



ANNUAL Comprehensive Financial Report

Years Ending 12/31/2023 and 12/31/2022



Annual Comprehensive Financial Report

Year Ended December 31, 2023 and 2022



**Prepared by the Administrative Services Department
Richland, Washington**

Ben Franklin Transit
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Introductory Section





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July 23, 2024

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

I. TRANSMITTAL OF BEN FRANKLIN TRANSIT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022.

Ben Franklin Transit's (BFT's) Public Transportation Benefit Area (PTBA) Annual Comprehensive Financial Report for the years ended December 31, 2023 and 2022 is hereby submitted. Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of BFT. All disclosures necessary to enable the reader to gain an understanding of the PTBA's financial activities have been included.

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.

BFT's financial statements have been audited by the Office of the State Auditor of the State of Washington. The independent auditor's report has been included on pages 14 through 17. This report expresses an unmodified opinion as to the fair presentation of the financial statements noted on page 14.

The Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the independent auditor's report in the financial section.

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.

I. TRANSMITTAL OF BEN FRANKLIN TRANSIT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022. (continued)

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.

Internal Controls

BFT's management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. 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.

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.

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) approved in a vote to be 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 308,000 residents. In 2023, combined ridership for all modes of service totaled approximately 3,170,000.

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

II. PROFILE OF THE AGENCY (continued)

Board and oversee BFT's daily operations as well as its approximately 400 employees. The overall management of BFT is divided into five departments: Transit Operations, Fleet, Facilities and Capital Projects; Planning & Service Development, Marketing, Communications; Human Resources; Safety & Training and Administrative Services.

BFT operates eighteen (18) fixed routes serving Benton City, Kennewick, Pasco, Prosser, Richland, and West Richland. There are two (2) "METRO" routes that operate every 15 minutes most days and times, fifteen (15) "LOCAL" operating 30-60 minute service, and one (1) EXPRESS route serving the Prosser/Benton City corridor. BFT also operates an on-demand service linking transit hubs to lower density areas. Fixed route services make primary connections at four (4) transit centers. BFT also has eleven (11) park and ride lots serving bus and Vanpools passengers, and service is also provided to the Tri-Cities Airport, Pasco Amtrak and Greyhound Stations. In addition, the fixed route system serves both Columbia Basin 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 2023, fixed route services carried approximately 2,440,000 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 2023, total ADA demand response ridership was approximately 280,000.

Since its inception in 1984, BFT's Vanpool program had expanded to approximately 300 vans and over 2,100 riders. Due to the COVID pandemic, the program decreased in size to 100 vans in operation and approximately 750 riders but has since started to recover. As of May 2023, there were approximately 1,000 riders a day participating in the Vanpool program. The program provides commuter transportation to work sites at the Hanford Nuclear Reservation, and neighboring cities such as Walla Walla, Connell, Paterson, Hermiston, and Yakima. Vanpool utilization has began to recover, and at the end of 2023 there were 201 active vans, with 2023 annual ridership totaling approximately 300,000 vanpool passenger trips.

In December 2019, BFT signed 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. This service was scheduled to fully launch in April 2020. However, due to COVID-19, this service was started on a much smaller scale than originally planned with service levels gradually being added throughout 2020. In 2023, total CONNECT ridership was approximately 140,000.

As a community partner, BFT provides approximately 25,000 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.

II. PROFILE OF THE AGENCY (continued)

Service Changes

In response to COVID-19, BFT adjusted service levels throughout 2020, with service being fully restored in March 2021.

In June 2021, BFT added Frequent Corridor Service (FCS) to three routes which improved the frequency of service to 15 minutes for these primary routes.

In August 2021, BFT added Sunday Service for Fixed Route, Dial-A-Ride, and Connect services. These Sunday routes now operate 8:00am – 6:30pm.

In 2022, BFT extended Route 64 to serve more areas of east Pasco. Route 66 was also eliminated due to low productivity. The resources used to operate this route were shifted to Route 67 with frequencies on that route increasing from 60 minutes to 30 minutes.

In 2023, BFT made minor service changes and adjustments to optimize on-time performance and route productivity.

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 2028.

In response to the COVID-19 pandemic and the impact it had on ridership and Operating Expenses, the Federal Transit Authority issued supplemental grants to transits. These grants were funded by the CARES, CRRSAA, and ARP Acts and provided additional flexibility on how transits could use these funds. Funding from these grants will be used for Operations and Capital for 2020 – 2023.

Local sales tax represents the single largest revenue source for BFT. Local sales tax continues to demonstrate resiliency to the ongoing pandemic with sales tax revenues increasing 5.5% in 2022 over 2021 and increasing 2.0% in 2023 over 2022.

Major Goals and Initiatives

Initiatives established for 2020 were planned in accordance with BFT's Strategic Plan. 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 2020 were:

1. Safety First (Fleet / Service)
2. Ridership Growth
3. Strategic Planning
4. Implementation of Operational Technology
5. Agency Modernization
6. Alternative Fuels
7. Labor Relations

II. PROFILE OF THE AGENCY (continued)

Ridership Growth: As the COVID-19 pandemic progressed throughout 2020, ridership levels dropped significantly as businesses closed, social distancing was mandated, and many employees began working from home. BFT changed its emphasis in 2020 from ridership growth to simply providing service in a clean and safe environment. As the economy opened back up in 2021 and riders begin to return to public transportation, BFT saw a gradual return of ridership. Ridership grew by 11.5% in 2021 over 2020, and BFT resumed planning for improved services in 2023 to support regional growth and ridership recovery. BFT completed work on a comprehensive Fare Study to examine pricing, fare levels, pass programs, and technology improvements with the goal of continuing to increase ridership. Technology improvements are planned for deployment during the second half of 2024. Fare changes are planned for the first half of 2025. Ridership grew by over 30% from 2022 to 2023.

Strategic Planning: BFT's focused response to maintaining operational service throughout the COVID-19 pandemic resulted in the temporary pause on work on several strategic initiatives. Progress was made on development of the long-range transit implementation plan with work continuing in 2024. Substantial progress was made on the organizational infrastructure initiative with work continuing throughout 2023.

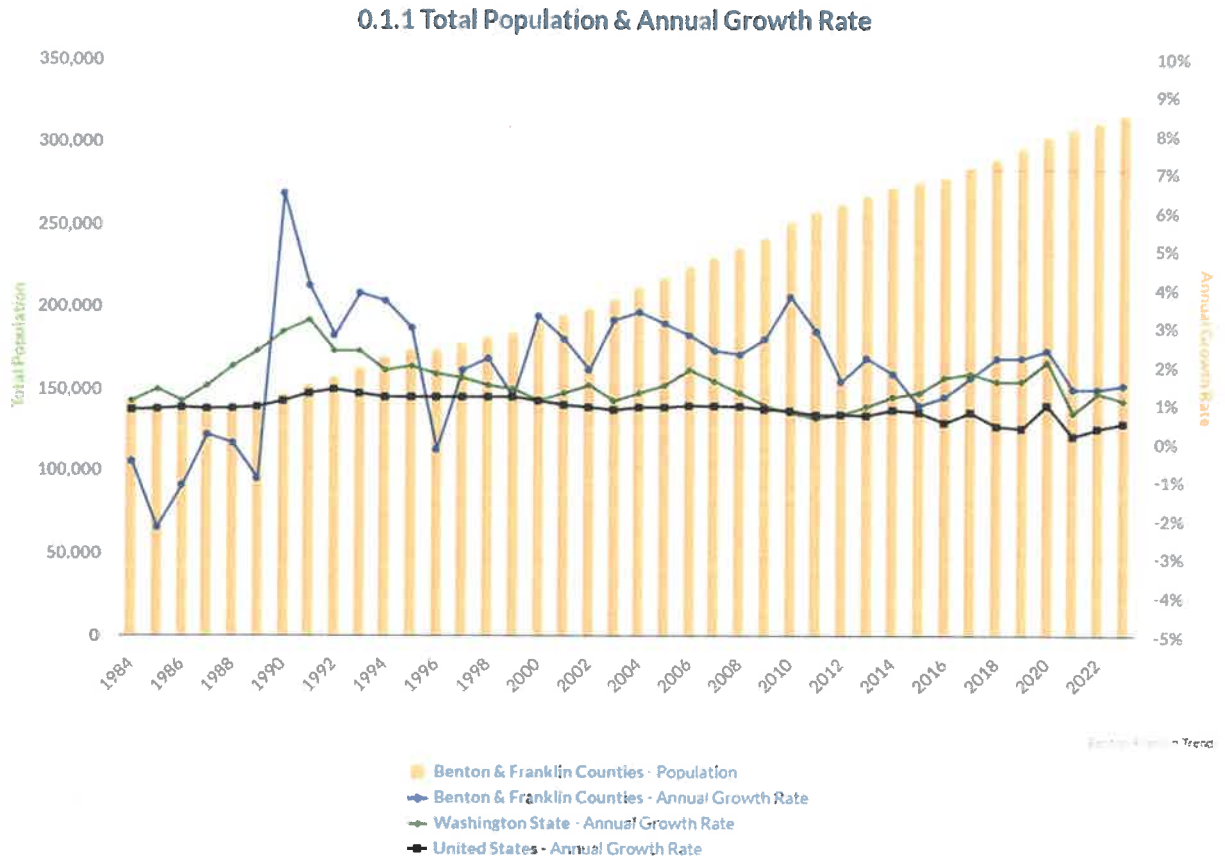
Agency Modernization: In 2020, BFT continued its multi-year System Amenities Project, completed the Knight Street Transit Center renovation, and continued early design of three new grant-funded transit hubs. The System Amenities Project focuses on improving higher ridership stops with ADA-compliant bus stop waiting areas and access, and the installation of modern shelters, benches, lean rails, solar-powered lighting, and trash receptacles. BFT completed its first construction contract in 2021, increasing BFT's accessible bus stops from 13% to 16% of its 1,000 stops. By the end of 2023, BFT had completed 85% of the new Queensgate Transit Hub that will be located adjacent to a new mixed-use development. BFT also identified a preferred site for a new Downtown (East) Pasco Transit Hub and initiated land acquisition for the project.

BFT launched "Operation TRANScend" in late 2020 with the goal of updating, modernizing, and integrating many of BFT's IT hardware and software applications throughout the entire agency. Work continues in this area with an emphasis on network and cybersecurity, data management and backups.

Alternative Fuels: BFT signed a contract with Stantec to advise and recommend on our transition to Zero Emission Buses as required by FTA. The study is currently ongoing and the final report is expected before the end of 2024.

III. ECONOMIC CONDITION AND OUTLOOK

As the following chart illustrates, the Tri-City region continues to grow in overall population. The annual growth rate for the region was 1.5% in 2023 compared to 1.4% in 2022. For 2023 that was comparable to the average growth rate of 1.1% for the entire State of Washington.



Per Washington Employment Security Department (ESD) non-seasonally adjusted data, the 2023 Tri-Cities economy grew by 1,024 jobs - an increase of 0.74 percent compared to 2022. ESD reported an unemployment rate of 5.9 percent in December of 2023, which was unchanged from the December 2022 unemployment rate of 5.9 percent.

BFT's main source of revenue is sales tax, which also serves as an economic barometer. Retail sales and construction are the primary drivers of tax revenues for 2023, representing 64% of total tax revenues with Food & Lodging and Wholesale Trade representing an additional 16% of total tax revenues.

The regional economy of Benton-Franklin Counties has shown continued growth in 2022 and completed its 11th year of economic expansion since 2012. Sales tax revenue reach \$51.9M in 2023, an increase of 2.0% over 2022. Annual sales tax revenues have grown an average of 7.1% per year over the past 10 years.

III. ECONOMIC CONDITION AND OUTLOOK (continued)

Median home prices in Benton-Franklin counties were \$430,000 in 2023, down slightly from the 2022 median home price of \$440,000.

Federal and State funding continue to remain an integral revenue source for BFT. Federal and State funds are used to subsidize operations and to procure certain capital assets. BFT is optimistic in its position with these grantors and the ongoing availability of its significant funding sources.

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. CERTIFICATE OF ACHIEVEMENT & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BFT for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This was the eleventh consecutive year that BFT has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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.

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.

Special thanks are also extended to the Washington State Auditor's Office, which provided a timely audit and opinion so that ACFR could be submitted to the GFOA for its review and evaluation in accordance with that organization's program.

Special recognition is extended to the Board of Directors without whose leadership and support the preparation of this report would not have been possible.

Finally, we thank the taxpayers of the BFT PTBA who have entrusted the Agency with the responsibility to provide improved transportation systems throughout Benton and Franklin Counties.



Sarah Funk

Interim General Manager & Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Ben Franklin Transit
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

As Of June 10, 2024

Board of Directors

McKay, Will, Chair – *Commissioner, Benton County*
Beauchamp, Brad, Vice Chair – *Council Member, City of Kennewick*
Bauman, Stephen (Steve) – *Commissioner, Franklin County*
Bloom, Richard– *Council Member, City of West Richland*
Becken, Steve – *Council Member, City of Prosser*
Didier, Clint – *Commissioner, Franklin County*
Grimm, Charles – *Council Member, City of Pasco*
Maier, Kurt – *Council Member, City of Richland*
Sandretto, David – *Council Member, City of Benton City*
Suttle, Caleb – *Nonvoting Rep, Teamsters Union*

Board of Directors Alternates

Alvarez, Michael – *Commissioner, Benton County*
Trumbo, John – *Council Member, City of Kennewick*
No Alternate – *Commissioner, Franklin County*
Hays, May – *Council Member, City of West Richland*
Vegar, Gary – *Mayor, City of Prosser*
Barajas, Blanche – *Council Member, City of Pasco*
No Alternate – *Council Member, City of Richland*
Wadsworth, Jessica – *Council Member, City of Benton City*
Bronson, Traci – *Nonvoting Rep, Teamsters Union*

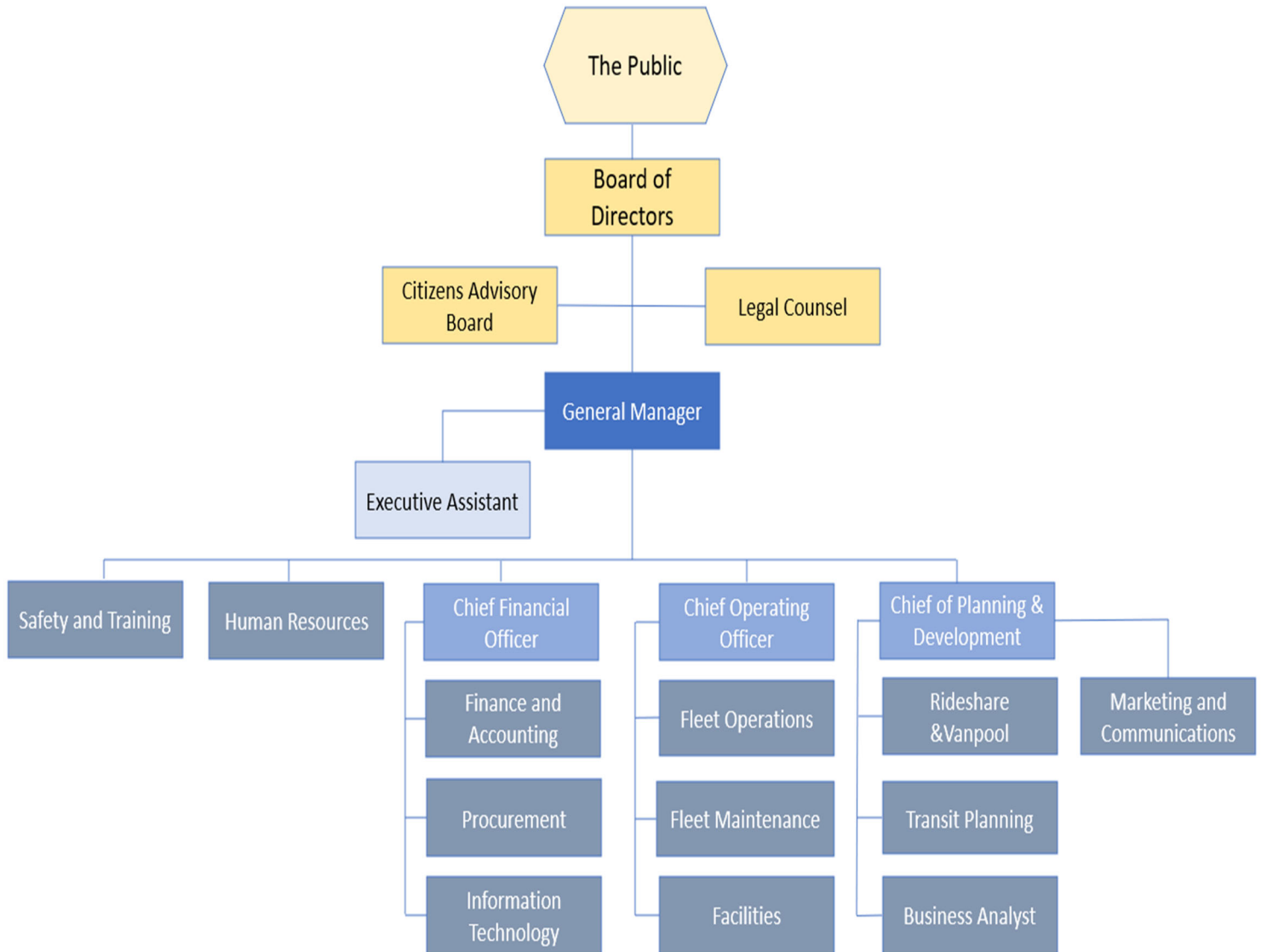
BFT Management Team

Interim General Manager
Sarah Funk

Executive Management Team
Sarah Funk – *Chief Financial Officer*
Joshua Rosas – *Chief Operations Officer*
Kevin Sliger – *Chief Planning & Development Officer*

Ben Franklin Transit
Organization Chart

BFT Organizational Chart





Financial Section



**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Board of Directors
Ben Franklin Transit
Richland, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Ben Franklin Transit as of and for the years then ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Transit's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of basic of the Ben Franklin Transit, as of December 31, 2023 and 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transit's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transit's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transit's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 23, 2024, 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,

A handwritten signature in cursive script that reads "Pat McCarthy". The signature is written in black ink and is positioned below the word "Sincerely,".

Pat McCarthy, State Auditor

Olympia, WA

July 23, 2024

Management's Discussion and Analysis

This Section of the Ben Franklin Transit (BFT) Annual Report presents management's discussion and analysis of the Ben Franklin Transit financial performance for the fiscal year ended December 31, 2023. This Section should be read in conjunction with the financial statements and accompanying notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of BFT exceeded its liabilities and deferred inflows of resources (net position) on December 31, 2023, by \$170.3 million compared to \$130 million in 2022 and \$106.8 million in 2021. Of these amounts, \$63 million, \$40.8 million and \$36.4 million were invested in net capital assets and \$97.2 million, \$81.3 million, and \$66.4 million were in unrestricted net position in 2023, 2022 and 2021 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, 2023, by 31 percent or \$40.3 million compared to the year ended December 31, 2022. The increase in net position was a result of a few factors. The biggest factors being sales tax revenue and operating grant revenue being so high again in 2023 as well as \$7.8 million in savings for salaries and benefits from having vacant positions.
- BFT experienced an increase of \$1 million in sales tax revenue to \$51.9 million or 2 percent in 2023 over 2022. BFT experienced an increase of \$2.6 million in sales tax revenue to \$50.9 million or 5.5 percent in 2022 over 2021. The growing district population, economic growth, and business growth aids to the sales tax revenue increase over 2022.
- BFT saw an increase of \$88 thousand or 5.2 percent in fare revenue in 2023 compared to an increase of \$1 million or 130.5 percent in fare revenue in 2022 over 2021. The increase in 2022 is explained by having a full year of fare revenue in 2022 while the majority of 2021 was fare free. BFT went fare free from March 2020 through October 31, 2021. Increase in ridership and fare free elimination was the impacting reason behind the gain in fare revenue.
- The BFT remained free of long-term debt.

Overview of the Financial Statements

This discussion and analysis section is intended to serve as an introduction to BFT's basic Financial Statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements.

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

Ben Franklin Transit
Management's Discussion and Analysis

reflecting 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 which 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 requires 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 essential to a full understanding of the data provided within the financial statements.

The Required Supplementary Information (RSI) 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

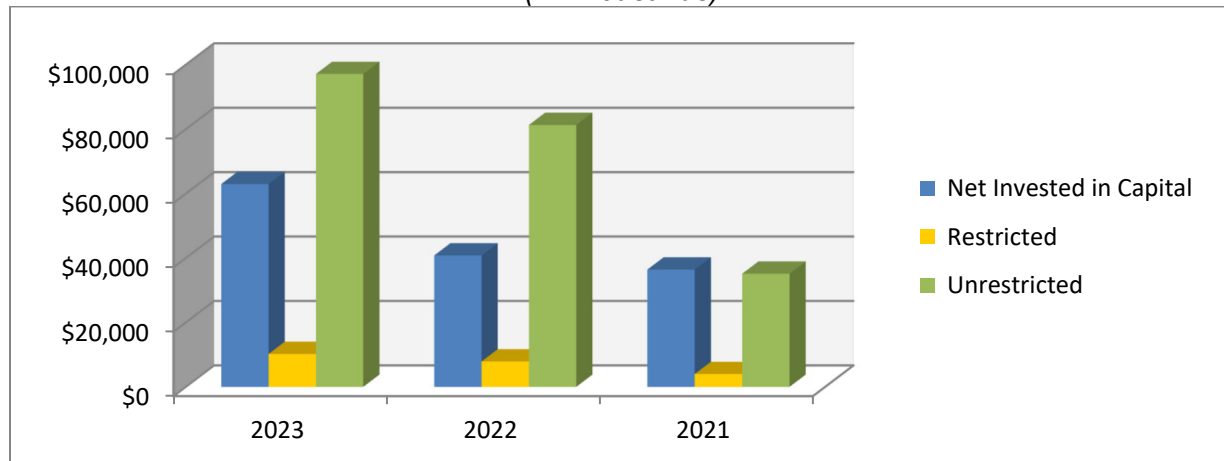
BFT's total net position(s) as of December 31, 2023, 2022 and 2021 reflect \$63.0 million, \$40.8 million and \$36.4 million, respectively, in net investment in capital assets such as revenue vehicles, passenger facilities, and shop equipment. BFT uses these capital assets to provide transportation service to the community. Therefore, this portion of the net position balance is not available for future spending. Beginning in 2021, BFT's total net position(s) also includes a restricted net position. Restricted net position as of December 31, 2023, 2022 and 2021 were \$10.2 million, \$7.9 million and \$4.0 million respectively. These are largely the made up of the Net Pension Asset. The remaining portion(s) of total net positions, excluding net investment in capital assets and restricted net position, were \$97.2 million, \$81.3 million and \$66.4 million. These net positions were 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, 2023, 2022 and 2021
(in Thousands)

	2023	2022	Increase (Decrease)	% Change	2021
Assets:					
Current Assets	\$ 107,460	\$ 96,974	\$ 10,486	10.8%	\$ 78,056
Other Noncurrent Assets	7,986	7,661	325	4.2%	16,911
Capital Assets (net)	62,974	41,451	21,523	51.9%	37,196
Total Assets	178,420	146,086	32,334	22.1%	132,163
Deferred Outflows of Resources:					
Deferred Outflows	6,027	6,975	(948)	(13.6%)	2,476
Total Deferred Outflows	6,027	6,975	(948)	(13.6%)	2,476
Liabilities:					
Current Liabilities	5,016	8,414	(3,398)	(40.4%)	3,910
Noncurrent Liabilities	5,323	7,684	(2,361)	(30.7%)	7,185
Total Liabilities	10,339	16,098	(5,759)	(35.8%)	11,095
Deferred Inflows of Resources:					
Deferred Inflows	3,767	6,923	(3,156)	(45.6%)	17,358
Total Deferred Inflows	3,767	6,923	(3,156)	(45.6%)	17,358
Net Position:					
Net Investment in Capital Assets	62,974	40,814	22,160	54.3%	36,413
Restricted for:					
Capital Assets	1,099	918	181	19.7%	601
PERS Pension	9,114	6,978	2,136	30.6%	3,381
Unrestricted Net Position	97,154	81,330	15,824	19.5%	66,392
Total Net Position	\$ 170,341	\$ 130,040	\$ 40,301	31.0%	\$ 106,787

Net Position by Type
(in Thousands)

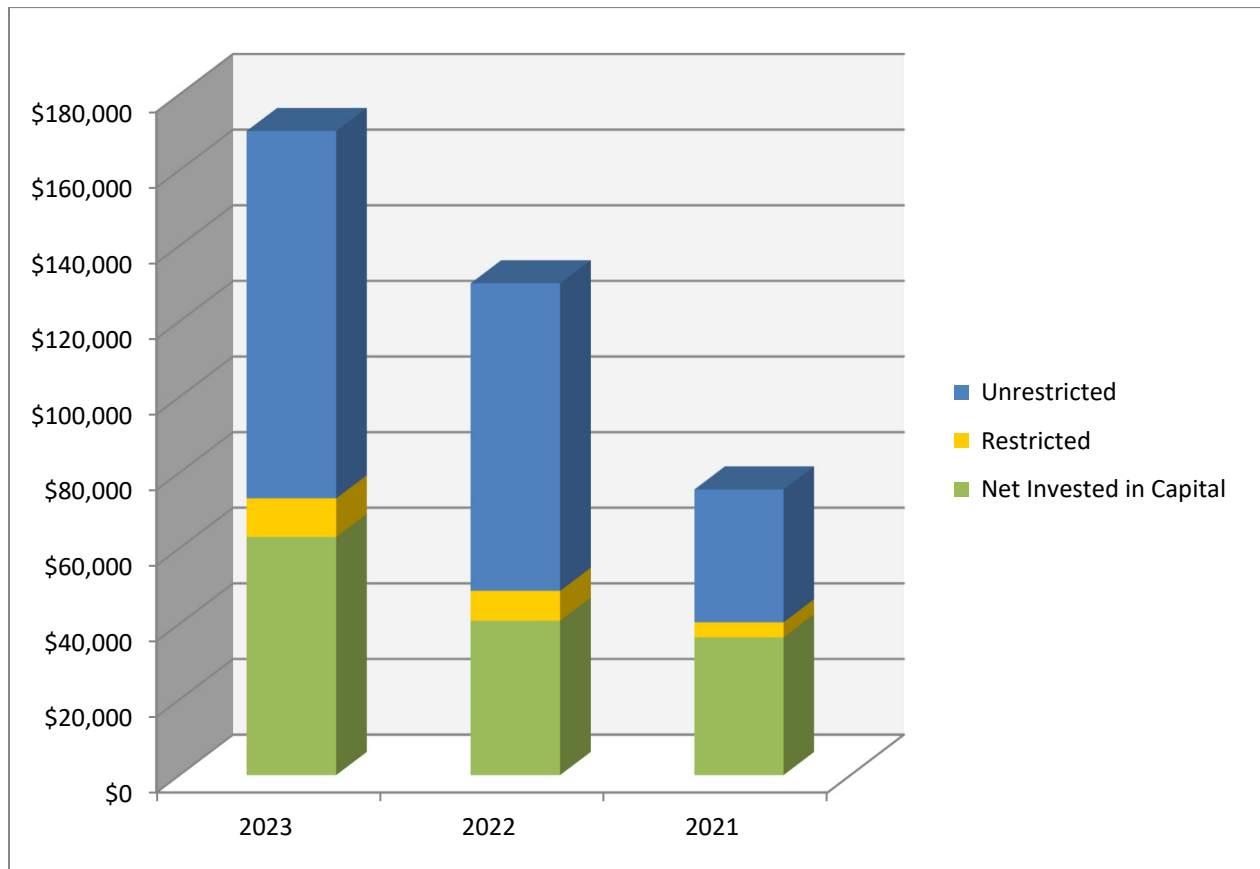


Net position may serve as a useful indicator of BFT's financial position over time. Total net position exceeded liabilities by \$160 million, \$113.9 million and \$95.7 million on December 31, 2023, 2022 and 2021 respectively.

Ben Franklin Transit
Management's Discussion and Analysis

The following chart also reflects an improvement in BFT's 2023 financial condition over 2022 as well as BFT's improvement in 2022 financial condition over 2021.

2023 – 2021 Trend of Net Position
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

The following summary statement of revenues, expenses, and changes in net position shows how the increase in net position occurred.

Summary of Revenues, Expenses, and Changes in Net Position
For the years ended December 31, 2023, 2022 and 2021
(in Thousands)

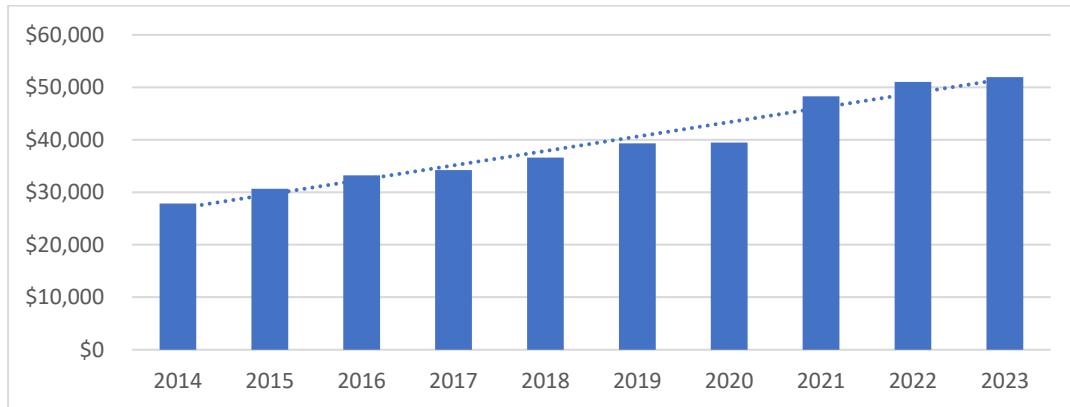
	2023	2022	Increase (Decrease)	% Change	2021
Operating Revenues	\$ 2,016	\$ 1,888	\$ 128	6.8%	\$ 1,076
Operating Subsidies	75,569	66,288	9,281	14.0%	58,518
Nonoperating Revenues	3,050	1,182	1,868	158.0%	254
Total Revenues	80,635	69,358	11,277	16.3%	59,848
Operating Expenses	(47,461)	(45,348)	(2,113)	4.7%	(36,864)
Depreciation Expenses	(4,435)	(4,472)	37	(0.8%)	(4,713)
Total Expenses	(51,895)	(49,820)	(2,075)	4.2%	(41,577)
Excess (Deficiency) Before Contributions	28,740	19,538	9,202	47.1%	18,271
Capital Contributions	11,562	3,715	7,847	211.2%	457
Total Contributions	11,562	3,715	7,847	211.2%	457
Change in Net Position	40,302	23,253	17,049	73.3%	18,728
Total Net Position - Beginning	130,039	106,787	23,252	21.8%	88,060
Prior Period Adjustment	-	-	-	-	-
Total Net Position - Ending	\$ 170,341	\$ 130,039	\$ 40,301	31.0%	\$ 106,787

Revenues

Sales Tax is the primary source of operating revenue, averaging 77.1% of revenues over the past 10 years. Grants provided an average of 15.1% and fares have provided an average of 5.5% of revenues over this period.

The following chart shows the annual sales tax revenues over the past 10 years.

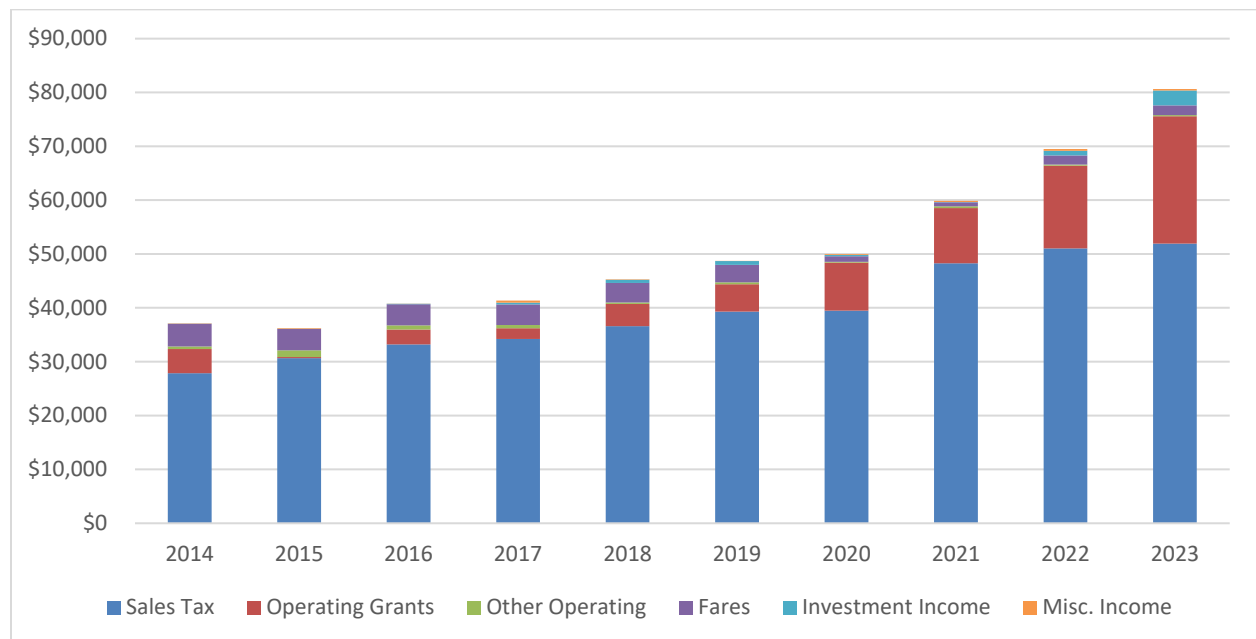
2014 – 2023 Sales Tax Revenue
(in Thousands)



The local economy continues to grow and expand, resulting in a strong increase in sales tax revenue. Over the past 10 years revenues have a cumulative growth of 86.4% or 7.1% compounded annually. BFT's Total Operating Revenue for 2023 ended at 12.8% actual over anticipated budget.

The following chart shows the breakdown of annual revenues over the past ten years.

2014 – 2023 Annual Revenue
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

Operating Revenues <i>(in Thousands)</i>					
	2023	2022	Increase (Decrease)	% Change	2021
Operating Revenues					
Passenger Fares	\$ 1,789	\$ 1,701	\$ 88	5.2%	\$ 738
Other Operating Revenues	227	187	40	21.4%	338
Total Operating Revenues	<u>2,016</u>	<u>1,888</u>	<u>128</u>	<u>6.8%</u>	<u>1,076</u>
Nonoperating Revenues					
Operating Subsidies					
Sales Tax	51,941	50,912	1,029	2.0%	48,272
Operating Grants	23,628	15,376	8,252	53.7%	10,246
Other Nonoperating Revenues					
Investment Income	2,785	857	1,928	225.0%	55
Miscellaneous Income	265	325	(60)	(18.5%)	204
Total Nonoperating Revenues	<u>78,619</u>	<u>67,470</u>	<u>11,149</u>	<u>16.5%</u>	<u>58,777</u>
Total Revenues	<u>\$ 80,635</u>	<u>\$ 69,358</u>	<u>\$ 11,277</u>	<u>16.3%</u>	<u>\$ 59,853</u>

BFT's passenger fares consist of sales from passes, tickets, as well as on-board fare collection. Fares from our fixed route (Motor Bus), are scheduled buses, and operated by BFT. Paratransit refers to the mode of service providing a complementary service for those unable to use regular bus service because of the effects of their disability as provided under the Americans with Disabilities Act (ADA). Directly operated service is provided by BFT personnel during the day seven (7) days a week. Rideshare (Vanpool) is a service prearranged for groups of passengers who utilize BFT's vans to commute to a common destination. One passenger is designated as the driver and the program may receive an employer subsidy as part of its commute trip reduction program. Fare collection breakdown for 2023 is 37% Fixed Route, 12%Paratransit, and 51% Rideshare.

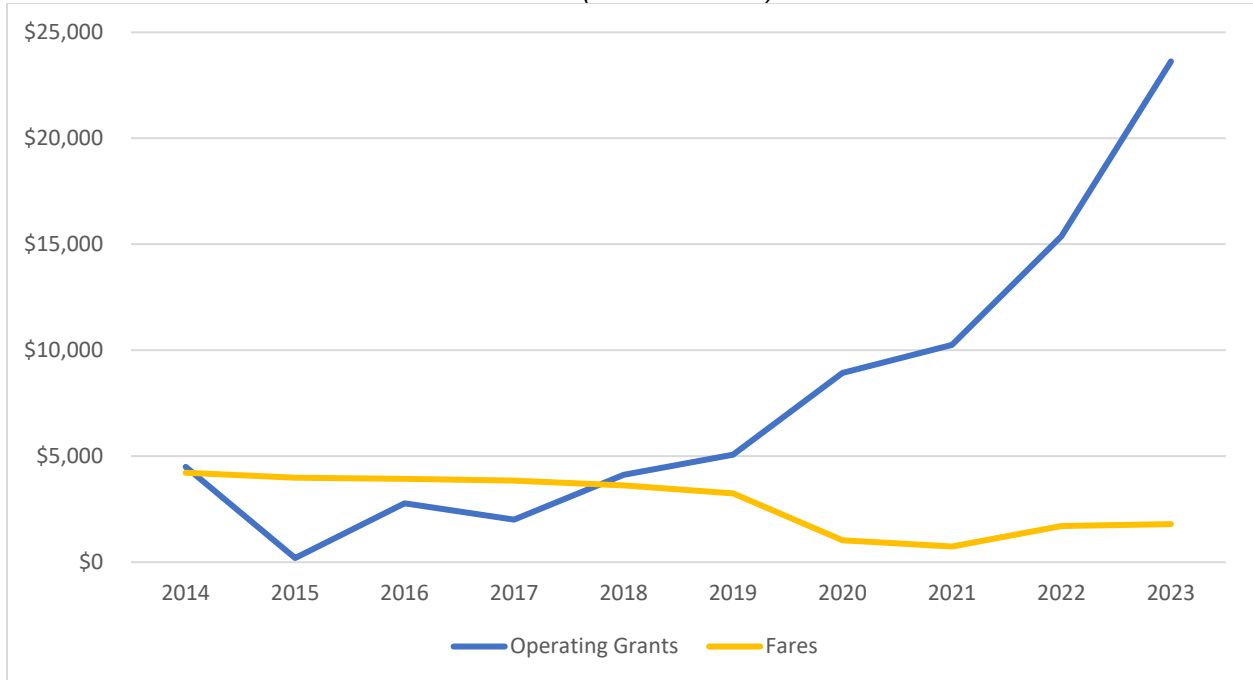
BFT's grant revenue is a combination of local, state, and federal funding. Revenue collected from Washington State Department of Transportation and Department of Ecology, state funded grants made up 41% of grant revenue; while, the Department of Federal Transit Administration (FTA), federal grant revenue made up the remaining 59%.

BFT participates in the Local Government Investment Pool (LGIP), with the State of Washington. Currently, investment income is allocated for reserves and is not utilized for operation.

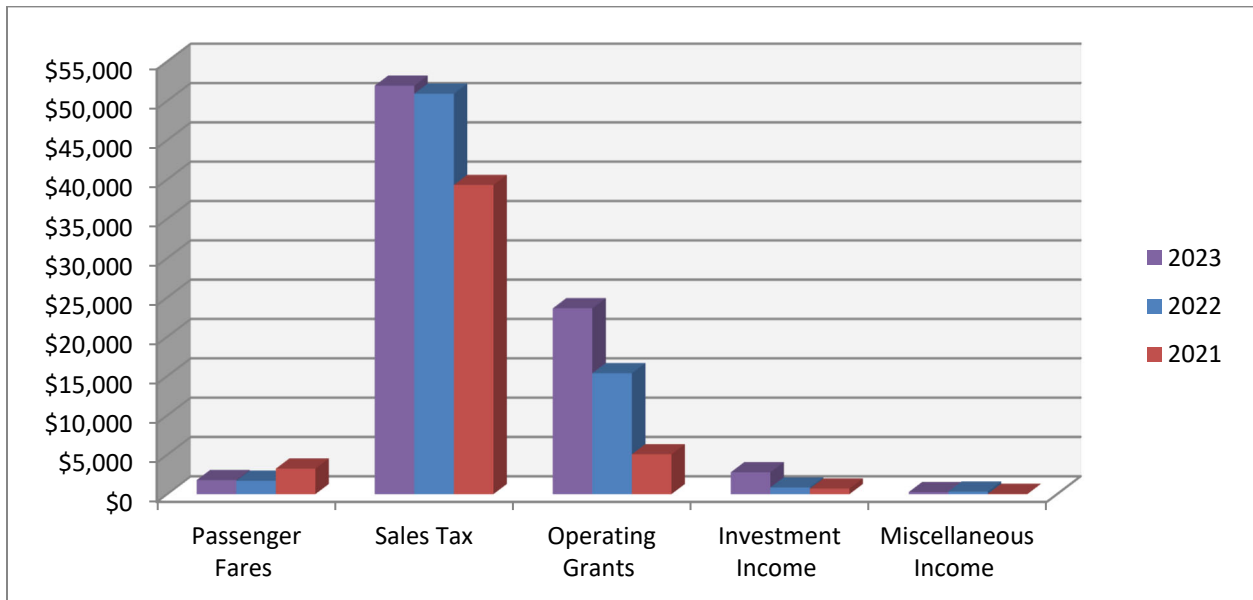
Ben Franklin Transit
Management's Discussion and Analysis

The following chart shows the 10-year trends for revenues from fares and grants.

2014 – 2023 Fare and Grant Revenue
(in Thousands)



Revenues by Type
(in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

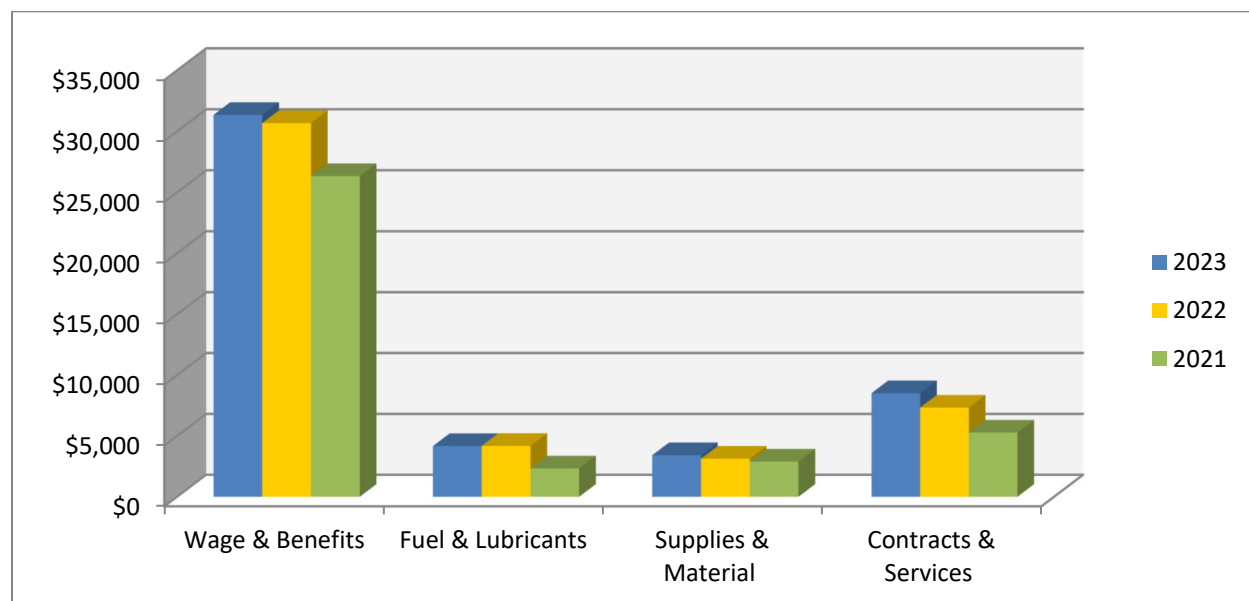
Expenses

The table below provides variances between 2023 and 2022 for each expense type. Refer to the table for dollar and percentage changes.

- Contract and services for 2023 increased by 16.1% primarily due to increased "Via Connect" ridership. This service is utilized to service riders requiring connection to a designated fixed route location.

Expenses (in Thousands)					
	2023	2022	Increase (Decrease)	% Change	2021
Operating Expenses					
Wage & Benefits	\$ 31,356	\$ 30,685	\$ 671	2.2%	\$ 26,339
Fuel & Lubricants	4,168	4,183	(15)	(0.4%)	2,334
Supplies & Material	3,422	3,127	295	9.4%	2,894
Contracts & Services	8,515	7,332	1,183	16.1%	5,274
Depreciation & Amortization	4,435	4,472	(37)	(0.8%)	4,713
Total Operating Expenses	51,896	49,799	2,097	4.2%	41,554
Nonoperating Expenses					
Lease Interest	-	20	(20)	(100.0%)	23
Administrative Expense	-	5	(5)	(100.0%)	(1)
Prior Period Adjustments	-	-	-	n/a	-
Total Non-Operating Expenses	-	25	(25)	(100.0%)	22
Total Expenses	\$ 51,896	\$ 49,824	\$ 2,072	4.2%	\$ 41,576

Operating Expenses by Type (in Thousands)



Ben Franklin Transit
Management's Discussion and Analysis

Operating Grants

In 2023, BFT drew down \$1.35 million in state funding for Fix Route diesel fuel and \$9.5 million in federal funding for Urbanized Area Program. \$1.14 million in State funding for eligible contractor operating expenses, \$331,961.85 in State Special Needs funding to supplement the ARC program, and the remaining State and Federal funding allocated to approved operating expenses during the 2023 calendar year. BFT received a total of \$23.6 million in operating grant revenues.

Operating Grants (in Thousands)

		Increase (Decrease)		
2023	2022		% Change	2021
\$ 23,628	\$ 15,376	\$ 8,252	53.7%	\$ 10,246

Capital Grants

BFT received Federal and State capital grants to assist with the procurement of revenue vehicles and other capital projects totaling \$11.58 million. Federal grants received funded new buses and facilities projects totaling \$11.1 million and State grants funded ongoing transit center locations growth totaling \$460,758.00.

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

Capital Assets

BFT's investment in capital assets as of December 31, 2023, amounted to \$62.9 million, net of accumulated depreciation/amortization. As of December 31, 2022, the investment in capital assets net of accumulated depreciation/amortization equaled \$41.3 million. This includes \$18.3 million in existing work in progress. Capital assets consists of transit coaches and other vehicles, buildings, equipment, software, transit centers, and park and ride lots.

In 2023, 2022 and 2021 major capital asset acquisitions (valued over \$50,000) included the following:

Vehicles

- In 2023, 25 vans, one (1) heavy duty truck, and delivery of 19 buses (\$12.99 million)
- In 2022 there were nine (9) buses purchased (\$4.7 million).
- In 2021 major vehicles included a compactor truck (\$0.1 million).

Equipment & Furnishings

- In 2023 a refrigerant machine and vehicle printer (\$24 thousand).
- In 2022 rear view cameras for DAR vehicles (\$1 million).
- In 2021 major equipment included maintenance equipment and replacements (\$69 thousand) and technology upgrades/replacements (\$400,000).

Ben Franklin Transit
Management's Discussion and Analysis

Intangible Software

- In 2023 ERP acquisition/implementation, phone systems, ITS Synology Disc Station, and a Security Plan (consulting, campus imp.) (\$62,000)
- In 2022 there were no major acquisitions.
- In 2021 major intangible software acquisitions included planning software and data server improvements (\$60,000).

Building and Structures

- In 2023 Operations Building, West Pasco, East Pasco, and Queensgate Transit Centers, Wash Station upgrade, server room HVAC, maintenance building heating, paint booth, and bulk oil tank (\$13.8 million).
- In 2022 structures on 1115 W Clark St and 1116 W Bonneville in Pasco (\$500,000).
- In 2021 there were passenger amenities improvements to bus stops and shelters (\$1.6M).

Land Improvements

- In 2023 there were no major acquisitions.
- In 2022 there were no major acquisitions.
- In 2021 there were no major acquisitions.

Land

- In 2023 there were no major acquisitions.
- In 2022, land was purchased at 1115 W. Clark Street in Pasco (\$100,000) and at 1116 W. Bonneville in Pasco (\$100,000).
- In 2021 land was purchased at Queensgate for a new transit center (\$100,000).

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

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 following table presents the recommended reserve funds and funding levels for 2023 (*in Thousands*):

Reserve Fund	BFT Approve Range	Current
Operating	2 to 6 months operating expenses	\$15,910
Fuel	3 to 6 months average total fuel costs	3,076
Fleet	20% to 40% of forecasted replacement costs; pro-rated over the life of the vehicle	8,450
Non-Fleet Capital	50% to 100% of estimated cost of non-fleet capital needs as determined by Facilities Condition Assessment every 5 years.	6,750
	Totals	\$34,186

Ben Franklin Transit
Management's Discussion and Analysis

Sales tax revenues for 2023 totaled \$51.9 million and were below the budgeted amount of \$53.4 million. Sales tax revenues for 2022 totaled \$51 million exceeding the budgeted amount of \$48.1 million. Through the 2023 and 2022 budget processes, BFT budgeted \$53.4 million and \$48.1 million, respectively, in sales tax revenues.

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: Chief Financial Officer, 1000 Columbia Park Trail, Richland, WA 99352 or by calling 509.735.4131.



Ben Franklin Transit
Comparative Statement of Net Position
As of December 31, 2023 and 2022
(in Thousands)

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 66,292	\$ 74,708
Accounts Receivables	30,797	12,481
Sales Tax Receivables	9,103	8,415
Inventories	741	782
Prepayments	527	588
Total Current Assets	107,460	96,974
Noncurrent Assets		
Capital Assets Not Being Depreciated/Amortized		
Land	3,328	3,328
Construction in Progress	18,304	5,861
Capital Assets Being Depreciated/Amortized		
Buildings & Structures	25,355	24,453
Vehicles	60,826	49,760
Equipment & Furnishings	4,494	4,592
Intangibles	1,097	1,097
Leases - Buildings & Structures	-	1,029
Leases - Equipment	-	141
Less: Accumulated Depreciation & Amortization	(50,430)	(48,810)
Total Capital Assets (Net)	62,974	41,451
Other Noncurrent Assets		
Restricted Cash	1,099	918
Net Pension Asset	6,887	6,743
Total Noncurrent Assets	70,960	49,112
Total Assets	\$ 178,420	\$ 146,086
Deferred Outflows of Resources		
Deferred Outflows - PERS Pension	\$ 6,006	\$ 6,953
Deferred Outflows - OPEB	21	22
Total Deferred Outflows	\$ 6,027	\$ 6,975
Liabilities		
Current Liabilities		
Accounts Payable	\$ 3,472	\$ 6,701
Accrued Expenses	499	990
Contracts Payable	415	-
Compensated Absences	588	480
Total OPEB Liability	42	44
Lease Liability	-	199
Total Current Liabilities	5,016	8,414
Noncurrent Liabilities		
Net Pension Liability	2,968	3,891
Total OPEB Liability	1,788	2,358
Compensated Absences	567	997
Lease Liability	-	438
Total Noncurrent Liabilities	5,323	7,684
Total Liabilities	\$ 10,339	\$ 16,098
Deferred Inflows of Resources		
Deferred Inflows - PERS Pension	\$ 3,767	\$ 6,923
Total Deferred Inflows of Resources	\$ 3,767	\$ 6,923
Net Position		
Net Investment in Capital Assets	\$ 62,974	\$ 40,814
Restricted for:		
Capital Assets Reinvestment	1,099	918
PERS Pension	9,114	6,978
Unrestricted	97,154	81,330
Total Net Position	\$ 170,341	\$ 130,040

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 fiscal years ended December 31, 2023 and 2022
(in Thousands)

	2023	2022
Operating Revenues		
Passenger Fares	\$ 1,789	\$ 1,701
Other Operating Revenues	227	187
Total Operating Revenues	<u>2,016</u>	<u>1,888</u>
Operating Expenses		
Operations	28,961	27,834
Maintenance	8,511	8,186
Administrative Expenses	9,990	9,308
Depreciation & Amortization	4,435	4,472
Total Operating Expenses	<u>51,895</u>	<u>49,800</u>
Operating Income (Loss)	<u>(49,879)</u>	<u>(47,912)</u>
Nonoperating Revenues (Expenses)		
Sales Tax	51,941	50,912
Investment Income	2,785	857
Lease Interest	-	(20)
Operating Grants	23,628	15,376
Gains/(Losses) on Capital Asset Disposition	265	325
Total Nonoperating Revenues (Expenses)	<u>78,619</u>	<u>67,450</u>
Income (Loss) Before Contributions	28,740	19,538
Capital Contributions	<u>11,562</u>	<u>3,715</u>
Change in Net Position	40,302	23,253
Total Net Position - Beginning of Period	130,039	106,787
Total Net Position - End of Period	<u>\$ 170,341</u>	<u>\$ 130,039</u>

The accompanying notes are an integral part of this statement.

Ben Franklin Transit
Comparative Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022
(in Thousands)

	2023	2022
Cash Flows from Operating Activities		
Receipts From Customers	\$ (16,579)	\$ 1,763
Other Receipts	227	37
Payments to Employees	(16,072)	(16,072)
Payments to Suppliers	(38,709)	(29,351)
Net Cash Provided (Used) by Operating Activities	(71,133)	(43,623)
Cash Flows from Noncapital Financing Activities		
Sales Tax Received	51,267	51,371
Operating Grants Received	23,628	8,430
Net Cash Provided (Used) by Noncapital Financing Activities	74,895	59,801
Cash Flows from Capital and Related Financing Activities		
Capital Contributions	11,562	292
Net proceeds from the Disposition of Capital Assets	265	325
Debt Service Leases	533	(118)
Acquisition and Construction of Capital Assets	(27,129)	(8,775)
Net Cash Used in Capital and Related Financing Activities	(14,769)	(8,276)
Cash Flows from Investing Activities		
Interest and Dividends	2,770	842
Net Cash Provided by Investing Activities	2,770	842
Net Increase (Decrease) in Cash and Cash Equivalents	(8,235)	8,746
Balances - Beginning of the Year	75,626	66,881
Balances - End of the Year	\$ 67,391	\$ 75,627
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (49,880)	\$ (47,912)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation & Amortization Expense	4,435	4,472
PERS Pension Expense / (Credit)	(3,276)	(2,485)
OPEB Expense / (Credit)	(570)	(1,376)
Change in Assets and Liabilities:		
Receivables, Net	(18,316)	(88)
Inventories	41	(217)
Prepaid Expense	62	(260)
Payables	(3,305)	4,417
Vacation Accrual	(323)	(173)
Net Cash (Used) by Operating Activities	\$ (71,133)	\$ (43,623)

NON-CASH TRANSACTIONS:

Non-cash investing, capital, or financing activities includes net capital contributions accruals of \$29.3 million in 2023 and \$3.8 million in 2022.

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, Paratransit, 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, rentals, leases, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents – It is BFT’s policy to invest temporary cash surpluses. At December 31, 2023, the treasurer was holding \$66.3 million in short-term residual investments of surplus cash. This amount at the end of 2022 was \$74.7 million. This amount is classified on the statement of net position as cash and cash equivalents.

For purposes of the statement of net position and 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. The transit also considers funds invested in the Local Government Investment Pool (LGIP) 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 (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 in advance to secure the use of assets or the receipt of services, software licensing and insurance, with an initial cost of more than \$5,000 and 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital Assets – Capital assets, which include property, facilities, equipment, and intangibles 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. The value of lease and Subscription-Based Information Technology Arrangement (SBITA) related capital assets (net present value of the cash flows) are calculated per GASB 87 and GASB 96 respectively.

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 - 20
Buildings and Structures	10 - 40
Equipment and Furnishings	2 - 20
Intangibles	2 - 20
Land and Improvements	5 - 40

(Also, see Note 4 – Capital Assets)

8. Compensated Absences – Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay are accrued in the year incurred. Policies for the accrual and use of compensated absences vary depending on whether an employee is represented by a labor contract or subject to the personnel policy.

Vacation pay, which is earned and unused, is payable upon resignation, retirement, or death; some restrictions apply based on employee class.

9. Pensions – For purposes of measuring the net pension liability or asset, 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For purposes of calculating the restricted net position related to the net pension asset, BFT includes the net pension asset and the related deferred outflows and deferred inflows.

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 \$100,000 to be accounted for per GASB 87 guidelines. The discount rates used to calculate the NPV of the asset and liability are provided by BFT's bank. BFT does not acquire ownership of leased assets upon completion of the lease term. During 2023, BFT reviewed current GASB 87 lease guidance and determined the impact of the remaining leases under GASB No. 87 are immaterial and are recognized as current period revenues and expenses. Therefore, BFT has removed the lease asset and liability values from its financial statements. The total impact on the financial statements is not material and therefore restatement is not required. For more details see Note 10 Leases – (Lessees).
12. Subscription-Based Information Technology Arrangements (SBITAs) – BFT implemented GASB 96 in 2023. BFT's SBITAs must have a term of 12 months or greater and a Net Present Value (NPV) equal to or greater than \$100,000 to be accounted for per GASB 96 guidelines. The discount rates used to calculate the NPV of the asset and liability are provided by BFT's bank. Ben Franklin Transit currently holds no reportable SBITAs due to elimination by either lack of tangible capital asset threshold and/or subscription term period.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as of December 31, 2023, and 2022 respectfully as follows:

Composition of Cash & Investments
(in Thousands)

	<u>2023</u>	<u>2022</u>
Demand Deposits	\$ 14,669	\$ 25,650
Investments in Local Government Investment Pool (LGIP)	51,623	49,058
Total Cash, Cash Equivalents & Investments	<u>\$ 66,292</u>	<u>\$ 74,708</u>

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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.

Investments in Local Government Investment Pool (LGIP)

BFT is a voluntary participant in the LGIP, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

NOTE 3 – RECEIVABLE AND PAYABLE BALANCES

Receivables and Payables as of December 31, 2023, and 2022 consist of the following:

(in Thousands)

	2023	2022
Operating Grants Receivable	\$ 19,805	\$ 6,965
Customer Payments Receivable	1,336	223
Employee Payments Receivable	(13)	39
Capital Grants and Contributions Receivable	9,519	4,880
Other Cash Receivable	149	373
Sales Tax Receivable	9,103	8,415
Total Receivables	<u>\$ 39,900</u>	<u>\$ 20,896</u>
Accounts Payable	\$ 3,472	\$ 6,701
Total Payables	<u>\$ 3,887</u>	<u>\$ 6,701</u>

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 4 – CAPITAL ASSETS

Activity for the year ended December 31, 2023 was as follows (*in Thousands*):

Description	Balance Jan 1, 2023	Increases	Decreases	Adjustments	Balance Dec 31, 2023
Capital Assets, Not Being Depreciated:					
Land	\$ 3,328	\$ -	\$ -	\$ -	\$ 3,328
Work in Progress	5,861	13,701	1,257	-	18,305
Total Capital Assets, Not Being Depreciated	9,189	13,701	1,257	-	21,633
Capital Assets, Being Depreciated:					
Vehicles	49,760	13,131	2,301	235	60,824
Building and Structures	24,453	901	-	-	25,354
Equipment and Furnishing	4,592	121	-	(218)	4,495
Intangibles	1,097	-	-	-	1,097
Leases-Buildings & Structures	1,029	-	1,029	-	-
Leases-Equipment	141	-	141	-	-
Total Capital Assets, Being Depreciated	81,072	14,153	3,471	17	91,770
Less Accumulated Depreciation/Amortization For:					
Vehicles	29,828	3,318	2,301	148	30,993
Building and Structures	14,078	768	-	-	14,846
Equipment and Furnishing	3,355	303	-	(131)	3,527
Intangibles	984	78	-	-	1,062
Leases-Buildings & Structures	497	-	497	-	-
Leases-Equipment	67	-	67	-	-
Total Accumulated Depreciation/Amortization	48,809	4,467	2,865	17	50,428
Total Capital Assets, Being Depreciated, Net	32,263	9,686	606	-	41,342
Business-type Activities Capital Assets, Net	\$ 41,452	\$ 23,387	\$ 1,863	\$ -	\$ 62,975

Construction Commitments:

At December 31, 2023, BFT's commitments with contractors are as follows (*in Thousands*):

Project	Spent to Date	Remaining Commitment
New Operations Building	\$ 11,468	\$ 4,532
Queensgate Transit Hub	\$ 2,914	\$ 3,440
West Pasco Transit Center	\$ 115	\$ 7,597
East Pasco Downtown Transit Ctr	\$ 499	\$ 12,558
Maintenance HVAC Replacement	\$ 635	\$ 338
Total	\$ 15,631	\$ 28,465

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 4 – CAPITAL ASSETS (continued)

Activity for the year ended December 31, 2022 was as follows (*in Thousands*):

Description	Balance Jan 1, 2022	Increases	Decreases	Adjustments	Balance Dec 31, 2022
Capital Assets, Not Being Depreciated:					
Land	\$ 3,176	\$ 153	\$ -	\$ -	\$ 3,329
Work in Progress	2,832	3,176	147	-	5,861
Total Capital Assets, Not Being Depreciated	<u>6,008</u>	<u>3,329</u>	<u>147</u>	<u>-</u>	<u>9,190</u>
Capital Assets, Being Depreciated:					
Vehicles	45,651	4,848	739	-	49,759
Building and Structures	23,974	479	-	-	24,453
Equipment and Furnishing	4,421	170	-	-	4,591
Intangibles	1,097	-	-	-	1,097
Leases-Buildings & Structures	1,023	57	50	(1)	1,029
Leases-Equipment	195	3	57	-	141
Total Capital Assets, Being Depreciated	<u>76,361</u>	<u>5,557</u>	<u>846</u>	<u>(1)</u>	<u>81,070</u>
Less Accumulated Depreciation/Amortization For:					
Vehicles	27,793	2,763	728	-	29,828
Building and Structures	13,349	728	-	-	14,077
Equipment and Furnishing	2,811	545	-	-	3,356
Intangibles	762	222	-	-	984
Leases-Buildings & Structures	371	176	50	-	497
Leases-Equipment	86	39	57	-	68
Total Accumulated Depreciation/Amortization	<u>45,172</u>	<u>4,473</u>	<u>835</u>	<u>-</u>	<u>48,810</u>
Total Capital Assets, Being Depreciated, Net	<u>31,189</u>	<u>1,084</u>	<u>11</u>	<u>(1)</u>	<u>32,260</u>
Business-type Activities Capital Assets, Net	<u>\$ 37,197</u>	<u>\$ 4,413</u>	<u>\$ 158</u>	<u>\$ (1)</u>	<u>\$ 41,450</u>

Construction Commitments:

At December 31, 2022, BFT's commitments with contractors were as follows (*in Thousands*):

Project	Spent to Date	Remaining Commitment
New Operations Building	\$ 741	\$ 10,765
Queensgate Transit Hub	\$ -	\$ 3,423
New Vanpool Vans	\$ -	\$ 1,168
Maintenance HVAC Replacement	\$ 468	\$ 506
Total	\$ 1,209	\$ 15,862

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the years 2023 and 2022 (*in Thousands*):

Aggregate Pension Amounts – All Plans		
	2023	2022
Pension liabilities	\$ 2,968	\$ 3,891
Pension assets	\$ 6,887	\$ 6,743
Deferred outflows of resources	\$ 6,006	\$ 6,953
Deferred inflows of resources	\$ 3,767	\$ 6,923
Pension expense/expenditures	\$ (979)	\$ (161)

State Sponsored Pension Plans

Substantially all Ben Franklin Transit (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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

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, adopted by the Pension Funding council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 and 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%
July – August 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September – December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%
Actual Contribution Rates	Employer	Employee*
January – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September – December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3 Actual Contribution Rates	Employer 2/3	Employee 2*	Employee 3**
January – June 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	
July – August 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.85%		
Administrative Fee	0.18%		
Total	9.39%	6.36%	
September – December 2023			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	2.97%		
Administrative Fee	0.20%		
Total	9.53%	6.36%	

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 2/3 Actual Contribution Rates	Employer 2/3	Employee 2*	Employee 3**
January – August 2022			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.71%		
Administrative Fee	0.18%		
Total	10.25%	6.36%	
September – December 2022			
PERS Plan 2/3	6.36%	6.36%	Varies
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	

BFT's actual PERS plan contributions to plans for the fiscal years 2023 and 2022 ending December 31, were as follows (*in Thousands*):

BFT's Actual Contributions		
	2023	2022
PERS Plan 1	\$ 798	\$ 863
PERS Plan 2/3	\$ 1,499	\$ 1,461

Actuarial Assumptions - 2023

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Experience Study and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return:** 7.00%

NOTE 5 – PENSION PLANS (continued)

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Actuarial Assumptions - 2022

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Experience Study and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.

NOTE 5 – PENSION PLANS (continued)

- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent in 2023 and 7.0 percent in 2022.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 returns of 7.0 percent in 2023 and of 7.0 percent in 2022 were used to determine the total liabilities.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent in 2023 and 7.0 percent in 2022 were determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the 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, 2021. The inflation component used to create the table is 2.2 percent represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	2023 Target Allocation	2023 % Long-Term Expected Real Rate of Return Arithmetic	2022 Target Allocation	2022 % Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.50%	20%	1.50%
Tangible Assets	7%	4.70%	7%	4.70%
Real Estate	18%	5.40%	18%	5.40%
Global Equity	32%	5.90%	32%	5.90%
Private Equity	23%	8.90%	23%	8.90%
	100%		100%	

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

Sensitivity of the Net Pension Liability/(Asset)

The table below presents BFT's 2023 proportionate share of the net pension liability calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate, as of June 30, 2023 (*in Thousands*):

Plan	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 4,147	\$ 2,968	\$ 1,940
PERS 2/3	\$ 7,491	\$ (6,887)	\$ (18,700)

The table below presents BFT's 2022 proportionate share of the net pension liability calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate, as of June 30, 2022 (*in Thousands*):

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 5,198	\$ 3,891	\$ 2,750
PERS 2/3	\$ 7,940	\$ (6,743)	\$ (18,806)

NOTE 5 – PENSION PLANS (continued)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, and June 30, 2022, BFT reported net pension assets of \$6.9 million and \$6.7 million respectively, and net pension liabilities of \$3.0 million and \$3.8 million, respectively, for its proportionate share of the net pension asset and net pension liability as follows (*in Thousands*):

Plan	2023 Liability (or Asset)	2022 Liability (or Asset)
PERS 1	\$ 2,968	\$ 3,891
PERS 2/3	(\$ 6,887)	(\$ 6,743)

At June 30, 2023, June 30, 2022, and June 30, 2021 BFT's proportionate share of the collective net pension liabilities were as follows:

Plan	Proportionate Share 6/30/23	Proportionate Share 6/30/22	Proportionate Share 6/30/21	Change in Proportion	
				2022 to 2023	2021 to 2022
PERS 1	0.130040%	0.139735%	0.132000%	(0.009695%)	0.007735%
PERS 2/3	0.168040%	0.181804%	0.169764%	(0.013764%)	0.012040%

Employer contribution transmittals received and processed by the DRS for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021 are used as the bases for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

Pension Expense

For the years ended December 31, 2023, and December 31, 2022 BFT recognized pension expense as follows (*in Thousands*):

Plan	2023 Pension Expense	2022 Pension Expense
PERS 1	\$ (341)	\$ 1,975
PERS 2/3	(638)	(2,136)
TOTAL	\$ (979)	\$ (161)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, and December 31, 2022, BFT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (*in Thousands*):

	2023		2022	
PERS 1	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	-	(335)	-	(645)
Changes of assumptions	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-
Contributions subsequent to the measurement date	347	-	440	-
TOTAL	\$ 347	\$ (335)	\$ 440	\$ (645)

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

	2023		2022	
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,403	\$ (77)	\$ 1,671	\$ (152)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,596)	-	(4,985)
Changes of assumptions	2,892	(630)	3,758	(984)
Changes in proportion and differences between contributions and proportionate share of contributions	611	(129)	349	(157)
Contributions subsequent to the measurement date	753	-	735	-
TOTAL	\$ 5,659	\$ (3,432)	\$ 6,514	\$ (6,279)

2023 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, 2024. 2022 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, 2023. 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, 2023 (*in Thousands*):

Year ended December 31	PERS 1	PERS 2/3
2024	\$ (228)	\$ (1,075)
2025	\$ (287)	\$ (1,405)
2026	\$ 177	\$ 2,215
2027	\$ 3	\$ 842
2028	\$ -	\$ 808
Thereafter	\$ -	\$ 91

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5 – PENSION PLANS (continued)

As of December 31, 2022 (*in Thousands*):

Year ended December 31	PERS 1	PERS 2/3
2023	\$ (273)	\$ (1,434)
2024	\$ (248)	\$ (1,282)
2025	\$ (311)	\$ (1,634)
2026	\$ 187	\$ 2,284
2027	\$ -	\$ 799
Thereafter	\$ -	\$ 767

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes occurred in long-term liabilities (*in Thousands*):

Description	Balance Jan 1, 2023	Additions	Reductions	Balance Dec 31, 2023	Due Within One Year
Compensated Absences	\$ 1,478	\$ 2,436	\$ 2,759	\$ 1,155	\$ 588
Net Pension Liability - PERS 1	3,891	-	922	2,969	-
Net Pension Liability - PERS 2/3	-	-	-	-	-
Total OPEB Liability	2,402	185	756	1,831	42
Lease Liability	637	(637)	-	-	-
Total Long-Term Liabilities:	\$ 8,408	\$ 1,984	\$ 4,437	\$ 5,955	\$ 630

During the year ended December 31, 2022, the following changes occurred in long-term liabilities (*in Thousands*):

Description	Balance Jan 1, 2022	Additions	Reductions	Balance Dec 31, 2022	Due Within One Year
Compensated Absences	\$ 1,651	\$ 2,537	\$ 2,710	\$ 1,478	\$ 480
Net Pension Liability - PERS 1	1,612	2,279	-	3,891	-
Net Pension Liability - PERS 2/3	-	-	-	-	-
Total OPEB Liability	3,776	297	1,671	2,402	44
Lease Liability	782	60	205	637	199
Total Long-Term Liabilities:	\$ 7,821	\$ 5,173	\$ 4,586	\$ 8,408	\$ 723

(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

	<i>(in Thousands)</i>	
	2023	2022
Federal	\$ 11,115	\$ 3,568
State	447	146
Total	<u>\$ 11,562</u>	<u>\$ 3,714</u>

Capital contributions include accruals of \$29.3 million in 2023 and \$3.8 million in 2022.

NOTE 9 – RISK MANAGEMENT

BFT is a member of the Washington State Transit Insurance Pool (WSTIP). WSTIP is a 25-member governmental risk pool 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 2023, BFT retained a \$5,000 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 written 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.

NOTE 9 – RISK MANAGEMENT (continued)

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 of America, Hallmark Specialty Insurance Company, and Allied World Assurance Company for the liability lines; Evanston and The Burlington Insurance Company 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 excess property carrier for all risk property and boiler and machinery is Alliant Property Insurance Program provided by Alliant Insurance Services.

Extra Cyber Limits

In addition to the coverage detailed in the basic Cyber Liability insurance description, BFT has chosen to purchase additional limits. This limit will be in excess to any limit of the basic cyber liability policy and increases the availability of insurance and/or drop down if the basic policy limits, which are shared with all policy holders, are exhausted. The extra limit is not shared with any other policy holder or WSTIP member. BFT elected to purchase \$2 million (in excess of \$2 million). The carrier is Palomar Excess & Surplus Insurance Co.

Extra Auto Physical Damage Limits

In addition to the coverage detailed in the basic Auto Physical Damage insurance description, BFT has chosen to purchase additional limits. This limit will be in excess to any limit of the basic auto physical damage policy and increases the availability of insurance. BFT elected to purchase \$10 million (in excess of \$20 million). The carrier is The Burlington Insurance Company.

BFT purchases a Covered Locations Pollution Liability insurance policy. The policy term is from April 4, 2021 to April 4, 2024. The carrier is Beazley Eclipse. The insuring agreement has coverage parts for covered location pollution liability coverage – new pollution conditions, covered location pollution liability coverage – existing pollution conditions, transportation pollution liability, and non-owned disposal site pollution liability. The policy covers cleanup costs, damages, and claims expenses. The limit of coverage is \$5 million each pollution condition – includes claims expenses with a \$5 million aggregate including claims expenses. BFT has a \$100,000 deductible per pollution condition. Locations must be listed to be covered.

BFT has not presented any claims to WSTIP in either 2023 or 2022 that exceeded its coverage limits through WSTIP.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 – RISK MANAGEMENT (continued)

Here is a summary of coverage provided in 2023:

RISK / EXPOSURE	COVERAGE		DEDUCTIBLE
GENERAL LIABILITY: Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$25 million	Per occurrence	\$0
Personal Injury and Advertising Injury	\$25 million	Per offense	\$0
Contractual liability	\$25 million	Per occurrence	\$0
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence	\$0
Underinsured Motorist Coverage (by mode)	\$60,000	Per occurrence	\$0
Permissive Use of a Member-Owned Motor Vehicle	\$100,000 for property damage and \$300,000 for bodily injury	Per occurrence	\$0
Endorsement 1: COMMUNICABLE DISEASE LIABILITY:	\$500,000	Per occurrence	\$0
Annual aggregate for all Members or Additional Covered Parties	\$2 million		
RISK / EXPOSURE	COVERAGE		DEDUCTIBLE
PUBLIC OFFICIALS LIABILITY	\$25 million	Per occurrence and aggregate	\$5,000
Endorsement 1: VIOLATIONS OF WAGE & HOUR LAWS	\$250,000	Per occurrence	\$25,000
Annual aggregate per Member	\$250,000		
PROPERTY COVERAGE All perils subject to the following sublimits:	\$500 million	Per occurrence, all perils and insureds/ members combined	\$5,000
Flood zones A & V – annual aggregate	\$10 million	Per occurrence, annual aggregate	\$500,000
All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate	\$500,000
Earthquake, volcanic eruption, landslide, and mine subsidence	\$25 million	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		\$5,000
Auto Physical Damage for all vehicles valued over \$250,000 and less than 10 years old	Replacement Cost	Limited to \$1.5 million any one vehicle	\$5,000
BOILER AND MACHINERY	\$100 million		\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY including faithful performance. Also includes:	\$2 million	Per occurrence	\$10,000
Employee theft	\$2 million	Per occurrence	\$10,000
Forgery or alteration	\$2 million	Per occurrence	\$10,000
Inside the premises – theft of money and securities	\$2 million	Per occurrence	\$10,000

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 – RISK MANAGEMENT (continued)

Summary of coverage provided in 2023: (continued)

Inside the premises – robbery or safe burglary of other property	\$2 million	Per occurrence	\$10,000
Outside premises	\$2 million	Per occurrence	\$10,000
Computer fraud	\$2 million	Per occurrence	\$10,000
Funds Transfer Fraud	\$2 million	Per occurrence	\$10,000
Money orders and counterfeit money	\$2 million	Per occurrence	\$10,000
CYBER LIABILITY INSURANCE		Coverage	Deductible
Annual Policy and Program Aggregate Limit of Liability for all policy holders (not just WSTIP members)	\$45 million		
Insured/Member Annual Aggregate Limit of Liability	\$2 million		\$5,000
BREACH RESPONSE COSTS	\$500,000	Aggregate for each insured/member (limit is increased to \$1 million if Beazley Nominated Service Providers are used)	
FIRST PARTY LOSS			
Business Interruption			
Resulting from Security Breach	\$750,000	Aggregate limit	
Resulting from System Failure	\$500,000	Aggregate limit	
RISK / EXPOSURE		COVERAGE	DEDUCTIBLE
CYBER LIABILITY INSURANCE (continued)			
Dependent Business Loss			
Resulting from Security Breach	\$750,000	Aggregate limit	
Resulting from System Failure	\$100,000	Aggregate limit	
Cyber Extortion Loss	\$750,000	Aggregate limit	
Data Recovery Costs	\$750,000	Aggregate limit	
LIABILITY			
Data & Network Liability	\$2 million	Aggregate limit	
Regulatory defense and penalties	\$2 million	Aggregate limit	
Payment Card Liabilities & Costs	\$2 million	Aggregate limit	
Media Liability	\$2 million	Aggregate limit	
eCRIME			
Fraudulent Instruction	\$75,000	Aggregate limit	
Funds Transfer Fraud	\$75,000	Aggregate limit	
Telephone Fraud	\$75,000	Aggregate limit	
CRIMINAL REWARD	\$25,000	Limit	
COVERAGE ENDORSEMENTS			
Reputation Loss	\$100,000	Limit of Liability	
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit of Liability	
Computer Hardware Replacement Costs	\$100,000	Limit of Liability	
Invoice Manipulation	\$100,000	Limit of Liability	
Cryptojacking	\$25,000	Limit of Liability	

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 – RISK MANAGEMENT (continued)

Following is a summary of coverage provided in 2022:

RISK / EXPOSURE	COVERAGE		DEDUCTIBLE
GENERAL LIABILITY: Bodily Injury & Property Damage Personal Injury & Advertising Injury Contractual Liability	\$25 million	Per occurrence	\$0
Personal Injury and Advertising Injury	\$25 million	Per offense	\$0
Contractual liability	\$25 million	Per occurrence	\$0
Vanpool Driver Medical Expense Protection	\$35,000	Per occurrence	\$0
Underinsured Motorist Coverage (by mode)	\$60,000	Per occurrence	\$0
Permissive Use of a Member-Owned Motor Vehicle	\$100,000 for property damage and \$300,000 for bodily injury	Per occurrence	\$0
Endorsement 1: COMMUNICABLE DISEASE LIABILITY:	\$500,000	Per occurrence	\$0
Annual aggregate for all Members or Additional Covered Parties	\$2 million		
RISK / EXPOSURE	COVERAGE		DEDUCTIBLE
PUBLIC OFFICIALS LIABILITY	\$25 million	Per occurrence and aggregate	\$5,000
Endorsement 1: VIOLATIONS OF WAGE & HOUR LAWS	\$250,000	Per occurrence	\$25,000
Annual aggregate per Member	\$250,000		
PROPERTY COVERAGE			
All perils subject to the following sublimits:	\$500 million	Per occurrence, all perils and insureds/ members combined	\$5,000
Flood zones A & V – annual aggregate	\$10 million	Per occurrence, annual aggregate	\$500,000
All flood zones except A & V – annual aggregate	\$50 million	Per occurrence, annual aggregate	\$500,000
Earthquake, volcanic eruption, landslide, and mine subsidence	\$25 million	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		\$5,000
Auto Physical Damage for all vehicles valued over \$250,000 and less than 10 years old	Replacement Cost	Limited to \$1.5 million any one vehicle	\$5,000
BOILER AND MACHINERY	\$100 million		\$250,000 or \$350,000 depending on size of boiler
CRIME / PUBLIC EMPLOYEE DISHONESTY including faithful performance. Also includes:	\$2 million	Per occurrence	\$10,000
Employee theft	\$2 million	Per occurrence	\$10,000
Forgery or alteration	\$2 million	Per occurrence	\$10,000
Inside the premises – theft of money and securities	\$2 million	Per occurrence	\$10,000

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 – RISK MANAGEMENT (continued)

Summary of coverage provided in 2022: (continued)

Inside the premises – robbery or safe burglary of other property	\$2 million	Per occurrence	\$10,000
Outside premises	\$2 million	Per occurrence	\$10,000
Computer fraud	\$2 million	Per occurrence	\$10,000
Funds Transfer Fraud	\$2 million	Per occurrence	\$10,000
Money orders and counterfeit money	\$2 million	Per occurrence	\$10,000
CYBER LIABILITY INSURANCE		Coverage	Deductible
Annual Policy and Program Aggregate Limit of Liability for all policy holders (not just WESTIP members)	\$45 million		
Insured/Member Annual Aggregate Limit of Liability	\$2 million		\$5,000
BREACH RESPONSE COSTS	\$500,000	Aggregate for each insured/member (limit is increased to \$1 million if Beazley Nominated Service Providers are used)	
FIRST PARTY LOSS			
Business Interruption			
Resulting from Security Breach	\$750,000	Aggregate limit	
Resulting from System Failure	\$500,000	Aggregate limit	
RISK / EXPOSURE		COVERAGE	DEDUCTIBLE
CYBER LIABILITY INSURANCE (continued)			
Dependent Business Loss			
Resulting from Security Breach	\$750,000	Aggregate limit	
Resulting from System Failure	\$100,000	Aggregate limit	
Cyber Extortion Loss	\$750,000	Aggregate limit	
Data Recovery Costs	\$750,000	Aggregate limit	
LIABILITY			
Data & Network Liability	\$2 million	Aggregate limit	
Regulatory defense and penalties	\$2 million	Aggregate limit	
Payment Card Liabilities & Costs	\$2 million	Aggregate limit	
Media Liability	\$2 million	Aggregate limit	
eCRIME			
Fraudulent Instruction	\$75,000	Aggregate limit	
Funds Transfer Fraud	\$75,000	Aggregate limit	
Telephone Fraud	\$75,000	Aggregate limit	
CRIMINAL REWARD	\$25,000	Limit	
COVERAGE ENDORSEMENTS			
Reputation Loss	\$100,000	Limit of Liability	
Claims Preparation Costs for Reputation Loss Claims Only	\$50,000	Limit of Liability	
Computer Hardware Replacement Costs	\$100,000	Limit of Liability	
Invoice Manipulation	\$100,000	Limit of Liability	
Cryptojacking	\$25,000	Limit of Liability	

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 10 – LEASES- (LESSEES)

In 2019, BFT implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases using guidance that was current at that time.

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

During 2023, BFT reviewed current GASB 87 lease guidance and determined that nearly all of the leases that it had included no longer met the guidance relating to term and threshold (currently \$100,000). The impact of the remaining leases under GASB No. 87 are immaterial and are recognized as current period revenues and expenses. Therefore, BFT has removed the lease asset and liability values from its financial statements. The total impact on the financial statements is not material and therefore restatement is not required.

Per GASB 87 variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease liability. Rather, those variable payments are recognized as outflows of resources (expense) in the period in which the obligation for those payments is incurred. BFT has one lease which incorporates variable payments based on usage. That lease is for vehicle tires from Bridgestone Americas Tire Operations, LLC. During 2023 and 2022 BFT paid Bridgestone \$174.0 thousand and \$180.7 thousand, respectively, for leasing tires.

As of December 31, 2023 and 2022, the outstanding balances of the Lease Assets (net of amortization) & Liabilities by category are (*in Thousands*):

Leases - December 31, 2023			Leases - December 31, 2022		
Category	Net Asset Balance	Liability Balance	Category	Net Asset Balance	Liability Balance
Park & Ride Lots	\$ 0	\$ 0	Park & Ride Lots	\$ 48	\$ 52
Buildings	0	0	Buildings	484	508
Sub-total Structures	0	0	Sub-total Structures	532	561
Potable Water Coolers	0	0	Potable Water Coolers	6	5
Photocopy & Fax Equip.	0	0	Photocopy & Fax Equip.	56	57
Mail Equipment	0	0	Mail Equipment	13	15
Sub-total Equipment	0	0	Sub-total Equipment	74	77
Total	\$0	\$0	Total	\$606	\$637

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 10 – LEASES- (LESSEES) (continued)

As of December 31, 2023 and 2022, the principal and interest requirements to maturity on the leases are as follows (*in Thousands*):

Leases - 2023				Leases - 2022			
Year Ended December 31	Debt Service	Interest	Total	Year Ended December 31	Debt Service	Interest	Total
2024	\$ 0	\$0	\$0	2023	\$ 199	\$18	\$217
2025	0	0	0	2024	204	12	216
2026	0	0	0	2025	76	7	83
2027	0	0	0	2026	37	6	42
2028	0	0	0	2027	27	4	31
2029-2033	0	0	0	2028-2032	95	7	103
Total	\$0	\$0	\$0	Total	\$637	\$54	\$692

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the years 2023 and 2022 (*in Thousands*):

Aggregate OPEB Amounts – All Plans		
	2023	2022
OPEB liabilities	\$1,830	\$2,402
Deferred outflows of resources	\$21	\$22
OPEB expense	(\$572)	(\$1,376)

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.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST (continued)

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, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	12	13
Inactive employees entitled to but not yet receiving benefits	6	5
Active employees	60	63
Total	78	81

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 3.54% for the beginning of the measurement year and 3.65% for the end of the measurement year. Projected salary changes were 3.25% plus service-based increases. Healthcare Trend rates used an initial rate from about 2.16%, reaching an ultimate rate of approximately 3.8% in 2075. Mortality rates were calculated using the PubG.H-2010 (General) base mortality table with an age setback of 0 years, mortality improvements using MP-2017 Long-Term Rates and a Generational projection period. An inflation rate of 2.35% was used. Post-retirement participation percentage was 60% and the percentage with spousal coverage was 45%.

Assumptions for retirement, disability, termination, and mortality were based on the most recent PEBB OPEB Actuarial Valuation Report (AVR). Retirement service for each active cohort was based on the average entry age of 35 with a minimum service of 1 year.

a. The following presents the net 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%)
2023 Total OPEB Liability	\$1,535	\$1,830	\$2,213
2022 Total OPEB Liability	\$1,983	\$2,402	\$2,951

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST (continued)

b. The following presents the net 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%)
2023 Total OPEB Liability	\$2,157	\$1,830	\$1,569
2022 Total OPEB Liability	\$2,868	\$2,402	\$2,033

Changes in the Total OPEB Liability

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

PEBB Plan	2023	2022
Total OPEB Liability on January 1st	\$2,402	\$3,776
Service cost	97	211
Interest	87	86
Changes in Experience Data and Assumptions	(706)	(1,622)
Benefit payments	(50)	(49)
Total OPEB Liability on December 31st	\$1,830	\$2,402

a. The Alternative Measurement Method (AMM) was performed with valuation dates of June 30, 2023 for 2023 and June 30, 2022 for 2022. 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.

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.

f. The total OPEB expense recognized by BFT in the reporting periods were (\$0.572) million in 2023 and (\$1.376) million in 2022.

Ben Franklin Transit
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST (continued)

g. At December 31, 2023, 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
Payments subsequent to the measurement date	\$ 21	-0-
TOTAL*	\$ 21	\$-0-

Deferred outflows of resources of \$20.9 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, 2024.

h. At December 31, 2022, 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
Payments subsequent to the measurement date	\$ 22	-0-
TOTAL*	\$ 22	\$-0-

Deferred outflows of resources of \$22.0 thousand, resulting from payments subsequent to the measurement date, were recognized as a reduction of the total OPEB liability in the year ended December 31, 2023.

NOTE 12 – DEFERRED COMPENSATION PLAN

BFT maintains an Internal Revenue Code (IRC) Section 457 plan for all permanent employees. Section 457 requires that the assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries. Monthly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. The contributions are deposited with a third party in BFT's name and in trust on behalf of BFT's employees. BFT has little administrative involvement and does not contribute to nor perform investing functions for this plan, therefore, this plan is not shown in BFT's financial statements.

NOTE 13 – PUBLIC PRIVATE PARTNERSHIPS

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

BFT participates in one Availability Payment Arrangement (APA). It is with the ARC of Tri-Cities. BFT provides vehicles, including maintenance, and a fee per trip to the ARC to provide transportation for individuals with developmental disabilities within the area served by BFT.

During 2023 BFT paid the ARC \$853,560 for their services which compares to \$525,355 and \$255,628 in 2022 and 2021, respectively.



Required Supplementary Information

**BFT partnered with Second Harvest Tri-Cities to help distribute food to those in need in 2020.*

Ben Franklin Transit
Required Supplementary Information
For the Year Ended December 31, 2023 and 2022

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan1
As of June 30, 2023
Last 10 Fiscal Years*
(in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Employer's proportion of the net pension liability (asset)	0.130040%	0.139735%	0.132000%	0.125358%	0.127247%	0.124894%	0.116013%	0.114841%	0.125862%	
Employer's proportionate share of the net pension liability	\$ 2,968	\$ 3,891	\$ 1,612	\$ 4,426	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584	
TOTAL	\$ 2,968	\$ 3,891	\$ 1,612	\$ 4,426	\$ 4,893	\$ 5,578	\$ 5,505	\$ 6,168	\$ 6,584	
Covered payroll**	\$ 23,296	\$ 22,647	\$ 20,531	\$ 18,882	\$ 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	12.74%	17.18%	7.85%	23.44%	27.64%	33.16%	37.82%	43.10%	46.31%	
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	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 nine years of data are 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, 2023 and 2022

Schedule of Proportionate Share of the Net Pension Liability
PERS Plan2/3
As of June 30, 2023
Last 10 Fiscal Years*
(in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Employer's proportion of the net pension liability (asset)	0.168040%	0.181804%	0.169764%	0.159938%	0.161352%	0.158252%	0.146848%	0.143055%	0.158146%	
Employer's proportionate share of the net pension liability (asset)	\$ (6,887)	\$ (6,743)	\$ (16,911)	\$ 2,046	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651	
TOTAL	\$ (6,887)	\$ (6,743)	\$ (16,911)	\$ 2,046	\$ 1,567	\$ 2,702	\$ 5,102	\$ 7,203	\$ 5,651	
Covered payroll**	\$ 23,296	\$ 22,647	\$ 20,531	\$ 18,781	\$ 17,568	\$ 16,765	\$ 14,457	\$ 14,138	\$ 14,043	
Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	(29.56%)	(29.77%)	(82.37%)	10.89%	8.92%	16.12%	35.29%	50.95%	40.24%	
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	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 nine years of data are 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, 2023 and 2022

Schedule of Employer Contributions
PERS Plan1
As of December 31, 2023
Last 10 Fiscal Years*
(in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
<u>Statutorily or contractually required contributions</u>	\$ 798	\$ 863	\$ 916	\$ 951	\$ 916	\$ 873	\$ 776	\$ 696	\$ 576	
Contributions in relation to the statutorily or contractually required contributions**	(798)	(863)	(916)	(951)	(916)	(873)	(776)	(696)	(576)	
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Covered payroll***</u>	\$ 23,570	\$ 22,974	\$ 21,495	\$ 19,777	\$ 18,322	\$ 17,084	\$ 15,755	\$ 14,396	\$ 14,121	
<u>Contributions as a percentage of covered payroll</u>	3.39%	3.76%	4.26%	4.81%	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 nine years of data are available. Up to ten years of history will be presented over time as the data is generated.

*** 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 (G*

**** 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, 2023 and 2022

Schedule of Employer Contributions PERS Plan2/3 As of December 31, 2023 Last 10 Fiscal Years* (in Thousands)										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	20XX
Statutorily or contractually required contributions	\$ 1,499	\$ 1,461	\$ 1,527	\$ 1,564	\$ 1,405	\$ 1,270	\$ 1,086	\$ 888	\$ 840	
Contributions in relation to the statutorily or contractually required contributions**	(1,499)	(1,461)	(1,527)	(1,564)	(1,405)	(1,270)	(1,086)	(888)	(840)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll***	\$ 23,570	\$ 22,974	\$ 21,495	\$ 19,745	\$ 18,185	\$ 16,975	\$ 15,713	\$ 14,250	\$ 13,945	
Contributions as a percentage of covered payroll	6.36%	6.36%	7.10%	7.92%	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 nine years of data are available. Up to ten years of history will be presented over time as the data is generated.

** 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 (

*** 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, 2023 and 2022

Schedule of Changes in the Employer's Total OPEB Liability
OPEB
As of June 30, 2023
(in Thousands)

	2023	2022	2021	2020	2019	2018	20XX	20XX	20XX	20XX
Total OPEB Liability										
Service Cost	\$ 97	\$ 211	\$ 266	\$ 170	\$ 182	193				
Interest	88	86	108	123	152	139				
Changes in Experience Data and Assumptions	(706)	(1,622)	(1,196)	1,018	(677)	(218)				
Benefit Payments	(50)	(49)	(46)	(43)	(56)	(42)				
Net Changes in total OPEB Liability	(571)	(1,374)	(868)	1,268	(399)	72				
Total OPEB Liability - Beginning	2,402	3,776	4,644	3,376	3,775	3,703				
Total OPEB Liability - Ending	1,831	2,402	3,776	4,644	3,376	3,775				
Covered Employee Payroll*	\$ 4,589	\$ 4,532	\$ 6,212	\$ 5,643	\$ 5,184	4,567				
Employer's proportionate share of the total OPEB liability as a percentage of covered employee payroll	% 39.90%	% 53.00%	% 60.79%	% 82.30%	% 65.12%	82.66%				

Notes to Schedule:

* Covered Employee 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 six years of data are 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 inputs 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.



Statistical Section

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

This part of BFT's annual comprehensive 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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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.....74
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Debt Capacity: This schedule contains intangible lease related debt information to help the reader assess the affordability of the BFT's current level of intangible lease debt.

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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.....77
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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.

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

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position										
Net Investment in Capital Assets	\$ 62,974	\$ 40,814	\$ 36,413	\$ 36,516	\$ 35,964	\$ 37,143	\$ 27,109	\$ 28,692	\$ 30,351	\$ 26,881
Restricted for:										
Capital Assets Reinvestment	1,099	918	601	-	-	-	-	-	-	-
PERS Pension	9,114	6,978	3,381	-	-	-	-	-	-	-
Unrestricted	97,154	81,330	66,392	51,544	43,591	35,128	34,066	29,384	21,985	29,549
TOTAL Net Position	<u>\$ 170,341</u>	<u>\$ 130,040</u>	<u>\$ 106,787</u>	<u>\$ 88,060</u>	<u>\$ 79,555</u>	<u>\$ 72,271</u>	<u>\$ 61,175</u>	<u>\$ 58,076</u>	<u>\$ 52,336</u>	<u>\$ 56,430</u>

Source: Annual Comprehensive Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Passenger Fares	\$ 1,789	\$ 1,701	\$ 738	\$ 1,029	\$ 3,239	\$ 3,621	\$ 3,841	\$ 3,928	\$ 3,981	\$ 4,220
Other Operating Revenues	227	187	338	150	356	273	593	755	1,246	457
Total Operating Revenues	<u>\$ 2,016</u>	<u>\$ 1,888</u>	<u>\$ 1,076</u>	<u>\$ 1,179</u>	<u>\$ 3,595</u>	<u>\$ 3,894</u>	<u>\$ 4,434</u>	<u>\$ 4,683</u>	<u>\$ 5,227</u>	<u>\$ 4,677</u>
Operating Expenses										
Operations	\$ 28,961	\$ 27,834	\$ 22,684	\$ 24,076	\$ 23,814	\$ 22,890	\$ 22,144	\$ 20,364	\$ 19,255	\$ 19,985
Maintenance	8,511	8,186	5,689	5,548	6,849	6,917	6,434	5,575	5,691	7,199
Administrative Expenses	9,990	9,308	8,468	10,382	7,634	7,111	6,398	5,795	4,819	4,899
Depreciation & Amortization	4,435	4,472	4,713	4,763	4,665	3,787	3,360	3,542	3,802	3,210
Total Operating Expenses	<u>51,895</u>	<u>49,800</u>	<u>41,554</u>	<u>44,769</u>	<u>42,962</u>	<u>40,705</u>	<u>38,336</u>	<u>35,276</u>	<u>33,567</u>	<u>35,293</u>
Operating Income (Loss)	<u>\$ (49,879)</u>	<u>\$ (47,912)</u>	<u>\$ (40,478)</u>	<u>\$ (43,590)</u>	<u>\$ (39,367)</u>	<u>\$ (36,811)</u>	<u>\$ (33,902)</u>	<u>\$ (30,593)</u>	<u>\$ (28,340)</u>	<u>\$ (30,616)</u>
Nonoperating Revenues (Expense)										
Sales Tax	\$ 51,941	\$ 50,912	\$ 48,272	\$ 39,474	\$ 39,312	\$ 36,600	\$ 34,214	\$ 33,218	\$ 30,667	\$ 27,864
Interest Income	2,785	857	55	236	707	600	316	81	40	18
Lease Interest	-	(20)	(23)	(17)	(13)	-	-	-	-	-
Administrative Expenses	-	-	(5)	-	-	-	-	-	-	-
Operating Grants	23,628	15,376	10,246	8,928	5,070	4,115	2,000	2,768	193	4,493
Gain (Loss) of Sale of Assets	265	325	204	157	31	96	373	6	113	43
Total Nonoperating Revenues (Expense)	<u>\$ 78,619</u>	<u>\$ 67,450</u>	<u>\$ 58,749</u>	<u>\$ 48,778</u>	<u>\$ 45,108</u>	<u>\$ 41,411</u>	<u>\$ 36,903</u>	<u>\$ 36,073</u>	<u>\$ 31,013</u>	<u>\$ 32,418</u>
Net Income (Loss) Before Contributions	\$ 28,740	\$ 19,538	\$ 18,271	\$ 5,188	\$ 5,741	\$ 4,600	\$ 3,002	\$ 5,480	\$ 2,673	\$ 1,802
Capital Contributions	11,562	3,715	457	3,474	1,544	10,178	2,279	1,382	5,933	5,300
Net Income (Loss) After Contributions	<u>\$ 40,302</u>	<u>\$ 23,253</u>	<u>\$ 18,728</u>	<u>\$ 8,662</u>	<u>\$ 7,285</u>	<u>\$ 14,778</u>	<u>\$ 5,281</u>	<u>\$ 6,862</u>	<u>\$ 8,606</u>	<u>\$ 7,102</u>
Changes in Net Position	\$ 40,302	\$ 23,253	\$ 18,728	\$ 8,662	\$ 7,285	\$ 14,778	\$ 5,281	\$ 6,862	\$ 8,606	\$ 7,102

Source: Annual Comprehensive Financial Report

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

TAXABLE SALES BY CATEGORY
Benton County and Franklin County (combined)
2023 - 2014
(in Thousands)

CATEGORY (NAICS version)	CODE	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Retail Trade	<u>44-45</u>	\$ 4,150,225	\$ 3,984,651	\$ 3,889,555	\$ 3,463,325	\$ 3,154,627	\$ 2,944,106	\$ 2,742,707	\$ 2,607,444	\$ 2,448,277	\$ 2,249,885
Agriculture, Forestry, Fishing	<u>11</u>	21,049	7,973	2,701	6,736	5,296	5,352	5,026	4,577	4,506	4,427
Mining	<u>21</u>	3,265	900	321	1,322	1,270	1,921	843	1,561	1,596	1,045
Utilities	<u>22</u>	73,515	17,804	3,831	5,501	4,830	3,866	2,994	3,157	3,113	3,103
Construction	<u>23</u>	1,617,227	1,456,565	1,192,258	1,144,108	1,109,425	846,669	826,446	838,873	797,438	663,360
Manufacturing	<u>31-33</u>	183,043	165,239	119,121	138,001	128,202	110,776	91,175	92,698	83,173	84,310
Wholesale Trade	<u>41-42</u>	610,864	557,013	502,908	472,748	460,516	441,948	440,807	429,692	423,059	393,572
Transportation & Warehousing	<u>48-49</u>	110,059	105,272	43,340	24,544	18,783	17,477	16,612	13,007	11,727	11,074
Information	<u>51</u>	206,826	177,855	176,478	165,961	190,314	191,856	184,150	190,396	187,984	173,402
Finance, Insurance	<u>52</u>	48,278	51,196	54,854	50,985	47,020	51,519	41,545	39,148	30,523	24,640
Real Estate, Rental/Leasing	<u>53</u>	165,623	138,510	127,716	122,790	128,878	130,464	114,655	108,299	115,333	102,696
Professional, Scientific & Technical Services	<u>54</u>	253,425	198,619	138,641	125,096	105,748	87,102	94,168	83,982	66,366	66,098
Management, Education & Health Services	<u>55-62</u>	417,939	384,637	257,745	246,157	209,109	193,891	127,804	112,511	99,879	92,201
Arts, Entertainment & Recreation	<u>71</u>	71,714	59,571	48,925	29,802	59,364	56,160	48,827	45,945	42,709	39,422
Accommodations & Food Services	<u>72</u>	791,996	731,150	651,614	474,694	602,487	577,421	541,456	501,052	470,265	428,646
Other Services	<u>81</u>	230,042	201,213	179,441	156,872	167,103	159,815	157,044	141,831	138,861	139,635
Public Administration, Other	<u>92,00</u>	3,084	3,406	8,144	2,547	2,419	2,246	4,023	4,174	3,927	3,082
TOTAL TAXABLE SALES		<u>\$ 8,958,174</u>	<u>\$ 8,241,574</u>	<u>\$ 7,397,593</u>	<u>\$ 6,631,189</u>	<u>\$ 6,395,391</u>	<u>\$ 5,822,589</u>	<u>\$ 5,440,282</u>	<u>\$ 5,218,347</u>	<u>\$ 4,928,736</u>	<u>\$ 4,480,598</u>

Notes:

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

Ben Franklin Transit
Statistical Section
For the Years Ended December 31, 2023 and 2022

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 (%)
2023 Benton	0.6	2.2	6.5	8.7
2023 Franklin	0.6	2.2	6.5	8.7
2022 Benton	0.6	2.2	6.5	8.7
2022 Franklin	0.6	2.2	6.5	8.7
2021 Benton	0.6	2.1	6.5	8.6
2021 Franklin	0.6	2.1	6.5	8.6
2020 Benton	0.6	2.1	6.5	8.6
2020 Franklin	0.6	2.1	6.5	8.6
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

Note:
Franklin County Local Sales Tax Rate is 2.2% (effective 4/1/2022).
Benton County Local Sales Tax Rate is 2.2% (effective 7/1/2022).

Source: Washington Department of Revenue

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

RATIOS OF OUTSTANDING DEBT
Last Ten Calendar Years

Fiscal Year	Intangible Lease Debt (in Thousands)	Percent Of Personal Income	Debt Per Capita (\$)
2023	\$ 0	n/a	n/a
2022	637	0.0039%	2.04
2021	783	0.0049%	2.54
2020	618	0.0042%	2.04
2019	416	0.0031%	1.40
2018	-	n/a	n/a
2017	-	n/a	n/a
2016	-	n/a	n/a
2015	-	n/a	n/a
2014	-	n/a	n/a

Note:

**2022 estimates of Personal Income are scheduled to be released in November 2023.*

Sources:

Personal Income and Per Capita Personal Income data – See Demographic And Economic Statistics Schedule on following page of this ACFR.

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

	Population			Personal Income (in Thousands)			Per Capita		Unemployment Rate Seasonally Adjusted
Year	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Combined Total	Benton County	Franklin County	Kennewick-Pasco-Richland (Benton & Franklin Counties)
2023	215,500	101,100	316,600	***** DATA NOT YET PUBLISHED *****					5.0%
2022	212,300	99,750	312,050	\$ 11,560,584	\$ 4,595,682	\$ 16,156,266	\$ 54,454	\$ 46,072	5.0%
2021	209,400	98,350	307,750	\$ 11,508,205	\$ 4,517,904	\$ 16,026,109	\$ 54,958	\$ 45,937	6.0%
2020	205,700	96,760	302,460	\$ 10,646,415	\$ 4,186,902	\$ 14,833,317	\$ 51,757	\$ 43,271	8.2%
2019	201,800	94,680	296,480	9,743,913	3,702,367	13,446,280	48,285	39,104	5.7%
2018	197,420	92,540	289,960	9,112,315	3,412,598	12,524,913	46,157	36,877	5.5%
2017	193,500	90,330	283,830	8,817,795	3,252,512	12,070,307	45,570	36,007	5.6%
2016	190,500	88,670	279,170	8,577,072	3,115,952	11,693,024	45,024	35,141	6.7%
2015	188,590	87,150	275,740	8,357,554	3,035,783	11,393,337	44,316	34,834	7.1%
2014	186,500	86,600	273,100	7,774,253	2,863,775	10,638,028	41,685	33,069	7.7%

Note:

2023 estimates of Personal Income (In Thousands) and Per Capita are scheduled to be released in November 2024

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, 2023 - new estimates for 2021; revised estimates for 2013-2020.

All state and local area dollar estimates are in current dollars (not adjusted for inflation).

Unemployment Rates – Average For Year - Washington State Employment Security Department/LMPA; U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Last updated March 27, 2024

Ben Franklin Transit
Statistical Section
For the Year Ended December 31, 2023 and 2022

PRINCIPAL EMPLOYERS
Current Year and 9 Years Ago

	2023			2014		
	Number of Employees	Rank	Percent of Employment	Number of Employees	Rank	Percent of Employment
Principal Employers:						
PNNL/Battelle	5,700	1	3.75%	4,219	1	3.57%
Kadlec Medical Center	3,800	2	2.50%	2,644	3	2.24%
Kennewick School District	3,043	3	2.00%	1,922	6	1.63%
ConAgra (Lamb Weston)	3,000	4	1.98%	2,498	4	2.12%
Washington River Protection Solutions	2,800	5	1.84%	1,512	9	1.28%
Pasco School District	2,700	6	1.78%	2,717	2	2.30%
First Fruits Farms (Broetje Orchards)	2,200	7	1.45%	1,100	14	0.93%
Richland School District	2,200	8	1.45%	1,600	7	1.36%
Central Plateau Cleanup (CPCCo)	2,100	9	1.38%	--	-	--
Bechtel National	2,000	10	1.32%	2,395	5	2.03%
Hanford Mission Tntegration Solutions (HMIS)	1,884	11	1.24%	--	-	--
Tyson Foods	1,400	12	0.92%	1,300	10	1.10%
Columbia Basin College (CBC)	1,244	13	0.82%	834	16	0.71%
Trios Health	1,100	14	0.72%	1,178	12	1.00%
Energy Northwest	1,000	15	0.66%	1,130	13	0.96%
Mission Support Alliance, LLC	--	-	--	1,512	8	1.28%
CH2M Hill	--	-	--	1,275	11	1.08%
Washington Closure Hanford	--	-	--	850	15	0.72%
Other	115,629		76.17%	89,382		75.70%
Total Number of Employees	151,800		100.00%	118,068		100.00%

Note:

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

Sources:

2023 & 2014 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, 2023 and 2022

SELECTED OPERATING INFORMATION
2023 – 2014
(in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
UNLINKED PASSENGER TRIPS										
A. Fixed Route	2,448	1,782	1,415	1,218	2,097	2,033	2,184	2,420	2,652	2,824
Directly Operated	235	218	173	154	299	316	293	308	317	n/a
Purchased Transportation	190	154	55	20	78	76	74	72	70	n/a
Taxi / Purchased Transportation	-	-	-	-	-	50	108	123	123	n/a
B. Demand Response	425	372	228	174	377	442	475	503	510	496
C. Vanpool	306	244	154	222	653	646	643	709	795	828
Total	3,179	2,398	1,797	1,614	3,127	3,121	3,302	3,632	3,957	4,148
PASSENGER MILES										
A. Fixed Route	10,778	7,501	5,958	5,129	8,827	8,801	9,195	9,976	10,931	11,648
Directly Operated	1,870	1,651	1,269	1,085	2,212	2,326	2,158	2,485	2,557	n/a
Purchased Transportation	665	681	357	122	616	607	614	613	557	n/a
Taxi / Purchased Transportation	-	-	-	-	-	377	856	988	638	n/a
B. Demand Response	2,535	2,332	1,626	1,207	2,828	3,310	3,628	4,086	3,752	3,782
C. Vanpool	10,565	8,481	5,359	7,546	21,616	21,326	21,608	22,376	25,387	27,036
Total	23,878	18,314	12,943	13,882	33,271	33,437	34,431	36,438	40,070	42,466
TOTAL ACTUAL MILES										
A. Fixed Route	3,687	3,627	3,355	2,892	2,960	2,682	2,406	2,345	2,331	2,307
Directly Operated	1,927	1,802	1,552	1,418	2,254	2,180	2,125	2,152	2,179	n/a
Purchased Transportation	1,327	1,136	584	138	267	292	287	272	257	n/a
Taxi / Purchased Transportation	-	-	-	-	-	305	644	702	706	n/a
B. Demand Response	3,254	2,938	2,136	1,556	2,521	2,777	3,056	3,126	3,142	3,055
C. Vanpool	1,937	1,505	1,129	1,346	3,502	3,471	3,421	3,516	3,804	4,079
Total	8,878	8,070	6,620	5,794	8,983	8,930	8,883	8,987	9,277	9,441
TOTAL ACTUAL HOURS										
A. Fixed Route	227	223	207	181	185	169	147	140	140	139
Directly Operated	112	109	91	89	136	136	140	138	128	n/a
Purchased Transportation	71	53	26	13	16	17	17	16	15	n/a
Taxi / Purchased Transportation	-	-	-	-	-	11	23	31	31	n/a
B. Demand Response	183	162	117	102	152	164	180	185	174	170
C. Vanpool	41	34	25	30	80	72	71	78	84	84
Total	451	419	349	313	417	405	398	403	398	393

Notes:

- 1) 2023 data source - BFT
- 2) Data for unlinked passenger trips and passenger miles reflect the National Transit Database (NTD) data for 2022 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 2022 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, 2023 and 2022

SELECTED OPERATING INFORMATION (continued)
2023 – 2014
(in Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
VEHICLE REVENUE MILES										
A. Fixed Route	3,513	3,456	3,206	2,770	2,823	2,558	2,245	2,161	2,149	2,120
Directly Operated	1,705	1,574	1,370	1,213	1,997	1,963	1,798	1,850	1,878	n/a
Purchased Transportation	1,151	1,101	554	130	223	224	223	214	205	n/a
Taxi / Purchased Transportation	-	-	-	-	-	305	644	702	706	n/a
B. Demand Response	2,856	2,675	1,924	1,343	2,220	2,492	2,665	2,766	2,789	2,712
C. Vanpool	1,828	1,505	1,129	1,346	3,502	3,471	3,421	3,516	3,804	4,034
Total	8,197	7,636	6,259	5,459	8,545	8,521	8,331	8,443	8,742	8,866
VEHICLE REVENUE HOURS										
A. Fixed Route	220	216	200	176	179	164	140	133	132	131
Directly Operated	102	100	83	81	127	127	114	113	107	n/a
Purchased Transportation	58	51	25	12	14	13	13	12	12	n/a
Taxi / Purchased Transportation	-	-	-	-	-	11	23	31	31	n/a
B. Demand Response	160	151	108	93	141	151	150	156	150	148
C. Vanpool	41	34	25	30	80	72	71	78	84	84
Total	421	401	333	299	400	387	361	367	366	363
TOTAL OPERATING EXPENSES										
A. Fixed Route	27,558	\$ 27,049	\$ 21,896	\$ 22,530	\$ 19,669	\$ 17,892	\$ 15,423	\$ 13,583	\$ 13,202	\$ 14,017
DEMAND RESPONSE	-	-	-	-	-	-	-	-	-	-
Directly Operated	13,930	13,803	11,608	14,102	14,400	13,645	13,201	11,900	11,785	n/a
Purchased Transportation	3,955	2,846	1,676	1,095	1,489	1,448	1,365	1,246	976	n/a
Taxi / Purchased Transportation	-	-	-	-	-	1,127	2,063	2,206	2,366	n/a
B. Demand Response	17,885	16,649	13,284	15,197	15,889	16,220	16,629	15,352	15,127	14,989
C. Vanpool	2,016	1,644	1,504	2,077	2,601	2,466	2,574	2,389	2,442	2,970
Total	\$ 47,459	\$ 45,342	\$ 36,684	\$ 39,804	\$ 38,159	\$ 36,578	\$ 34,626	\$ 31,324	\$ 30,771	\$ 31,976
FARE REVENUE										
A. Fixed Route	656	\$ 760	\$ 144	\$ 251	\$ 1,069	\$ 1,325	\$ 1,484	\$ 1,317	\$ 1,285	\$ 1,462
B. Demand Response	232	223	44	71	364	411	480	490	486	476
C. Vanpool	902	718	550	706	1,806	1,885	1,878	2,122	2,210	2,282
Total	\$ 1,790	\$ 1,701	\$ 738	\$ 1,028	\$ 3,239	\$ 3,621	\$ 3,842	\$ 3,929	\$ 3,981	\$ 4,220

Notes:

1) 2023 data source - BFT

2) Data for revenue miles and hours match the NTD reported data for 2022 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, 2023 and 2022

SELECTED OPERATING INFORMATION (continued)
2023 – 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
COST PER PASSENGER MILE										
A. Fixed Route	\$ 2.56	\$ 3.61	\$ 3.68	\$ 4.39	\$ 2.23	\$ 2.03	\$ 1.68	\$ 1.36	\$ 1.21	\$ 1.20
B. Demand Response										
Directly Operated	7.45	8.36	9.15	13.00	6.51	5.87	6.12	4.79	4.61	4.66
Purchased Transportation	5.95	4.18	4.69	8.98	2.42	2.39	2.22	2.03	1.75	1.48
Taxi / Purchased Transportation	-	-	-	-	-	2.99	2.41	2.23	3.71	2.89
Total Demand Response	<u>13.40</u>	<u>12.54</u>	<u>13.84</u>	<u>21.97</u>	<u>8.93</u>	<u>11.24</u>	<u>10.75</u>	<u>9.05</u>	<u>10.07</u>	<u>9.03</u>
C. Vanpool	0.19	0.19	0.28	0.28	0.12	0.12	0.12	0.11	0.10	0.11
COST PER TOTAL ACTUAL MILE										
A. Fixed Route	\$ 7.47	\$ 7.46	\$ 6.53	\$ 7.79	\$ 6.64	\$ 6.67	\$ 6.41	\$ 5.79	\$ 5.66	\$ 6.08
B. Demand Response										
Directly Operated	7.23	7.66	7.48	9.94	6.39	6.26	6.21	5.53	5.41	5.53
Purchased Transportation	2.98	2.51	2.87	7.93	5.58	4.96	4.76	4.58	3.80	3.27
Taxi / Purchased Transportation	-	-	-	-	-	3.70	3.20	3.14	3.35	2.91
Total Demand Response	<u>10.21</u>	<u>10.17</u>	<u>10.35</u>	<u>17.88</u>	<u>11.97</u>	<u>14.91</u>	<u>14.17</u>	<u>13.25</u>	<u>12.56</u>	<u>11.71</u>
C. Vanpool	1.04	1.09	1.33	1.54	0.74	0.71	0.75	0.68	0.64	0.73
COST PER UNLINKED PASSENGER TRIP										
A. Fixed Route	\$ 11.26	\$ 15.18	\$ 15.47	\$ 18.50	\$ 9.38	\$ 8.80	\$ 7.06	\$ 5.61	\$ 4.98	\$ 4.96
B. Demand Response										
Directly Operated	59.28	63.32	67.10	91.57	48.16	43.18	45.05	38.64	37.18	37.21
Purchased Transportation	20.82	18.48	30.47	54.75	19.09	19.05	18.45	17.31	13.94	12.92
Taxi / Purchased Transportation	-	-	-	-	-	22.54	19.10	17.93	19.24	17.23
Total Demand Response	<u>80.09</u>	<u>81.80</u>	<u>97.57</u>	<u>146.32</u>	<u>67.25</u>	<u>84.77</u>	<u>82.60</u>	<u>73.88</u>	<u>70.36</u>	<u>67.36</u>
C. Vanpool	6.59	6.74	9.77	9.36	3.98	3.82	4.00	3.37	3.07	3.59
COST PER TOTAL ACTUAL HOUR										
A. Fixed Route	\$ 121.40	\$ 121.30	\$ 105.78	\$ 124.48	\$ 106.32	\$ 105.87	\$ 104.92	\$ 97.02	\$ 94.30	\$ 100.84
B. Demand Response										
Directly Operated	124.38	126.63	127.56	158.45	105.88	100.33	94.29	86.23	92.07	93.71
Purchased Transportation	55.70	53.70	64.46	84.23	93.06	85.18	80.29	77.88	65.07	56.65
Taxi / Purchased Transportation	-	-	-	-	-	102.45	89.70	71.16	76.32	64.55
Total Demand Response	<u>180.08</u>	<u>180.33</u>	<u>192.02</u>	<u>242.68</u>	<u>198.94</u>	<u>287.96</u>	<u>264.28</u>	<u>235.27</u>	<u>233.46</u>	<u>214.91</u>
C. Vanpool	49.17	48.35	60.16	69.23	32.51	34.25	36.25	30.63	29.07	35.36
FARE REVENUE PER PASSENGER										
All modes combined	\$ 0.56	\$ 0.71	\$ 0.41	\$ 0.64	\$ 1.04	\$ 1.16	\$ 1.16	\$ 1.08	\$ 1.01	\$ 1.02

Notes:

- 1) 2023 data source - BFT
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- 3) Data for total actual and revenue miles and hours match the NTD reported data for 2022 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, 2023 and 2022

SELECTED OPERATING INFORMATION (continued)
2023 – 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
FULL-TIME EQUIVALENT EMPLOYEES										
A. Fixed Route	218.1	224.6	230.7	196.6	180.1	176.3	161.4	115.1	116.1	119.2
B. Demand Response	127.5	127.3	135.8	136.6	141.0	139.5	129.2	101.0	102.0	107.0
C. Vanpool	9.0	9.1	9.0	8.9	11.3	10.3	10.4	9.9	7.9	8.8
Total	354.6	361.0	375.5	342.1	332.5	326.0	301.0	226.0	226.0	235.0
CAPITAL ASSETS - FLEET VEHICLES										
A. Fixed Route	85.0	79	71	65	72	72	60	63	62	68
B. Demand Response	101.0	116	119	119	101	123	118	118	123	147
C. Vanpool	196.0	209	272	272	314	335	347	334	346	386

Notes:

1) 2023 data source – BFT

2) 2022 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.



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*