):

Description	Balance				Balance
	Jan 1, 2019	Increases	Decreases	Adjustments	Dec 31, 2019
Capital Assets, Not Being Depreciated:					
Land	\$ 2,209	\$ -	\$ -	\$ -	\$ 2,209
Work in Progress	429	2,291	97	-	2,623
Total Capital Assets, Not Being Depreciated	<u>2,638</u>	<u>2,291</u>	<u>97</u>	<u>-</u>	<u>4,832</u>
Capital Assets, Being Depreciated:					
Vehicles	45,780	499	724	(81)	45,475
Building and Structures	20,315	136	-	-	20,450
Equipment and Furnishing	4,068	568	5	-	4,631
Leases-Buildings & Structures	386	-	-	-	386
Leases-Equipment	120	-	-	-	120
Total Capital Assets, Being Depreciated	<u>70,669</u>	<u>1,203</u>	<u>729</u>	<u>(81)</u>	<u>71,062</u>
Less Accumulated Depreciation/Amortization For:					
Vehicles	22,423	3,455	724	(81)	25,073
Building and Structures	11,812	446	-	-	12,258
Equipment and Furnishing	1,423	666	5	-	2,084
Leases-Buildings & Structures	-	61	-	-	61
Leases-Equipment	-	37	-	-	37
Total Accumulated Depreciation/Amortization	<u>35,658</u>	<u>4,665</u>	<u>729</u>	<u>(81)</u>	<u>39,514</u>
Total Capital Assets, Being Depreciated, Net	<u>35,011</u>	<u>(3,462)</u>	<u>-</u>	<u>-</u>	<u>31,548</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,649</u>	<u>\$ (1,171)</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 36,380</u>

Activity for the year ended December 31, 2018 was as follows (*in Thousands*):

Description	Balance				Balance
	Jan 1, 2018	Increases	Decreases	Adjustments	Dec 31, 2018
Capital Assets, Not Being Depreciated:					
Land	\$ 2,209	\$ -	\$ -	\$ -	\$ 2,209
Work in Progress	2,099	429	2,099	-	429
Total Capital Assets, Not Being Depreciated	<u>4,308</u>	<u>429</u>	<u>2,099</u>	<u>-</u>	<u>2,638</u>
Capital Assets, Being Depreciated:					
Vehicles	34,264	13,080	1,564	-	45,780
Building and Structures	19,665	651	-	-	20,315
Equipment and Furnishing	2,308	1,760	-	-	4,068
Total Capital Assets, Being Depreciated	<u>56,237</u>	<u>15,491</u>	<u>1,564</u>	<u>-</u>	<u>70,163</u>
Less Accumulated Depreciation For:					
Vehicles	20,965	3,022	1,564	-	22,423
Building and Structures	11,359	453	-	-	11,812
Equipment and Furnishing	1,111	312	-	-	1,423
Total Accumulated Depreciation	<u>33,435</u>	<u>3,787</u>	<u>1,564</u>	<u>-</u>	<u>35,658</u>
Total Capital Assets, Being Depreciated, Net	<u>22,802</u>	<u>11,704</u>	<u>-</u>	<u>-</u>	<u>34,505</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,109</u>	<u>\$ 12,133</u>	<u>\$ 2,099</u>	<u>\$ -</u>	<u>\$ 37,143</u>

Construction Commitments

At December 31, 2019 the renovations at Knight Street Transit Center were still ongoing with an estimated completion date of March 31, 2020. At December 31, 2018 BFT had no outstanding construction commitments.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the years 2019 and 2018 (*in Thousands*):

Aggregate Pension Amounts – All Plans		
	2019	2018
Pension liabilities	\$ 6,460	\$ 8,280
Pension assets	\$ -	\$ -
Deferred outflows of resources	\$ 2,201	\$ 1,997
Deferred inflows of resources	\$ 3,633	\$ 3,300
Pension expense/expenditures	\$ 629	\$ 857

State Sponsored Pension Plans

Substantially all Ben Franklin Transit’s (BFT) 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 a survivor

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 5 – PENSION PLANS (continued)

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 2019 and 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – August 2018		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%
September – June 2019		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July – December 2019		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

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.

Ben Franklin Transit
Notes to the Financial Statements
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NOTE 5 – PENSION PLANS (continued)

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 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 2019 and 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January 2018 – August 2018		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%
September – June 2019		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%

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Notes to the Financial Statements
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NOTE 5 – PENSION PLANS (continued)

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
July – December 2019		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

BFT's actual PERS plan contributions to plans for the fiscal years 2019 and 2018 ending December 31, were as follows (*in Thousands*):

BFT's Actual Contributions		
	2019	2018
PERS Plan 1	\$ 916	\$ 873
PERS Plan 2/3	\$ 1,405	\$ 1,270

Actuarial Assumptions - 2019

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. 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 and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

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.

NOTE 5 – PENSION PLANS (continued)

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

- OSA updated modeling to reflect providing benefit payments to the date of the initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated COLA programming to reflect legislation signed during the 2018 legislative session that provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5% increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Actuarial Assumptions – 2018

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. 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* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **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 changes in methods and assumptions since the last valuation:

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

NOTE 5 – PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the 2019 total pension liability for all DRS plans was 7.4 percent and the discount rate used to measure the 2018 total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test included an assumed 7.5 percent long-term discount rate for 2019 and an assumed 7.5 percent long-term discount rate for 2018 to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.4 percent future investment rate of return on invested assets was assumed for 2019 for the test and a 7.4 percent future investment rate of return on invested assets was assumed for 2018 for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 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 7.4 percent was used to determine the total liability for 2019 and the long-term expected rate of return of 7.4 percent was used to determine the total liability for 2018.

Long-Term Expected Rate of Return

The 2019 long-term expected rate of return on the DRS pension plan investments of 7.4 percent and the 2018 long-term expected rate of return on the DRS pension plan investments of 7.4 percent were determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2019, and June 30, 2018, 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.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 5 – PENSION PLANS (continued)

Asset Class	2019 Target Allocation	2019 % Long-Term Expected Real Rate of Return Arithmetic	2018 Target Allocation	2018 % Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%	20%	1.70%
Tangible Assets	7%	5.10%	7%	4.90%
Real Estate	18%	5.80%	18%	5.80%
Global Equity	32%	6.30%	32%	6.30%
Private Equity	23%	9.30%	23%	9.30%
	100%		100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents BFT's 2019 proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

As of June 30, 2019 (*in Thousands*):

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 6,128	\$ 4,893	\$ 3,822
PERS 2/3	\$ 12,020	\$ 1,567	\$ (7,010)

The table below presents BFT's 2018 proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

As of June 30, 2018 (*in Thousands*):

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 6,855	\$ 5,578	\$ 4,472
PERS 2/3	\$ 12,359	\$ 2,702	\$ (5,216)

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.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 5 – PENSION PLANS (continued)

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

At June 30, 2019, and June 30, 2018 BFT reported a total pension liability of \$6.5 million and \$8.3 million, respectively, for its proportionate share of the net pension liabilities as follows (*in Thousands*):

Plan	2019 Liability (or Asset)	2018 Liability (or Asset)
PERS 1	\$ 4,893	\$ 5,578
PERS 2/3	\$ 1,567	\$ 2,702

At June 30, 2019, June 30, 2018, and June 30, 2017 BFT's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/19	Proportionate Share 6/30/18	Proportionate Share 6/30/17	Change in Proportion	
				2018 to 2019	2017 to 2018
PERS 1	0.127247%	0.124894%	0.116013%	0.002353%	0.008881%
PERS 2/3	0.161352%	0.158252%	0.146848%	0.003100%	0.011404%

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*.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, and December 31, 2018 BFT recognized pension expense as follows (*in Thousands*):

Plan	2019 Pension Expense	2018 Pension Expense
PERS 1	\$ 336	\$ 938
PERS 2/3	293	(81)
TOTAL	\$ 629	\$ 857

Ben Franklin Transit
Notes to the Financial Statements
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NOTE 5 – PENSION PLANS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, and December 31, 2018, BFT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (*in Thousands*):

PERS 1	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	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	-	(327)	-	(222)
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	452	-	451	-
TOTAL	\$ 452	\$ (327)	\$ 451	\$ (222)

PERS 2/3	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 449	\$ (337)	\$ 331	\$ (473)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,281)	-	(1,658)
Changes of assumptions	40	(658)	32	(769)
Changes in proportion and differences between contributions and proportionate share of contributions	523	(30)	530	(179)
Contributions subsequent to the measurement date	737	-	653	-
TOTAL	\$ 1,749	\$ (3,306)	\$ 1,546	\$ (3,079)

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 5 – PENSION PLANS (continued)

PERS 1 & 2/3 COMBINED	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 449	\$ (337)	\$ 331	\$ (473)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,608)	-	(1,880)
Changes of assumptions	40	(658)	32	(769)
Changes in proportion and differences between contributions and proportionate share of contributions	523	(30)	530	(179)
Contributions subsequent to the measurement date	1,189	-	1,104	-
TOTAL	\$ 2,201	\$ (3,633)	\$ 1,997	\$ (3,301)

2019 deferred outflows of resources related to pensions resulting from 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, 2020. 2018 deferred outflows of resources related to pensions resulting from BFT's contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in Thousands*):

As of December 31, 2019 (*in Thousands*):

Year ended December 31	PERS 1	PERS 2/3
2020	\$ (72)	\$ (628)
2021	\$ (171)	\$ (1,069)
2022	\$ (61)	\$ (417)
2023	\$ (23)	\$ (176)
2024	\$ -	\$ (43)
Thereafter	\$ -	\$ 40

As of December 31, 2018 (*in Thousands*):

Year ended December 31	PERS 1	PERS 2/3
2019	\$ 10	\$ (319)
2020	\$ (48)	\$ (491)
2021	\$ 145	\$ (923)
2022	\$ (37)	\$ (284)
2023	\$ -	\$ (47)
Thereafter	\$ -	\$ (121)

Ben Franklin Transit
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NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2019, the following changes occurred in long-term liabilities (in Thousands):

Description	Balance	Additions	Reductions	Balance	Due Within
	Jan 1, 2019			Dec 31, 2019	One Year
Compensated Absences	\$ 1,048	\$ 2,002	\$ 1,970	\$ 1,080	\$ 313
Pension Liability - PERS 1	5,578	-	685	4,893	-
Pension Liability - PERS 2/3	2,702	-	1,135	1,567	-
OPEB Liability	3,775	334	733	3,376	47
Lease Liability	506	-	90	416	93
Total Long-Term Liabilities:	\$ 13,609	\$ 2,336	\$ 4,613	\$ 11,332	\$ 453

During the year ended December 31, 2018, the following changes occurred in long-term liabilities (in Thousands):

Description	Balance	Additions	Reductions	Balance	Due Within
	Jan 1, 2018			Dec 31, 2018	One Year
Compensated Absences	\$ 905	\$ 1,858	\$ 1,715	\$ 1,048	\$ 291
Pension Liability - PERS 1	5,505	73	-	5,578	-
Pension Liability - PERS 2/3	5,102	-	2,400	2,702	-
OPEB Liability	3,703	331	259	3,775	49
Total Long-Term Liabilities:	\$ 15,215	\$ 2,262	\$ 4,374	\$ 13,103	\$ 340

(Also, see Note 1 item 8 – 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

Capital Contributions	
(in Thousands)	
2019	2018
\$ 1,407	\$ 8,445
137	1,733
\$ 1,544	\$ 10,178

Capital contributions include accruals of \$1.4 million in 2019 and \$4.1 million in 2018. BFT received \$2.9 million of 2018 accruals in 2019 leaving \$1.2 million of 2018 accruals outstanding.

NOTE 9 – RISK MANAGEMENT

BFT is a member of the Washington State Transit Insurance Pool (WSTIP). WSTIP is a 25-member self-insurance program located in Olympia, Washington. WSTIP supplies BFT auto liability, general liability, public officials' liability coverage, all risk property coverage, auto physical damage coverage, boiler and machinery coverage, employee fidelity/crime coverage, and cyber liability coverage.

At the end of 2019, BFT retained a \$5,000 deductible for its all-risk property coverage which includes auto physical damage. BFT has a \$5,000 deductible for public official's liability coverage and has no deductible for general and auto liability risks covered by WSTIP.

WSTIP was formed by Interlocal Agreement on January 1, 1989, pursuant to Chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member transit agencies joint self-insurance, joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling, and administrative services. Transit agencies joining WSTIP must remain members for a minimum of 36 months. Members may withdraw after that time by giving six-month's notice and at the end of the fiscal year. Any member who withdraws will not be allowed to rejoin for a period of 36 months.

Transit authorities applying for membership in WSTIP may do so on approval of a simple majority vote of the WSTIP Board of Directors. Underwriting and rate-setting policies have been established after consultation with actuaries. WSTIP members are subject to a supplemental assessment in the event of deficiencies. If WSTIP's assets were to be exhausted, members would be responsible for WSTIP's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited annually by the Washington State Auditor.

WSTIP utilizes a combination of self-insurance, reinsurance and excess insurance to provide the limits noted in the summary below. Carriers include Government Entities Mutual, Munich Reinsurance America, Lloyds of London, and Hallmark Specialty Insurance Company for the liability lines; Evanston for auto physical damage; American International Group Inc (AIG)/National Union Fire Insurance for the crime policy; and Beazley Cyber Services for the cyber liability policy. The property carrier for all risk property and boiler and machinery is Alliant Property Insurance Program provided by Alliant Insurance Services.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive committee is elected at the annual meeting and is responsible for conducting the business affairs of the Pool.

BFT has not presented any claims to WSTIP in either 2019 or 2018 that exceeded its coverage limits through WSTIP.

Ben Franklin Transit
Notes to the Financial Statements
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NOTE 9 – RISK MANAGEMENT (continued)

Below is a summary of coverage provided in 2019:

RISK / EXPOSURE	COVERAGE	DEDUCTIBLE
GENERAL LIABILITY		
Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$ 25,000,000 Per occurrence	\$ -
Personal Injury and Advertising Injury Contractual liability	\$ 25,000,000 Per offense	\$ -
Vanpool Driver Medical Expense Protection	\$ 35,000 Per occurrence	\$ -
Underinsured Motorist Coverage	\$ 60,000 Per occurrence	\$ -
PUBLIC OFFICIALS LIABILITY	\$ 25,000,000 Per occurrence and aggregate	\$ 5,000
PROPERTY COVERAGE		
All perils subject to the following sublimits:	\$ 500,000,000 Per occurrence, all perils and insureds/ members combined	\$ 5,000
Flood zones A & V – annual aggregate	\$ 10,000,000 Per occurrence, annual aggregate	\$ 500,000
All flood zones except A & V – annual aggregate	\$ 50,000,000 Per occurrence, annual aggregate	\$ 500,000
Earthquake, volcanic eruption, landslide, and mine subsidence	\$ 25,000,000 Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit
AUTO PHYSICAL DAMAGE		
Auto Physical Damage (below \$250,000 in value)	Fair market value Limited to \$1,350,000 any one vehicle	\$ 5,000
Auto Physical Damage for all vehicles with a model year of 2008 or later and valued over \$250,000	Replacement Cost Limited to \$1,350,000 any one vehicle	\$ 5,000
BOILER AND MACHINERY	\$ 100,000,000	\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY		
Including faithful performance. (Also includes:)	\$ 1,000,000 Per occurrence	\$ 10,000
Employee theft	\$ 1,000,000 Per occurrence	\$ 10,000
Forgery or alteration	\$ 1,000,000 Per occurrence	\$ 10,000
Theft, disappearance and destruction (inside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Robbery and safe burglary (inside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Robbery and safe burglary (outside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Computer fraud	\$ 1,000,000 Per occurrence	\$ 10,000
Funds Transfer Fraud	\$ 1,000,000 Per occurrence	\$ 10,000
Money orders and counterfeit money	\$ 1,000,000 Per occurrence	\$ 10,000
CYBER LIABILITY		
<i>Third Party Liability</i>	\$ 2,000,000 Maximum limit	\$ 100,000
Breach Response Costs	\$ 500,000 Limit increases to \$1,000,000 if carrier's nominated service providers are utilized	
<i>First Party Loss</i>		
Business Interruption		
Resulting from Security Breach	\$ 2,000,000 Limit to Liability	
Resulting from System Failure	\$ 500,000 Limit to Liability	
Dependent Business Loss		
Resulting from Security Breach	\$ 750,000 Limit to Liability	
Resulting from System Failure	\$ 100,000 Limit to Liability	
Cyber Extortion Loss	\$ 2,000,000 Limit to Liability	
Data Recovery Costs	\$ 2,000,000 Limit to Liability	
LIABILITY		
Data & Network Liability	\$ 2,000,000 Limit to Liability	
Regulatory defense and penalties	\$ 2,000,000 Limit to Liability	
Payment Card liabilities & Costs	\$ 2,000,000 Limit to Liability	
Media Liability	\$ 2,000,000 Limit to Liability	

Ben Franklin Transit
Notes to the Financial Statements
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NOTE 9 – RISK MANAGEMENT (continued)

Summary of coverage provided in 2019: (continued)

RISK / EXPOSURE	COVERAGE		DEDUCTIBLE
eCRIME			
Fraudulent Instruction	\$ 75,000	Limit to Liability	
Funds Transfer Fraud	\$ 75,000	Limit to Liability	
Telephone Fraud	\$ 75,000	Limit to Liability	
CRIMINAL REWARD	\$ 25,000	Limit	

* However, if covered loss exists, WSTIP general liability policy also includes a \$50,000 limit of coverage with no deductible. As of July 1, 2019, the deductible was lowered to \$5,000

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Notes to the Financial Statements
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NOTE 9 – RISK MANAGEMENT (continued)

Below is a summary of coverage provided in 2018:

RISK / EXPOSURE	COVERAGE	DEDUCTIBLE
GENERAL LIABILITY		
Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$ 25,000,000 Per occurrence	\$ -
Personal Injury and Advertising Injury Contractual liability	\$ 25,000,000 Per offense	\$ -
Vanpool Driver Medical Expense Protection	\$ 35,000 Per occurrence	\$ -
Underinsured Motorist Coverage	\$ 60,000 Per occurrence	\$ -
PUBLIC OFFICIALS LIABILITY	\$ 25,000,000 Per occurrence and aggregate	\$ 5,000
PROPERTY COVERAGE		
All perils subject to the following sublimits:	\$ 500,000,000 Per occurrence, all perils and insureds/ members combined	\$ 5,000
Flood zones A & V – annual aggregate	\$ 10,000,000 Per occurrence, annual aggregate	\$ 500,000
All flood zones except A & V – annual aggregate	\$ 50,000,000 Per occurrence, annual aggregate	\$ 500,000
Earthquake, volcanic eruption, landslide, and mine subsidence	\$ 25,000,000 Per occurrence, annual aggregate	5% subject to \$500,000 minimum per occurrence per unit
AUTO PHYSICAL DAMAGE		
Auto Physical Damage (below \$250,000 in value)	Fair market value Limited to \$1,350,000 any one vehicle	\$ 5,000
Auto Physical Damage for all vehicles with a model year of 2005 or later and valued over \$250,000	Replacement Cost Limited to \$1,250,000 any one vehicle	\$ 5,000
BOILER AND MACHINERY	\$ 100,000,000	\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY		
Including faithful performance. (Also includes:)	\$ 1,000,000 Per occurrence	\$ 10,000
Employee theft	\$ 1,000,000 Per occurrence	\$ 10,000
Forgery or alteration	\$ 1,000,000 Per occurrence	\$ 10,000
Theft, disappearance and destruction (inside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Robbery and safe burglary (inside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Robbery and safe burglary (outside premises)	\$ 1,000,000 Per occurrence	\$ 10,000
Computer fraud	\$ 1,000,000 Per occurrence	\$ 10,000
Funds Transfer Fraud	\$ 1,000,000 Per occurrence	\$ 10,000
Money orders and counterfeit money	\$ 1,000,000 Per occurrence	\$ 10,000
CYBER LIABILITY		
<i>Third Party Liability</i>	\$ 25,000,000 Annual policy and program aggregate of liability for all insured's combined	\$ 100,000
Information Security and Privacy Liability	\$ 2,000,000 Limit of Liability and annual aggregate	\$ 100,000
Privacy Notification costs	\$ 500,000 Annual aggregate – limit increases to \$1 million if carrier's vendors utilized	\$ 100,000
Penalties for Regulatory Defense and Penalties	\$ 2,000,000 Limit of Liability and annual aggregate	\$ 100,000
Including a sub-limit for PCI Fines and Penalties	\$ 100,000 (Sub-limit)	
Website Media Content Liability	\$ 2,000,000 Limit of Liability and annual aggregate	\$ 100,000
<i>First Party Computer Security</i>		
Cyber Extortion Loss	\$ 2,000,000 Limit of Liability and annual aggregate	\$ 100,000
Data Protection Loss and Business Interruption Loss	\$ 2,000,000 Limit of Liability and annual aggregate	\$ 100,000
Including a sub-limit for Forensic expense	\$ 100,000	
And Dependent business interruption	\$ 500,000	
Fraudulent Instruction	\$ 50,000	
Telecommunications Fraud	\$ 50,000	
Consequential reputational loss	\$ 50,000	

* However, if covered loss exists, WSTIP general liability policy also includes a \$50,000 limit of coverage with no deductible.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 10 – LEASES- (LESSEES)

In 2019, BFT implemented GASB 87, Leases. BFT is committed under various leases for space and equipment. The major categories of leases are Park & Ride Lots (4 leases), Buildings (3 leases), Potable Water Coolers, Photocopy & Fax Equipment (9 leases) and Mail Equipment (2 leases). BFT does not acquire any interest in the property. Unless excluded, GASB 87 requires all leases over 12 months in duration are to be accounted for as Intangible Assets with corresponding Liabilities. The initial value of the asset and liability, as determined by calculating the present value of the lease payments, were \$506.3 thousand each. Equipment values were calculated using a discount rate of 2.85% and Structure values were calculated using a discount rate of 2.75%. The rates used in the calculations were provided by BFT's bank, U.S. Bank, as the rates that U.S. Bank would charge BFT for financing purchases of similar assets.

As of December 31, 2019, the outstanding balances of the Lease Assets (net of amortization) & Liabilities by category are (*in Thousands*):

Leases - December 31, 2019		
Category	Net Asset Balance	Liability Balance
Park & Ride Lots	\$111	\$114
Buildings	215	220
Sub-total Structures	325	334
Potable Water Coolers	7	7
Photocopy & Fax Equip.	65	66
Mail Equipment	11	8
Sub-total Equipment	83	82
Total	\$408	\$416

As of December 31, 2019, the principal and interest requirements to maturity on the leases are as follows (*in Thousands*):

Leases - 2019			
Year Ended December 31	Debt Service	Interest	Total
2020	\$ 93	\$10	\$103
2021	86	8	94
2022	70	6	75
2023	40	4	44
2024	25	3	28
2025-2029	83	8	91
2030-2034	19	0	19
Total	\$416	\$39	\$455

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the years 2019 and 2018 (*in Thousands*):

Aggregate OPEB Amounts – All Plans		
	2019	2018
OPEB liabilities	\$3,376	\$3,775
OPEB assets	\$-0-	\$-0-
Deferred outflows of resources	\$23	\$24
Deferred inflows of resources	\$-0-	\$-0-
OPEB expense	\$ (343)	\$ 114

- a. As a member of the Washington State Public Employees Benefit Board (PEBB) BFT offers employees who retire the option to continue medical coverage on a self-pay basis. BFT’s plan is considered a single-employer defined benefit plan.
- b. The plan is available to non-bargaining employees. The premiums for the retired employees are blended with the rates for active employees. The blending of rates is considered an implicit subsidy paid by BFT. There are no COLAs associated with the plan.
- c. At December 31, 2019 and 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive employees or beneficiaries currently receiving benefits	11	15
Inactive employees entitled to but not yet receiving benefits	4	6
Active employees	79	75
Total	94	96

- d. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Assumptions and Other Inputs

The discount rate used in the online tool developed by the Office of the State Actuary was 3.87% for the beginning of the measurement year and 3.50% for the end of the measurement year. Projected salary changes were 3.5% plus service-based increases. Healthcare Trend rates used an initial rate of approximately 7%, trending down to about 5% in 2020. Mortality rates were calculated using the Healthy RP-2000 base mortality table with an age setback of 1 year, mortality improvements of 100% scale BB and a generational projection period. An inflation rate of 2.75% was used. Post-retirement participation percentage was 65% and the percentage with spousal coverage was 45%.

Assumptions for retirement, disability, termination and mortality were based on the 2018 PEBB OPEB Actuarial Valuation Report. Retirement service for each active cohort was based on the average entry age of 35 with years of service being a component of benefit eligibility.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (cont.)

a. The following presents the total OPEB liability (*in Thousands*) of BFT calculated using the current healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate.

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
2019 Total OPEB Liability	\$2,754	\$3,776	\$4,197
2018 Total OPEB Liability	\$3,091	\$3,775	\$4,669

b. The following presents the total OPEB liability (*in Thousands*) of BFT calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5%) or 1-percentage point higher (4.5%) than the current rate.

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
2019 Total OPEB Liability	\$4,077	\$3,776	\$2,826
2018 Total OPEB Liability	\$4,572	\$3,775	\$3,149

Changes in the Total OPEB Liability

The schedule of changes in the total OPEB liability follows (*in Thousands*):

PEBB Plan	2019	2018
Total OPEB Liability on January 1st	\$3,775	\$3,703
Service cost	182	193
Interest	152	139
Changes of benefit terms	0	0
Changes in Experience Data and Assumptions	(677)	(217)
Benefit payments	(56)	(42)
Other changes	0	0
Total OPEB Liability on December 31st	\$3,376	\$3,775

a. The Alternative Measurement Method (AMM) was performed with a valuation date of June 30, 2019. In order to estimate the Total OPEB Liability (TOL) as of the beginning of the measurement period, the TOL was projected backwards to the measurement date of June 30, 2018. The AMM was used to measure the TOL in place of an actuarial valuation.

b. The backward projection of the liability reflected the estimated service cost, assumed interest, and expected benefit payments.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2019 and 2018

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (cont.)

c. There were no changes of benefit terms that affected measurement of the TOL since the prior measurement date.

d. There were no obligations for the payment of benefits transferred from the employer to one or more insurance companies.

e. There were no changes between the measurement date of the TOL and the employer's reporting date that are expected to have any effect on the TOL.

g. The total OPEB expense recognized by BFT in the reporting period was \$(343.4) thousand.

h. At December 31, 2019, BFT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (*in Thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -0-	\$-0-
Changes of assumptions	-0-	-0-
Payments subsequent to the measurement date	23	-0-
TOTAL*	\$23	\$-0-

i. At December 31, 2018, BFT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (*in Thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -0-	\$-0-
Changes of assumptions	-0-	-0-
Payments subsequent to the measurement date	24	-0-
TOTAL*	\$24	\$-0-

Deferred outflows of resources of \$23.3 thousand, resulting from payments subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

2019: BFT reported no prior period adjustments.

2018: Effective for the fiscal year ended December 31, 2018, BFT implemented provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). As a result, the Schedule of Long-Term Liabilities now includes the transit's proportionate share of the net OPEB liability for the single-employer defined benefit plan in which the transit participates. As a result of this implementation the January 1, 2018 beginning Net Position was directly decreased by \$3.7 million.

NOTE 13 – SUBSEQUENT EVENTS

COVID-19 Pandemic

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they are leaving for an essential function. On March 23, 2020, the Governor issued a Proclamation directing all residents to stay home, "except as needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as the State Public Health Officer may designate as critical....". Mass Transit was identified as an essential critical subsector and, therefore, BFT continued operations. BFT has adjusted routes and workforce to accommodate this directive and the public's response to COVID-19.

The length of time these measures will be in place, and the full extent of the financial impact on BFT, is unknown at this time. Also unknown is the effect the modification of behavioral and economic activity will have on the collection of Sales Taxes which constitute a significant portion of BFT's revenues.

On April 2, 2020, BFT received notification from the FTA that just under \$19.0 million in additional Grant monies had been allocated to BFT to assist its continuing operations and service to the community during the pandemic.

Required Supplementary Information



2019 BFT Transit Reimagined Art Contest Winner – 3rd Place

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Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2019 and 2018

Schedule of Proportionate Share of the Net Pension Liability
 PERS Plan1
 As of June 30, 2019
 Last 10 Fiscal Years*
 (in Thousands)

	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX	20XX
Employer's proportion of the net pension liability (asset)	0.127247%	0.124894%	0.116013%	0.114841%	0.125862%					
Employer's proportionate share of the net pension liability	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584					
TOTAL	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584					
Covered payroll**	\$ 17,701	\$ 16,819	\$ 14,554	\$ 14,312	\$ 14,216					
Employer's proportionate share of the net pension liability as a percentage of covered payroll	27.64%	33.16%	37.82%	43.10%	46.31%					
Plan fiduciary net position as a percentage of the total pension liability	67.12%	63.22%	61.24%	57.03%	59.10%					

Notes to Schedule:

**Until a full 10-year trend is compiled, only information for those years available is presented.*

GASB 68 was implemented for the 2015 financial statements so only five years of data is available. Up to ten years of history will be presented over time as the data is generated.

*** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).*

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2019 and 2018

Schedule of Proportionate Share of the Net Pension Liability
 PERS Plan2/3
 As of June 30, 2019
 Last 10 Fiscal Years*
 (in Thousands)

	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX	20XX
Employer's proportion of the net pension liability (asset)	0.161352%	0.158252%	0.146848%	0.143055%	0.158146%					
Employer's proportionate share of the net pension liability	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651					
TOTAL	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651					
Covered payroll**	\$ 17,568	\$ 16,765	\$ 14,457	\$ 14,138	\$ 14,043					
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.92%	16.12%	35.29%	50.95%	40.24%					
Plan fiduciary net position as a percentage of the total pension liability	97.77%	95.77%	90.97%	85.82%	89.20%					

Notes to Schedule:

**Until a full 10-year trend is compiled, only information for those years available is presented.*

GASB 68 was implemented for the 2015 financial statements so only five years of data is available. Up to ten years of history will be presented over time as the data is generated.

*** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).*

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2019 and 2018

Schedule of Employer Contributions
 PERS Plan1
 As of December 31, 2019
 Last 10 Fiscal Years*
(in Thousands)

	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX	20XX
<u>Statutorily or contractually required contributions</u>	\$ 916	\$ 873	\$ 776	\$ 696	\$ 576					
<u>Contributions in relation to the statutorily or contractually required contributions***</u>	(916)	(873)	(776)	(696)	(576)					
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -					
<u>Covered payroll**</u>	\$ 18,322	\$ 17,084	\$ 15,755	\$ 14,396	\$ 14,121					
<u>Contributions as a percentage of covered payroll</u>	5.00%	5.11%	4.93%	4.83%	4.08%					

Notes to Schedule:

**Until a full 10-year trend is compiled, only information for those years available is presented.*

GASB 68 was implemented for the 2015 financial statements so only five years of data is available. Up to ten years of history will be presented over time as the data is generated.

*** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).*

**** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par. 8)*

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2019 and 2018

Schedule of Employer Contributions
 PERS Plan2/3
 As of December 31, 2019
 Last 10 Fiscal Years*
 (in Thousands)

	2019	2018	2017	2016	2015	20XX	20XX	20XX	20XX	20XX
<u>Statutorily or contractually required contributions</u>	\$ 1,405	\$ 1,270	\$ 1,086	\$ 888	\$ 840					
<u>Contributions in relation to the statutorily or contractually required contributions**</u>	(1,405)	(1,270)	(1,086)	(888)	(840)					
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -					
<u>Covered payroll*</u>	\$ 18,185	\$ 16,975	\$ 15,713	\$ 14,250	\$ 13,945					
<u>Contributions as a percentage of covered payroll</u>	7.73%	7.48%	6.91%	6.23%	6.02%					

Notes to Schedule:

**Until a full 10-year trend is compiled, only information for those years available is presented.*

GASB 68 was implemented for the 2015 financial statements so only five years of data is available. Up to ten years of history will be presented over time as the data is generated.

*** Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5).*

**** Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions (GASB 82, Par. 8)*

Ben Franklin Transit
 Required Supplementary Information
 For the Year Ended December 31, 2019 and 2018

Schedule of Changes in the Employer's Total OPEB Liability
 OPEB
 As of June 30, 2019
 (in Thousands)

	2019	2018	20XX							
Total OPEB Liability										
Service Cost	\$ 182	193								
Interest	152	139								
Changes in Experience Data and Assumptions	(677)	(218)								
Changes in Benefit Terms	-	-								
Benefit Payments	(56)	(42)								
Other	-	-								
Net Changes in total OPEB Liability	(399)	72								
Total OPEB Liability - Beginning	3,775	3,703								
Total OPEB Liability - Ending	3,376	3,775								
Covered payroll*	\$ 5,184	4,567								
Employer's proportionate share of the net pension liability as a percentage of covered payroll	% 65.12%	82.66%								

Notes to Schedule:

* Covered payroll is the payroll of employees who are provided with OPEB through the OPEB plan.

GASB 75 was implemented for the 2018 financial statements so only one year of data is available. Up to ten years of history will be presented over time as the data is generated.

The Alternative Measurement Method (AMM) tool, prepared by the Washington State Office of the State Actuary was used to generate the OPEB information for BFT, relying on inpts from BFT for eligible counts, average ages and covered payroll.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

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Statistical Section

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Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

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.

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

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- Changes in Net Position..... 72

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..... 73
- Direct and Overlapping Sales Tax Rates..... 74

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..... 75
- Principal Employers..... 76

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..... 77

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, 2019 and 2018

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Position										
Invested in capital assets	\$ 36,380	\$ 37,143	\$ 27,109	\$ 28,692	\$ 30,351	\$ 26,881	\$ 22,779	\$ 23,518	\$ 26,423	\$ 28,197
Unrestricted	43,175	35,128	34,066	29,384	21,985	29,549	26,547	19,319	14,240	6,148
TOTAL Net Position	\$ 79,555	\$ 72,271	\$ 61,175	\$ 58,076	\$ 52,336	\$ 56,430	\$ 49,326	\$ 42,837	\$ 40,663	\$ 34,345

Source: Comprehensive Annual Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues										
Passenger Fares	\$ 3,239	\$ 3,621	\$ 3,841	\$ 3,928	\$ 3,981	\$ 4,220	\$ 3,822	\$ 4,105	\$ 4,246	\$ 3,936
Other Operating Revenues	356	273	593	755	1,246	457	356	800	159	172
Total Operating Revenues	<u>\$ 3,595</u>	<u>\$ 3,894</u>	<u>\$ 4,434</u>	<u>\$ 4,683</u>	<u>\$ 5,227</u>	<u>\$ 4,677</u>	<u>\$ 4,178</u>	<u>\$ 4,905</u>	<u>\$ 4,405</u>	<u>\$ 4,108</u>
Operating Expenses										
Operations	\$ 23,814	\$ 22,890	\$ 22,144	\$ 20,364	\$ 19,255	\$ 19,985	\$ 18,354	\$ 17,552	\$ 17,516	\$ 16,876
Maintenance	6,849	6,917	6,434	5,575	5,691	7,199	7,416	7,930	7,105	6,600
Administrative Expenses	7,634	7,111	6,398	5,795	4,819	4,899	4,699	4,035	3,707	3,227
Depreciation & Amortization	4,665	3,787	3,360	3,542	3,802	3,210	3,388	3,996	3,082	3,163
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>42,962</u>	<u>40,705</u>	<u>38,336</u>	<u>35,276</u>	<u>33,567</u>	<u>35,293</u>	<u>33,857</u>	<u>33,513</u>	<u>31,410</u>	<u>29,866</u>
Operating Income (Loss)	<u>\$ (39,367)</u>	<u>\$ (36,811)</u>	<u>\$ (33,902)</u>	<u>\$ (30,593)</u>	<u>\$ (28,340)</u>	<u>\$ (30,616)</u>	<u>\$ (29,679)</u>	<u>\$ (28,608)</u>	<u>\$ (27,005)</u>	<u>\$ (25,758)</u>
Nonoperating Revenues (Expense)										
Sales Tax	\$ 39,312	\$ 36,600	\$ 34,214	\$ 33,218	\$ 30,667	\$ 27,864	\$ 26,650	\$ 25,902	\$ 25,733	\$ 23,897
Interest Income	707	600	316	81	40	18	23	22	25	46
Lease Interest	(13)									
Operating Grants	5,070	4,115	2,000	2,768	193	4,493	7,324	1,983	4,800	1,041
Gain (Loss) of Sale of Assets	31	96	373	6	113	43	9	(134)	13	1
Total Nonoperating Revenues (Expense)	<u>\$ 45,107</u>	<u>\$ 41,411</u>	<u>\$ 36,903</u>	<u>\$ 36,073</u>	<u>\$ 31,013</u>	<u>\$ 32,418</u>	<u>\$ 34,006</u>	<u>\$ 27,773</u>	<u>\$ 30,571</u>	<u>\$ 24,985</u>
Net Income (Loss) Before Contributions	\$ 5,740	\$ 4,600	\$ 3,002	\$ 5,480	\$ 2,673	\$ 1,802	\$ 4,327	\$ (835)	\$ 3,566	\$ (773)
Capital Contributions	1,544	10,178	2,279	1,382	5,933	5,300	2,162	2,006	893	4,188
Net Income (Loss) After Contributions	<u>\$ 7,284</u>	<u>\$ 14,778</u>	<u>\$ 5,281</u>	<u>\$ 6,862</u>	<u>\$ 8,606</u>	<u>\$ 7,102</u>	<u>\$ 6,489</u>	<u>\$ 1,171</u>	<u>\$ 4,459</u>	<u>\$ 3,415</u>

Source: Comprehensive Annual Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

TAXABLE SALES BY CATEGORY
Benton County and Franklin County (combined)
2019 - 2010
(in Thousands)

CATEGORY (NAICS version)	CODE	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Retail Trade	<u>44-45</u>	\$ 3,154,627	\$ 2,944,106	\$ 2,742,707	\$ 2,607,444	\$ 2,448,277	\$ 2,249,885	\$ 2,130,696	\$ 2,020,399	\$ 1,907,943	\$ 1,822,340
Agriculture, Forestry, Fishing	<u>11</u>	5,296	5,352	5,026	4,577	4,506	4,427	5,093	19,902	8,855	9,328
Mining	<u>21</u>	1,270	1,921	843	1,561	1,596	1,045	440	2,030	2,642	2,507
Utilities	<u>22</u>	4,830	3,866	2,994	3,157	3,113	3,103	2,754	2,753	3,770	2,934
Construction	<u>23</u>	1,109,425	846,669	826,446	838,873	797,438	663,360	672,974	518,156	554,473	495,300
Manufacturing	<u>31-33</u>	128,202	110,776	91,175	92,698	83,173	84,310	79,589	68,407	81,707	68,632
Wholesale Trade	<u>42</u>	460,516	441,948	440,807	429,692	423,059	393,572	374,469	351,767	369,514	341,156
Transportation & Warehousing	<u>48-49</u>	18,783	17,477	16,612	13,007	11,727	11,074	11,824	13,218	8,777	11,185
Information	<u>51</u>	190,314	191,856	184,150	190,396	187,984	173,402	163,155	152,607	156,319	156,088
Finance, Insurance	<u>52</u>	47,020	51,519	41,545	39,148	30,523	24,640	24,192	23,858	23,827	23,596
Real Estate, Rental/Leasing	<u>53</u>	128,878	130,464	114,655	108,299	115,333	102,696	100,739	96,958	102,274	104,115
Professional, Scientific & Technical Svcs	<u>54</u>	105,748	87,102	94,168	83,982	66,366	66,098	70,350	81,480	72,643	67,625
Management, Education & Health Svcs	<u>55-62</u>	209,109	193,891	127,804	112,511	99,879	92,201	89,172	83,265	101,349	73,282
Arts, Entertainment & Recreation	<u>71</u>	59,364	56,160	48,827	45,945	42,709	39,422	37,477	36,099	30,824	28,683
Accommodations & Food Services	<u>72</u>	602,487	577,421	541,456	501,052	470,265	428,646	402,109	389,513	382,091	356,502
Other Services	<u>81</u>	167,103	159,815	157,044	141,831	138,861	139,635	131,758	108,730	158,414	132,330
Public Administration, Other	<u>92.00</u>	2,419	2,246	4,023	4,174	3,927	3,082	3,322	5,611	1,764	874
TOTAL TAXABLE SALES		\$ 6,395,391	\$ 5,822,589	\$ 5,440,282	\$ 5,218,347	\$ 4,928,736	\$ 4,480,598	\$ 4,300,113	\$ 3,974,753	\$ 3,967,186	\$ 3,696,477

Notes:

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

Ben Franklin Transit
 Statistical Section
 For the Years Ended December 31, 2019 and 2018

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	
2019 Benton	0.6	%	2.1	%	6.5	%	8.6	%
2019 Franklin	0.6		2.1		6.5		8.6	
2018 Benton	0.6	%	2.1	%	6.5	%	8.6	%
2018 Franklin	0.6		2.1		6.5		8.6	
2017 Benton	0.6		2.1		6.5		8.6	
2017 Franklin	0.6		2.1		6.5		8.6	
2016 Benton	0.6		2.1		6.5		8.6	
2016 Franklin	0.6		2.1		6.5		8.6	
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	

*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, 2019 and 2018

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)
2019	201,800	94,680	296,480	***** DATA NOT YET PUBLISHED *****					5.6%
2018	197,420	92,540	289,960	\$ 9,370,540	\$ 3,460,071	\$ 12,830,611	\$ 47,465	\$ 37,390	5.4%
2017	193,500	90,330	283,830	8,821,085	3,214,574	12,035,659	45,587	35,587	5.8%
2016	190,500	88,670	279,170	8,635,175	3,133,509	11,768,684	45,329	35,339	6.9%
2015	188,590	87,150	275,740	8,247,984	2,996,827	11,244,811	43,735	34,387	6.9%
2014	186,500	86,600	273,100	7,681,189	2,797,353	10,478,542	41,186	32,302	7.7%
2013	183,400	84,800	268,200	7,385,518	2,631,005	10,016,523	40,270	31,026	9.1%
2012	180,000	82,500	262,500	7,426,980	2,586,293	10,013,273	41,261	31,349	9.5%
2011	177,900	80,500	258,400	7,467,886	2,562,718	10,030,604	41,978	31,835	8.4%
2010	175,177	78,163	253,340	\$ 7,111,836	\$ 2,393,507	\$ 9,505,343	\$ 40,598	\$ 30,622	8.1%

Note:
2019 estimates of Personal Income (In Thousands) and Per Capita are scheduled to be released in November 2020

Sources:
Population data - Washington State Office of Financial Management, Forecasting Division

Personal Income and Per Capita Personal Income data - US Department of Commerce, Bureau of Economic Analysis
Last updated November 16, 2019 - new estimates for 2018; revised estimates for 2009-2017.
All state and local area dollar estimates are in current dollars (not adjusted for inflation).

Unemployment Rates - Washington State Employment Security Department/LMPA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics
Last updated February 14, 2019

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

PRINCIPAL EMPLOYERS
Current Year and 9 Years Ago

Principal Employers:	2019			2010		
	Number of Employees	Rank	Percent of Employment	Number of Employees	Rank	Percent of Employment
PNNL/Battelle	4,500	1	3.23%	4,485	1	3.68%
KADLEC Medical Center	3,800	2	2.73%	2,175	6	1.79%
ConAgra (Lamb Weston)	3,000	3	2.15%	3,057	4	2.51%
Kennewick School District	3,000	3	2.15%	--	-	--
Pasco School District	3,000	3	2.15%	--	-	--
Washington River Protection Solutions	2,971	6	2.13%	1,686	7	1.39%
Mission Support Alliance, LLC	2,240	7	1.61%	1,478	8	1.21%
Richland School District	1,800	8	1.29%	--	-	--
CH2M Hill	1,550	9	1.11%	3,260	3	2.68%
Tyson Foods	1,375	10	0.99%	1,500	10	1.23%
URS-Washington Division	--	-	--	3,500	2	2.88%
Bechtel National	--	-	--	2,850	5	2.34%
Washington Closure Hanford				1,370	9	1.13%
Other	112,118		80.46%	96,369		79.17%
Total Number of Employees	139,354		100%	121,730		100%

Note:

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

Sources:

2019 & 2010 employer information – Tri-City Industrial Development Council (TRIDEC)

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, 2019 and 2018

SELECTED OPERATING INFORMATION
2019 – 2010
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
UNLINKED PASSENGER TRIPS										
A. Fixed Route	2,097	2,033	2,184	2,420	2,652	2,824	2,789	3,009	3,080	3,300
Directly Operated	299	316	293	308	317	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	78	76	74	72	70	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	50	108	123	123	n/a	n/a	n/a	n/a	n/a
B. Demand Response	377	442	475	503	510	496	467	468	469	514
C. Vanpool	653	646	643	709	795	828	862	1,201	1,293	1,261
Total	3,127	3,121	3,302	3,632	3,957	4,148	4,118	4,678	4,842	5,075
PASSENGER MILES										
A. Fixed Route	8,827	8,801	9,195	9,976	10,931	11,648	20,981	22,746	23,258	23,892
Directly Operated	2,212	2,326	2,158	2,485	2,557	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	616	607	614	613	557	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	377	856	988	638	n/a	n/a	n/a	n/a	n/a
B. Demand Response	2,828	3,310	3,628	4,086	3,752	3,782	2,820	2,785	2,367	2,551
C. Vanpool	21,616	21,326	21,608	22,376	25,387	27,036	27,595	38,780	50,633	49,380
Total	33,271	33,437	34,431	36,438	40,070	42,466	51,396	64,311	76,258	75,823
TOTAL ACTUAL MILES										
A. Fixed Route	2,960	2,682	2,406	2,345	2,331	2,307	2,308	2,310	2,444	2,610
Directly Operated	2,254	2,180	2,125	2,152	2,179	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	267	292	287	272	257	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	305	644	702	706	n/a	n/a	n/a	n/a	n/a
B. Demand Response	2,521	2,777	3,056	3,126	3,142	3,055	2,832	2,832	2,759	2,798
C. Vanpool	3,502	3,471	3,421	3,516	3,804	4,079	4,047	4,663	5,032	4,963
Total	8,983	8,930	8,883	8,987	9,277	9,441	9,187	9,805	10,235	10,371
TOTAL ACTUAL HOURS										
A. Fixed Route	185	169	147	140	140	139	140	141	142	140
Directly Operated	136	136	140	138	128	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	16	17	17	16	15	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	11	23	31	31	n/a	n/a	n/a	n/a	n/a
B. Demand Response	152	164	180	185	174	170	163	176	168	162
C. Vanpool	80	72	71	78	84	84	88	114	117	110
Total	417	405	398	403	398	393	391	431	427	412

Notes:

- 1) 2019 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2018 and years prior and are computed on a statistically sampled basis and subject to statistical variations from year to year.
- 3) Data for total actual miles and hours match the NTD reported data for 2017 and years prior.
- 4) On October 30, 2018 Tri City Taxi ceased operations effectively eliminating BFT's ability to obtain demand response services from external vendors during 2019.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

SELECTED OPERATING INFORMATION (continued)
2019 – 2010
(in Thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
VEHICLE REVENUE MILES										
A. Fixed Route	2,823	2,558	2,245	2,161	2,149	2,120	2,118	2,089	2,246	2,453
Directly Operated	1,997	1,963	1,798	1,850	1,878	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	223	224	223	214	205	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	305	644	702	706	n/a	n/a	n/a	n/a	n/a
B. Demand Response	2,220	2,492	2,665	2,766	2,789	2,712	2,456	2,480	2,503	2,538
C. Vanpool	3,502	3,471	3,421	3,516	3,804	4,034	4,047	4,663	5,032	4,963
Total	8,545	8,521	8,331	8,443	8,742	8,866	8,621	9,232	9,781	9,954
VEHICLE REVENUE HOURS										
A. Fixed Route	179	164	140	133	132	131	131	133	133	133
Directly Operated	127	127	114	113	107	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	14	13	13	12	12	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	11	23	31	31	n/a	n/a	n/a	n/a	n/a
B. Demand Response	141	151	150	156	150	148	138	151	158	148
C. Vanpool	80	72	71	78	84	84	88	114	117	110
Total	400	387	361	367	366	363	357	398	408	391
TOTAL OPERATING EXPENSES										
A. Fixed Route	\$ 19,669	\$ 17,892	\$ 15,423	\$ 13,583	\$ 13,202	\$ 14,017	\$ 13,751	\$ 12,373	\$ 11,731	\$ 12,371
DEMAND RESPONSE										
Directly Operated	14,400	13,645	13,201	11,900	11,785	n/a	n/a	n/a	n/a	n/a
Purchased Transportation	1,489	1,448	1,365	1,246	976	n/a	n/a	n/a	n/a	n/a
Taxi / Purchased Transportation	-	1,127	2,063	2,206	2,366	n/a	n/a	n/a	n/a	n/a
B. Demand Response	15,889	16,220	16,629	15,352	15,127	14,989	13,724	12,998	12,275	12,610
C. Vanpool	2,601	2,466	2,574	2,389	2,442	2,970	2,885	3,152	3,172	2,959
Total	\$ 38,159	\$ 36,578	\$ 34,626	\$ 31,324	\$ 30,771	\$ 31,976	\$ 30,360	\$ 28,523	\$ 27,178	\$ 27,940
FARE REVENUE										
A. Fixed Route	\$ 1,069	\$ 1,325	\$ 1,484	\$ 1,317	\$ 1,285	\$ 1,462	\$ 1,278	\$ 1,376	\$ 1,372	\$ 1,304
B. Demand Response	364	411	480	490	486	476	392	413	380	378
C. Vanpool	1,806	1,885	1,878	2,122	2,210	2,282	2,156	2,318	2,493	2,254
Total	\$ 3,239	\$ 3,621	\$ 3,842	\$ 3,929	\$ 3,981	\$ 4,220	\$ 3,826	\$ 4,107	\$ 4,245	\$ 3,936

Notes:

1) 2019 data source - BFT

2) Data for revenue miles and hours match the NTD reported data for 2018 and years prior.

3) On October 30, 2018 Tri City Taxi ceased operations effectively eliminating BFT's ability to obtain demand response services from external vendors during 2019.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2019 and 2018

SELECTED OPERATING INFORMATION (continued)
2019 – 2010

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
COST PER PASSENGER MILE										
A. Fixed Route	\$ 2.23	\$ 2.03	\$ 1.68	\$ 1.36	\$ 1.21	\$ 1.20	\$ 0.66	\$ 0.56	\$ 0.50	\$ 0.52
B. Demand Response										
Directly Operated	6.51	5.87	6.12	4.79	4.61	4.66	6.01	5.66	6.90	6.53
Purchased Transportation	2.42	2.39	2.22	2.03	1.75	1.48	2.27	2.20	2.05	1.68
Taxi / Purchased Transportation	-	2.99	2.41	2.23	3.71	2.89	3.00	3.01	2.72	2.91
Total Demand Response	8.93	11.24	10.75	9.05	10.07	9.03	11.28	10.87	11.67	11.12
C. Vanpool	0.12	0.12	0.12	0.11	0.10	0.11	0.10	0.08	0.06	0.06
COST PER TOTAL ACTUAL MILE										
A. Fixed Route	\$ 6.64	\$ 6.67	\$ 6.41	\$ 5.79	\$ 5.66	\$ 6.08	\$ 5.96	\$ 5.51	\$ 4.80	\$ 4.74
B. Demand Response										
Directly Operated	6.39	6.26	6.21	5.53	5.41	5.53	5.47	5.03	4.74	4.88
Purchased Transportation	5.58	4.96	4.76	4.58	3.80	3.27	3.41	3.52	3.38	2.42
Taxi / Purchased Transportation	-	3.70	3.20	3.14	3.35	2.91	3.19	3.27	3.54	4.03
Total Demand Response	11.97	14.91	14.17	13.25	12.56	11.71	12.07	11.82	11.66	11.33
C. Vanpool	0.74	0.71	0.75	0.68	0.64	0.73	0.71	0.68	0.63	0.60
COST PER UNLINKED PASSENGER TRIP										
A. Fixed Route	\$ 9.38	\$ 8.80	\$ 7.06	\$ 5.61	\$ 4.98	\$ 4.96	\$ 4.93	\$ 4.23	\$ 3.81	\$ 3.75
B. Demand Response										
Directly Operated	48.16	43.18	45.05	38.64	37.18	37.21	36.02	32.43	30.07	28.04
Purchased Transportation	19.09	19.05	18.45	17.31	13.94	12.92	13.34	12.97	12.07	9.93
Taxi / Purchased Transportation	-	22.54	19.10	17.93	19.24	17.23	19.07	20.83	20.97	21.00
Total Demand Response	67.25	84.77	82.60	73.88	70.36	67.36	68.43	66.23	63.11	58.97
C. Vanpool	3.98	3.82	4.00	3.37	3.07	3.59	3.35	2.62	2.45	2.35
COST PER TOTAL ACTUAL HOUR										
A. Fixed Route	\$ 106.32	\$ 105.87	\$ 104.92	\$ 97.02	\$ 94.30	\$ 100.84	\$ 98.49	\$ 90.33	\$ 82.57	\$ 88.37
B. Demand Response										
Directly Operated	105.88	100.33	94.29	86.23	92.07	93.71	91.32	76.62	76.23	81.29
Purchased Transportation	93.06	85.18	80.29	77.88	65.07	56.65	55.39	53.58	50.48	38.54
Taxi / Purchased Transportation	-	102.45	89.70	71.16	76.32	64.55	69.83	71.53	68.68	90.49
Total Demand Response	198.94	287.96	264.28	235.27	233.46	214.91	216.54	201.73	195.39	210.32
C. Vanpool	32.51	34.25	36.25	30.63	29.07	35.36	32.71	27.66	27.21	26.93
FARE REVENUE PER PASSENGER										
All modes combined	\$ 1.04	\$ 1.16	\$ 1.16	\$ 1.08	\$ 1.01	\$ 1.02	\$ 0.93	\$ 0.88	\$ 0.88	\$ 0.78

Notes:

- 1) 2019 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2018 and years prior and are computed on a statistically sampled basis and subject to statistical variations from year to year.
- 3) Data for total actual and revenue miles and hours match the NTD reported data for 2018 and years prior.
- 4) Fare revenue includes passenger revenue, the sale of maps, and revenue from contracts to provide additional service, advertising revenue and miscellaneous revenue.
- 5) On October 30, 2018 Tri City Taxi ceased operations effectively eliminating BFT's ability to obtain demand response services from external vendors during 2019.

Ben Franklin Transit
 Statistical Section
 For the Year Ended December 31, 2019 and 2018

SELECTED OPERATING INFORMATION (continued)
 2019 – 2010

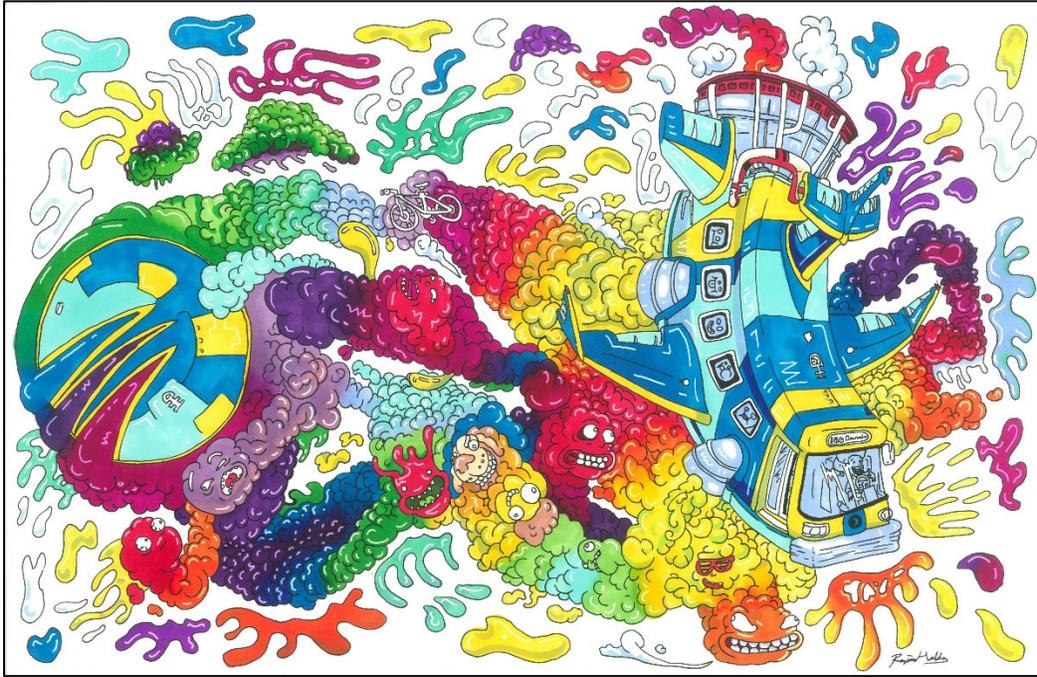
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FULL-TIME EQUIVALENT EMPLOYEES										
A. Fixed Route	180.1	176.3	161.4	115.1	116.1	119.2	120.1	128.7	119.9	128.7
B. Demand Response	141.0	139.5	129.2	101.0	102.0	107.0	105.9	119.4	106.7	121.3
C. Vanpool	11.3	10.3	10.4	9.9	7.9	8.8	10.0	12.0	9.8	7.7
Total	332.5	326.0	301.0	226.0	226.0	235.0	236.0	260.1	236.4	257.7
CAPITAL ASSETS - FLEET VEHICLES										
A. Fixed Route	72	72	60	63	62	68	69	63	94	75
B. Demand Response	101	123	118	118	123	147	97	108	88	96
C. Vanpool	34	335	347	334	346	386	337	364	353	360

Notes:

- 1) 2019 data source – BFT
- 2) 2018 and years prior data source - NTD
- 3) Full-Time Equivalent Employees excludes Purchased Transportation

Ben Franklin Transit 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.



2019 BFT Transit Reimagined Art Contest Winner – 2nd Place

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*